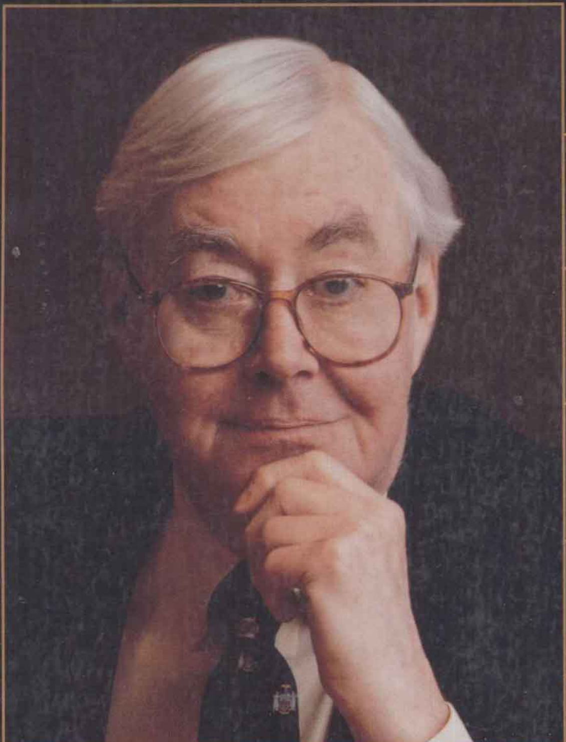

A Personal History of Social Policy

MILES TO GO

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For Margaret Bright

Acknowledgments

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Introduction

In the summer of 1987 I was in Moscow on a mission of possible importance. Our small party was received with courtesy and a measure of ceremony. One morning we visited the Lenin Mausoleum, laid a wreath at the Tomb of the Unknown Soldier, and thereafter were shown through Lenin's apartments in the Kremlin. Behind the desk in his working office was a small bookshelf with several rows of works in English and French. These, one had to suppose, had been selected for the impression they would make on visitors in, let us say, the 1930s. It was, even so, a bit of a start to see books by three authors I had met in my own lifetime: Bertrand Russell, G. D. H. Cole, and an American whose name has fled. That afternoon we met with "Alternative Member of the Politburo Yeltsin." Our Ambassador, Jack F. Matlock, Jr., later recalled, "As the conversation began, Senator Moynihan attempted to establish a little rapport by mentioning that they had visited Lenin's apartment and office and he had noticed some books in Lenin's library by people with whom he was familiar, and he named them . . . This drew a total blank from Yeltsin, whereupon Senator Moynihan explained that he was simply trying to point out that the intellectual traditions of our systems do have some points where they touch.

Well, it was pretty clear that Yeltsin had not read the books in Lenin's library; as a matter of fact, I doubt that he had read a book since the technical manuals he was forced to read in the construction institute which he attended. But it was a noble effort."[1] What Yeltsin really wanted to know from me was how in the hell he was supposed to run Moscow with 1929 rent controls. So that is what it had come to; banality, indeed!

The scene recurred to me as I contemplated the ruin of the 1994 Congressional elections. The Soviet system had collapsed—something I claim to have foreseen and in about the time frame in which it did occur. But what of the seeming collapse of everything at home! Nothing so momentous, to be sure, but I had expected the Soviet implosion; the Congressional debacle of 1994 came as a complete surprise.

Something *had* happened. A roiling discontent with government had in 1992 overturned a first-term Republican president, bringing forth the first significant third-party challenge since the beginning of the century. We had now seemingly rejected a first-term Democratic president who had won by default as much as anything but had set out to govern as if he had a mandate for all manner of governing. The reader will take my mood.

Then there was the matter of my own 1994 campaign. Elections are binary affairs, or are seen as such. One person wins; the other loses. Margins don't much matter, or aren't much noticed. Withal, my contests in New York had been singular. In 1982 I broke the state record for the largest margin of victory in a Senate race. Then in 1988 I broke the national record also, with a margin of 2,172,865. (The previous record in a contested race, at 1,611,968, was set in California in 1980.) I had run up the largest *vote* of any Senate race in New York, greater than Kennedy, Javits, Wagner. With 67.0 percent of the total vote cast (excluding blank and void ballots), I had achieved the highest percentage of any modern candidate for Senate *or* Governor. (Rockefeller in 1958 had stunned the state with a 54.7 percent margin.) I became one of five persons to have carried New York City by more than one million votes—a few more than Franklin D. Roosevelt in 1936, somewhat fewer than Lyndon B. Johnson in 1964.

The 1988 election had been a broad-based victory. From the eighteenth century on, our politics has been divided between the great city and the rest of the state. In 1949 Herbert H. Lehman was elected to the Senate carrying 5 of our 62 counties; in 1988 I carried 61. That was a presidential year, and the ticket-splitting was unprecedented. In the village of New Square in Rockland County, where Orthodox Jewish voters live frugal lives, George Bush won by a margin of 773 to 9. I came in at 756 to 21. Across the Hudson River in Westchester County, the conspicuously affluent township of Lewisboro recorded a 59.1 percent margin for Bush, 58 percent for Moynihan. In the more diverse precincts of Staten Island, the Vice President won 61.8 percent of the vote, the now-senior Senator 63.1 percent.

Among ethnic, racial, and religious groups the outcome was similarly striking. An NBC News and *Wall Street Journal* exit poll of 2,528 voters on election day showed us with 94 percent of black voters, 91 percent of Jewish, 90 percent of "Reagan Democrats." That, along with 75 percent of "Less than High School Graduates" and 79 percent of "More than College" about wraps it up. Well, one last return just in: I carried Dutchess County, seat of the Roosevelts. In four presidential contests, FDR never did.

In 1989 I went back to Washington, where George Bush, a good friend for the longest while, had been elected President and where the Senate had returned to what was judged to be its normal Democratic majority. I was now the first New Yorker since Robert F. Wagner to serve in the majority with 12 years' Senate experience. My revered Jacob K. Javits served 24 years in the Senate, but never a day in the majority. It followed I would become chairman of the Committee on Environment and Public Works, again the first committee chairman from New York since Wagner.

By 1991 Robert A. Roe in the House and I had put together the Intermodal Surface Transportation Efficiency Act (ICE-TEA, as it would be known). It was just exactly 30 years since I had written for the *Reporter* magazine a long cover story, "New Roads and Urban Chaos," which argued that the Interstate and Defense Highway program—conceived in the General Motors Futurama exhibit in 1939 (I had *seen* it), authorized by Roosevelt, begun as the New York State Thruway by Governor Thomas E. Dewey, and launched nationwide by President Dwight D. Eisenhower—was going to devastate American cities. Interstate highways were too big to fit; they would smash up everything; jobs would flee. Now the Interstate system was at last finished. Roe and I decided it was time to redress the balance in favor of transit and rail. A *Washington Post* commentary called it "the first advance in thinking about transportation in 35 years, a near revolutionary change," adding, "for which Sen. Daniel Patrick Moynihan deserves most of the credit." In a moment of audacity, I even got $5 billion to repay New York for the Thruway which runs the breadth of the state on the old Erie Canal route.

1993: The First of the Clinton Years

Then came the presidency of William J. Clinton. Senator Lloyd Bentsen of Texas became Secretary of the Treasury and I, in turn, Chairman of the Senate Finance Committee. Now this *was* something. Starting back in 1977, I had produced an annual accounting of the flow of federal funds between New York State and the federal government.[2] New York's "balance of payments" was devastatingly unbalanced, and more devastating still was our seeming incapacity to grasp this. Federal money was seen as a free good, and—especially for liberals—the more, well, the merrier. The thought that the federal budget was, in fact, a debilitating exaction—and not by accident, for the New Dealers conceived it that way—was beyond our political reach.[3]

In the course of the next century, the United States will have to address the constitutional problem of "equal Suffrage in the Senate" (Article V), but for this century the next best thing for a large state is to have a chairman of the Committee on Finance, a position last held by a New Yorker in 1851. From its creation in 1815 the

Finance Committee, along with Ways and Means in the House of Representatives, has raised the revenues of the federal government mostly, at first, through tariffs. Its consequence grew legendary. Thus, Ambrose Bierce in *The Devil's Dictionary* (1906): "*Quorum*, n. A sufficient number of members of a deliberative body to have their own way and their own way of having it. In the United States Senate a quorum consists of the chairman of the Committee on Finance and a messenger from the White House."

The Sixteenth Amendment, ratified in 1913, added the income tax to the Committee's jurisdiction. Then social insurance was added under the New Deal. This appears to have been a pragmatic accommodation suggested to Frances Perkins, Roosevelt's Secretary of Labor, by Supreme Court Justice Harlan Fiske Stone. At a garden party in Washington in 1934 she described her great hopes for a Social Security Act, but feared they would be dashed when the great men of the Court declared it, as they surely would declare it, unconstitutional. Mr. Justice Stone leaned over and whispered, "The taxing power, my dear. All you need is the taxing power." (Perkins, who had handled Big Tim Sullivan in the New York State Assembly, had not the least difficulty with a mere Supreme Court Justice.)

Thus, while lore attributes the Social Security Act to Wagner, and indeed he was there on August 14, 1935, when the bill was signed, the man standing immediately to Roosevelt's right in the official photograph was Representative Robert Lee Doughton, of Allegheny County, North Carolina, Chairman of the House Committee on Ways and Means. Social Security was a *tax,* and of course revenue bills must originate in the House. Inevitably this produced a degree of tension, notably in the Senate. The enthusiasts for social insurance and income maintenance programs tended to be concentrated in the Labor Committee (most recently, the Committee on Labor and Human Resources), but the jurisdiction implacably resided in the Finance Committee. Some years ago, a new member asked then-Chairman Russell B. Long of Louisiana what was the Finance Committee's jurisdiction. "Just about everything," the Chairman replied.[4] On May 31, 1993, *Time* would record me as one of "the ten most powerful people in Washington." Well, not exactly. Republicans had picked up one Senate seat in the 1992 election, making for a 56–44 party split. This, in turn, meant that the Finance Committee would be divided 11–9. *That,* in turn, meant that when there was a partisan division, every Democrat had to vote with the chairman for the chairman to prevail. (Tie votes fail.) This, in effect, gave each of the remaining ten Democrats a veto over the Committee's actions. Each of us, then, was one of "the ten most powerful people in Washington."

A presidential candidate wins, and the opposing party is effectively excluded from presidential matters for the next four years. By contrast, in the Senate a party can win a majority, organize the body, and need minority votes the very next week. To complicate matters, this is not true in the House, where the majority, if united, can rule in a House of Commons mode. In any event, these facts of the Congress rarely impress themselves on Presidents. Woodrow Wilson, having published fifteen editions of *Congressional Government* ("I know not how better to describe our form of government in a single phrase than by calling it a government by the chairmen of the Standing Committees of the Congress"), proved utterly unable to understand that if Henry Cabot Lodge, chairman of the Committee on Foreign Relations, determined there had to be certain reservations to the Covenant of the League of Nations, there had to be such, else the United States would not join. Wilson was the last President to have been elected by a margin as small as William J. Clinton's 43 percent. But not unlike Wilson, the margin seemed to argue for adventure rather than caution.

I set to work, abetted by a fine Committee staff now headed by Lawrence O'Donnell, Jr., who carried out his mission with a combination of intellect and brawn that only someone out of the street corners of Irish Dorchester by way of Harvard College could conceive, much less carry off. The recession that undid the presidency of George Bush still lingered. On February 24, 1993, the Committee reported out the Emergency Unemployment Compensation Act (S.382), which passed the full Senate 66–33 on March 3. Take particular note: when there is a true majority, Congress can act in a matter of hours. (A second extension of emergency benefits passed the Senate on October 28 by a 76–20 margin and became law November 23.) Soon we were bumping up against the debt ceiling again. On April 2, the Committee passed out a bill to increase the limit from $4.145 trillion to $4.370 trillion. This passed the Senate three days later and became law on April 6. This got us through until the following fall, by which time I had put through the Senate an increase that would get us through the end of 1995.

The President's authority to negotiate the Uruguay Round trade agreement, the largest of the postwar era, which is to say, the largest ever, expired June 1, 1993. I managed an extension to December 15, which passed the Senate 76–16. The negotiations had been dragging on for ten years, the consequence of having moved from issues of tariffs on *things*—iron, steel—which had been the subject of Cordell Hull's original reciprocal trade agreements, to the more complex and now more central issues of trade in services—banking, intellectual property protection, patents, dispute settlements, and the like. I had worked on these matters since the Long-Term Cotton Textile Agreement reached in Geneva in 1962, which in turn set the Kennedy Round going. It was for me an affair of the heart, especially the establishment of the World Trade Organization.

The postwar economic planners of the United States and Britain had three new institutions in mind: the International Bank for Reconstruction and Development (the World Bank), the International Monetary Fund, and an International Trade Organization. The last not least, for if one were to list a half-dozen events that led to the Second World War, surely one would be the Smoot-Hawley tariff of 1930, the former being Reed Smoot of Utah, chairman of the Committee on Finance. It cost him his seat, but his ghost lingered on, and in 1947 the Finance Committee declined to endorse an International Trade Organization. Now, near to half a century later, the Committee caught up with history.

I got the final measure through on December 1, 1994, by a 76–24 vote. The ranking member, Bob Packwood of Oregon, and I thereupon wrote the President asking that we try to have the new organization located in Washington, reasoning that Geneva, where the General Agreement on Tariffs and Trade had settled, was too far from us and too close to the impenetrable bureaucracy of the European Community in Brussels. (We never did get a reply.)

Few realized it, which may be just as well, but this was vast legislation. Elements included: clarification of the relationship of the new Agreement to state and federal law; provisions requiring notification and consultation regarding WTO dispute settlement proceedings; extensive changes to the antidumping and countervailing duty laws; renewal of the "Super 301" statute aimed at unfair trade practices; amendments to the 1930 Tariff Act, providing remedies to imports infringing U.S. intellectual property rights, to conform with GATT rules. The implementing legislation also contained financing provisions (to offset the cost of reduced federal tariffs) which included major reforms to the laws protecting workers' pensions—the so-called Retirement Protection Act of 1993. This in turn contained major reforms to the funding requirements for private employer pension plans, to better insure workers' retirement security, and provided for more effective oversight of employer plans by the Pension Benefit Guaranty Corporation. More, it was bipartisan. I had been on the Finance Committee some sixteen years before heading it. There had been four chairmen, two from each party. The Committee was often split, but rarely along party lines. An economist would probably reason that there was too much to be gained by cooperation to make partisan division sufficiently rewarding.

Now, however, came the budget, *the* great measure of Clinton's first year. It was surely political, how could it not be, but the politics, or so it seemed to me, were not at all understood on the Democratic side, and perhaps only dimly so among Republicans. This was a matter of large consequence from a particular perspective. Toward the close of the 1970s, settling into the Senate, I had begun to sense a stirring among a new group of conservatives. Even as the pieties of the balanced budget persisted—FDR had, after all, attacked Herbert Hoover's deficits and promised to end them at once—certain Republicans had commenced to treat deficits as something rather to be encouraged. But not in the now-classical Keynesian mode that informed, say, the economists of the Nixon administration. This new inclination to enlarge the debt had nothing to do with managing the economy; the issue was the size and reach of government. Of a sudden, Republicans on the Finance Committee were proposing tax cuts quite unrelated to any business cycle. They had an idea, and a big one. By the close of the Carter administration, it was plain enough that the Democratic party had nothing much to offer by way of ideas about whatever it was that troubled us. But Democrats quite failed to see that the Republicans did. They had become a party of ideas. I wrote of this in the *New York Times* in July 1980:

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Psychologists call it role reversal. As a Democrat, I call it terrifying. And to miss it is to miss what could be the onset of the transformation of American politics. Not by chance, but by dint of sustained and often complex argument, there is a movement to turn Republicans into Populists, a party of the People arrayed against a Democratic Party of the State. This is the clue to the across-the-board Republican tax-cut proposal now being offered more or less daily in the Senate by Dole of Kansas, Armstrong of Colorado, and their increasingly confident cohorts.

It happens that just now they are "right." The economy is in a steep recession, facing a huge tax increase (Social Security payments, combined with the "bracket creep") next year. Certainly a $30 billion cut in 1981 taxes is in order, and ought to be agreed on quickly . . .

But these same Republicans were calling for tax cuts in 1978 and 1979 when clearly they were "wrong"—by, that is, established standards of fiscal policy. The point is that these are no longer men of that Establishment. The process of change has been unremarkable enough. After a half century of more or less unavailing oppo-