

THE
TRIUMPH
OF
POLITICS

**The Crisis in American Government
and how it Affects the World**

DAVID A.
STOCKMAN

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The Triumph of Politics is, quite simply, the most sensational account ever published of American government in action. David Stockman, President Reagan's Director of the Office of Management and Budget for four and a half years, gives a brutally frank account of the political manipulation, naked ambition, internal wrangling and sheer inefficiency which characterize the Reagan White House.

In a blistering condemnation which will affect the outcome of the next presidential election, Stockman shows:

- * how he joined an administration dedicated to supply-side economics in which hardly anyone understood what the term meant
- * how he battled against entrenched interests to persuade his Cabinet colleagues that a tax cut must be followed by comparable spending cuts
- * how, time and time again, the realities of day-to-day American politics meant that compromises were made which prevented government expenditure being reduced
- * how Reagan's original \$1.46 trillion five-year defense budget was written on the back of an envelope in 30 minutes
- * how the final result of the Cabinet's inertia and Reagan's insistence on the tax cut was an inexorably mounting deficit which will amount to two trillion dollars by 1988

The financial mismanagement of the Reagan administration has caused an American deficit of staggering proportions which will have an incalculable and seriously damaging effect on the world economy. *The Triumph of Politics* reveals the extraordinary inside story behind the current crisis and gives Stockman's own account of the political manoeuvring, the struggles for personal aggrandisement and the petty intrigues which characterize the Reagan White House.

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For Jennifer and Rachel

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This book is a story about politics, so many people contributed to it in ways large and small. Because its conclusions are not equivocal, there are doubtless many who would just as soon be spared the honor of a mention.

But some are as deeply implicated as I. My colleagues at OMB and before that on Capitol Hill—David Gerson and Don Moran—lived nearly every moment of the story and offered invaluable suggestions for the improvement of its telling. Ed Dale and Mike Horowitz joined me when the Reagan Revolution began and insisted that an earlier manuscript did not do justice to what actually transpired. This version may not either, but I am grateful for their critical reviews.

Dick Darman was a key participant in much of the history herein chronicled. I learned much from him as the story originally unfolded and again as I sought to recapture it in these pages.

There are many among my former colleagues in Washington who did not read the manuscript but who nevertheless decisively shaped its content. Foremost among these I count Bob Dole and Pete Domenici. I do not especially like the idea that the supply-side ideology I began with found no place in the nation's politics. But the knowledge that a more conventional approach to economic governance is ably advocated by statesmen such as these is more than enough consolation.

Writing a book about budgets and numbers is enough to test the literary skills of even an accomplished writer. Chris Buckley, who knew something about the White House and even more about writing, gave me invaluable advice. Such readability as these pages may now have is in good part due to his guidance, red pencil, and the

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reworking of some sections that originally defied comprehension.

My editors at Harper & Row—Harriet Rubin and Ed Burlingame—merit more than just gratitude. They are also due an award for patience. By normal standards this book was written quickly—a characteristic more than amply evidenced by the original manuscript. Much of it found its deserved demise on the cutting-room floor, but not until they had heard me expound at length in the process of discovering that they were right. My amateur's disdain for editors has now been at least partially cured, and their efforts have made the book immeasurably better.

I would be remiss if I did not mention that Senator Daniel Patrick Moynihan also was kind enough to read the entire manuscript. He did not agree with many of my original solutions, but my conclusions he did not find nearly so stray of the mark. I have been tapping his wisdom for a long time, and the final manuscript is no exception.

Bill Greider had a lot to do with this book, including a critical and helpful review of the original draft. He was also kind enough to let me quote extensively from the transcripts of our 1981 conversations that made a big splash at the time, but had since been stacked away in his basement. I didn't like some of the things I found in them, but they were one source with which I didn't even try to argue.

Through it all, my wife, Jennifer, suffered above and beyond the call of duty. She heard every episode as it happened, and then its rendition draft after draft. She caught as many inconsistencies as anyone else involved in the project, and more fits of bad temper and frustration on my part than everyone combined. But she was unwavering in her support during all those years and through months of hectic writing. In the end that was more important than anything else.

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Bell, Ted	Secretary of Education
Brock, Bill	United States Trade Representative
Carlucci, Frank	Deputy Secretary of Defense
Clark, William 'Judge'	Director of the National Security Council
Conable, Barber	Chairman of the House Ways and Means Committee
Darman, Dick	Assistant to the President
Dole, Bob	Chairman of the Senate Finance Committee
Dole, Elizabeth	Chief of the White House's Office of Public Affairs
Domenici, Pete	Chairman of the House Budget Committee
Donovan, Raymond	Secretary of Labor
Edwards, Jim	Secretary of Energy
Friedersdorf, Max	Congressional Liaison
Fuller, Craig	Deputy Assistant to the President for Cabinet Affairs
Gergen, Dave	Press Secretary
Haig, Al	Secretary of State
James, Penn	White House Chief of Personnel
Jones, Jim	Chairman of the House Budget Committee
Lewis, Drew	Secretary of Transportation
Lott, Trent	House Minority (Republican) Whip
Meese, Ed	Counsellor to the President
Michel, Bob	House Minority (Republican) Leader
Nofzinger, Lyn	Assistant to the President for Political Affairs
O'Neill, Tip	Speaker of the House
Regan, Don	Secretary of the Treasury
Rostenkowski, Dan	Chairman of the House Ways and Means Committee
Schweiker, Dick	Secretary of the Department of Health and Human Services
Stevens, Ted	House Majority (Democratic) Whip
Tower, John	Chairman of the Senate Armed Services Committee
Volcker, Paul	Chairman of the Federal Reserve Bank
Watt, Jim	Secretary of the Interior
Weidenbaum, Marty	Chairman of the Council of Economic Advisors
Weinberger, Caspar	Secretary of Defense
Wright, Jim	House Majority (Democratic) Leader

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Prologue

The President's eyes were moist. It was unmistakable—they glistened. But while he made no effort to hide it, I had barely even noticed. My own eyes had hardly wavered from the center of my plate, from the olive atop the scoop of tuna salad. I had been trying to explain my involvement in the article in the *Atlantic* magazine and had rambled on nonstop for fifteen minutes. It seemed like forever.

The press had made it into a roaring overnight scandal. The story line made for a red-hot melodrama: The President had been cynically betrayed. I was the Judas who had disavowed the President's economic program and undercut his presidency . . . His mettle was being tested . . . I was hanging by a thread . . . He was angry. That's what the newshounds in the White House press room were braying. And they were building it up by the hour.

The reality inside the Oval Office was quite different. We were sitting at a small luncheon table in front of a crackling fire. Aside from the popping sound of the wood sap, it was quiet and serene. It was the only time I had ever been alone with him.

After the White House stewards had served soup and tuna salad, the President turned to the business at hand. 'Dave, how do you explain this?' he said softly. 'You have hurt me. Why?'

My explanation soon meandered off into a total digression. It amounted to a capsule of my life story . . .

I had grown up in a small midwestern town as he had. My grandfather had taught me the truths of Christianity and Republicanism. I'd been thrilled by Ronald Reagan's clarion call to conservatives at the 1964 Republican Convention.

But then I had gone off to college and fallen into the clutches of campus radicalism. Like many in my generation, I took up Marxism

and America-hating. Liberal professors and anti-war agitators shattered everything I believed in.

When the radicals turned violent, however, I finally saw the light. Just as he had stood up to them as governor of California, I had, too. Slowly I discovered that the left was inherently totalitarian.

Step by step I then worked my way back to where I had started. I rediscovered the virtues of unfettered capitalism, the dangers of Soviet communism, and the promise and ideals of American democracy.

For ten years I labored in the vineyards of Capitol Hill—first as a staff member, then as a congressman. I worked hard and long to learn everything there was to know about the behemoth called the federal government. In digging into the details of its vast expanse of programs, regulations, and bureaucracy, I discovered that it was riddled with waste, excess, and injustice. I came to believe that Ronald Reagan had been right all along.

The politicians were wrecking American capitalism. They were turning democratic government into a lavish giveaway auction. They were saddling workers and entrepreneurs with punitive taxation and demoralizing and wasteful regulation.

I had become a supply sider, dedicated to his cause of shrinking Big Government.

The President's speech to the 1980 Republican Convention had been even more overwhelming than the one sixteen years earlier. This time I was there. I had now reclaimed my conservative birthright. And I had helped write his bold platform calling for sweeping economic policy change.

His unexpected call to serve in the administration would always rank as the greatest privilege of my life. It showed that the promise of America was real. Only in America could a farm boy from Scottsdale, Michigan, be called upon by a President to help him rescue the nation's failed economy.

Ever since then I had worked day and night on the tax cuts and budget cuts. There was no greater challenge or higher calling than the matter of translating his vision for the nation's future into the policy of the land. And we had made progress.

That was what the *Atlantic* article was all about. Conservative idealism. It reflected my experience of the struggle between the Reagan Revolution and the conventional politicians who had thwarted and sabotaged it.

We were engaged in a battle of ideas. The Reagan Revolution could never be won unless the establishment politicians and opinion makers gave our ideas a fair hearing. They had to be convinced that sound money, lower tax rates, and a vast curtailment of federal spending, welfare, and subsidies was the only recipe for sustained economic growth and social progress.

Which was why I had been talking to Bill Greider, the author of the *Atlantic* article. He was a friend and committed liberal, but he had an open mind. Since January 1981, I had used him as a sounding board week in and week out in order to test ‘our’ arguments and learn ‘their’ objections. It had helped. *The Washington Post*, where he worked as an editor, had given us a fair shake—at least sometimes.

But we had become so absorbed in the argument between our side and theirs that we hadn’t clarified the ground rules about quotations. That’s how the ‘trojan horse’ slipped out . . .

So I’d rambled on, turning the *Atlantic* crisis into my story.

Then I looked up and saw the President’s eyes. I realized it was time to stop. I had been speaking from the heart, but I had said enough.

So I concluded with, ‘Sir, none of that matters now. One slip and I’ve ruined it all.’

The President responded by putting his hand on mine. He said, ‘No, Dave, that isn’t what I want. I read the whole article. It’s not what they are saying. I know the quotes and all make it look different. I wish you hadn’t said them. But you’re a victim of sabotage by the press. They’re trying to bring you down because of what you have helped us accomplish.’

The President stood up and reached out his right hand. I grabbed it and noticed for the first time how fine, delicate, and well, old it was. For a second it seemed like my grandfather’s—the same hand which had started me on my way to Ronald Reagan’s.

After a moment the President said, ‘Dave, I want you to stay on. I need your help.’

He turned and began walking toward his desk, then stopped suddenly as if he had just remembered something. ‘Oh,’ he continued, ‘the fellas think this is getting out of control. They want you to write up a statement explaining all this and go before the press this afternoon. Would you do that?’

I agreed. My only lunch with the President was over.