

INTERVIEW with WILLIAM E. FRENZEL

U.S. Representative from Minnesota's 3rd district, 1971 through '90

How would you classify your politics in the mid- to late-1960s?

"Minnesota Republican average" -- which is probably to the left of the national Republican. Probably more frugal than the national Republican [norm], but quite different socially, and quite different internationally.

In those days I didn't know or think much about security problems, so I wouldn't know how to rate myself there. I was inclined to be internationalist, because Minnesota works that way -- we've gotta sell half of what we grow abroad. But I didn't know security problems, and here we were in Vietnam.

From the prep document: *Richard Nixon has gone down in media history as a cross between the mad bomber (in southeast Asia) and a paranoid. But, policy-wise, he was the least conservative GOP President since TR: Created the EPA, indexed Social Security to inflation, agreed to hike the capital-gains tax, transferred industrial technology to the USSR as part of "detente," ended the defense treaty with Taiwan, let John Connally be a tough guy on certain trade issues (against Japan especially), and called himself a Keynesian. Conservatives look back at Nixon and choke on just about everything he was and did. Nonetheless, that was a very different time from the '80s or '90s. So how would you describe Nixon's agenda and government -- before the inflation, energy mess and scandals of 1973-74, of course -- and did it more or less fit your view of what you signed up for as a federal officeholder?*

Nixon was the most liberal President in my lifetime! [chuckling] -- well, that's probably an overstatement, but: He was certainly the most liberal Republican President. Or maybe we would call him "flexible" [laughter]. He was a practical man -- maybe he was triangulating. Certainly the Democrats hated him; there was no point in going over to their positions if the idea was to get support from them -- they couldn't stand him.

And yet -- he had some good ideas. He supported the all-volunteer army. Eighteen-year-old vote. Negative income tax. Revenue-sharing -- in fact, the principal issue the first time I ran for Congress was revenue sharing, and federalism. Minnesota had this idea that it could do everything itself. While it would gratefully accept federal money, the best course would be if we could steer it ourselves. My opponent in that election -- George Rice -- wanted things done from Washington. That was the main issue that we debated...

Nixon was smart. The two Presidents under whom I served that were the quickest, most thoughtful, sharp guys [pause] were Bill Clinton and Richard Nixon. Both had character flaws [laughter]. You pay a big price when you get big brains, or something.

FORD and LES ARENDS (who logged 31 years as Whip!)

Les and Jerry made an interesting team. Jerry was kind of blunt, and pretty direct, and Les was more the old-time politician. He'd been around 40 years or so, and he really knew how to handle me. Our conversations would terminate and he'd say: "I will presume you will come to your senses by tomorrow and you'll be back voting as a good Republican" [laughter]. He would shuffle off, and I would look to find ways to vote for things that he would like. He was a pleasant, lovely man.

Leslie Cornelius Arends (September 27, 1895 – July 17, 1985) was a Republican statesman from Illinois. Born in Melvin, Illinois, Arends was the longest-serving whip in U.S. House of Representatives history, alternately serving as [majority whip](#) and [minority whip](#) for House Republicans from 1943 to 1974... Arends represented a heavily Republican, largely rural downstate Illinois district in the US Congress from 1935 to 1975. A conservative but pragmatic Republican, he opposed much of the [New Deal](#) and remained a staunch [isolationist](#) until the American entry into World War II. Becoming minority whip in 1943, Arends helped create the powerful [Conservative Coalition](#) of Republicans and Southern Democrats that controlled the domestic agenda from 1937 to 1964. He supported [Robert A. Taft](#) over [Dwight D. Eisenhower](#) for the 1952 Republican presidential nomination, and was an early supporter of the party's nominees Richard M. Nixon and Barry Goldwater in the campaigns of the 1960s. He organized the GOP opposition to Lyndon B. Johnson's Great Society. Arends, however, supported civil rights legislation. He defended Richard Nixon throughout the Watergate affair; his close personal friendship with [Gerald R. Ford](#) ensured a good relationship with Nixon's successor.

-- SOURCE: www.wikipedia.org (from the version downloaded March 2010)

And I have a very soft spot in my heart for Jerry Ford. He was a fine Leader. He worked 20 hours a day, he did everything he could, he had to support a man of very bad character -- Richard Nixon -- and he did it the best way he could without giving away his own personal integrity. He was just a solid-gold person; I loved him.

So your major committee for starters was...?

Banking. Our chairman was Wright Patman, who'd had more than 50 years in the Congress and used to entertain us by telling us how he and Fiorello LaGuardia passed Herbert Hoover's Reconstruction Finance Corporation bill. I sat in the bottom row; there were probably 50 people on the Committee. He never found out my name, and I was a non-factor on that Committee. It was really dreary work.

After the '74 election, when they had the big coup and kicked old Patman out, they took Henry Reuss of Wisconsin -- jumped him over Leonor Sullivan of Missouri and Bill Barrett of Pennsylvania -- and made him Chairman. That continued the unrest for a long time. Henry had, as they used to say, a sonorous voice and an empty head. That committee never did much -- never lived up to its potential. I was so happy to get off of [Banking and on to Ways & Means] in the beginning of '75. That was when Wilbur Mills drove into the ditch. They expanded the size of the Ways & Means Committee, which was terribly lucky for me.

FORD as PRESIDENT -- the 66 vetoes?

Unfortunately, those vetoes were fun to talk about and they were a good morale booster for those of us in the Congress, but here's what mostly happened: Democrats would pass an Appropriations bill with a zillion dollars in it; Ford would veto it, and we'd support the veto; and 10 days later they'd pass a bill with a zillion less \$10 in it. So he saved a few bucks, but it wasn't a big deal.

DEFEATING Marjorie Holt for RESEARCH in late '76

Bob Michel made the difference. And he made the difference the same way as she described -- that "we are all conservative, and so we need one flake in this group." But what happened is I decided to run at a very late juncture; she was out ahead of me. I looked around at senior Members, and Bob seemed the most likely [to deliver a critical endorsement]. I had known Bob from playing on the Republican baseball team, which is one of the strange ways you make friends there, is on the basketball court, or the racquetball court, or the baseball team, or whatever. So I asked him to nominate me.

Running to begin with was your idea. It wasn't Bob coming to you --

No no. It was not Bob coming [to me], it was me going to Bob. And I could see that he was kind of torn; he would rather I hadn't asked him. And, right after I did it, I almost wanted to bite my tongue -- but [the request] was layin' there on the table, and finally Bob said: "Yeah, I'll do it." I think he was a seconder, not a nominator, but in talking to people he would say: *That's the reason [philosophical balance] I'm doing this.* And so -- she's got it mostly right.

But [the challenge] wasn't his fault, it was my fault. Bob liked Marjorie just as much as he liked me, and she could've asked him first. If she had asked him [pause] -- but she had good nominators too! They might have been just as effective as Bob at that time. In retrospect, I believe that Bob Michel's endorsement made the difference in an otherwise close contest.

I served happily as Research Chairman for two years, and then I ran for Policy, which was the next step up in the ladder. And there I think I was first out of the box, but I was quickly opposed by Bud Shuster from Pennsylvania.

Marjorie and I had played by the Marquis of Queensbury rules. We just got around and talked to people. "Why should you be for me? I'm a good guy, I'm smart, I'll work hard for you. This is my program for the Research Committee, I'll be out a little bit ahead of where the Conference is we won't publish on the issues you're voting on today but instead be 60 or 90 days ahead of the votes" -- and you lay out your program. And I think Margie did the same thing. I loved running against her, because she was a perfect gentlewoman all the time. She never had to worry about me saying bad things about her, and I never worried about her sayin' 'em about me. A great person.

For Policy [two years later], Bud was a much more aggressive campaigner. And that was a good year to be aggressive. Newt told me on several occasions that, of that huge class of '78 -- new Republican [Members] -- he doubts I got a single vote. Bud and I both presented ourselves to them. I gave my "aw shucks" speech, "I'm a nice guy and here's what I'd like to do." And Bud went out and said "by God, we're gonna kill these Democrats and I'm gonna attack here and attack there..." The freshmen ate that up. He judged the crowd right, and he beat me severely.

By that time, I had gotten pretty interested in the Ways & Means Committee; and I sensed after that [Leadership] election that I probably would not be elected to Leadership positions in the future. Whenever I would be a candidate for something, I'd have a guy from the right running against me, and he would have a bigger natural constituency. So I'd probably get beat. I was having fun on the Ways & Means Committee, so I said: What the heck.

How did John Anderson survive for several terms as Conference chairman if there was this prejudice against moderates?

He came to Washington [in 1961] as a very conservative guy, and apparently had some kind of epiphany during the civil-rights [debate]. He featured himself kind of an orator, and compared to me he certainly was. I was told that he was practically in tears on the floor [during] a dramatic speech [in favor of open housing]. From there he veered to the left, but I think it's fair to say that most of the time, until he began running for President, John was a pretty centrist guy.

One exception was election law -- he was always split from the party on taxpayer financing of elections. Most of us Republicans thought that was abhorrent because it penalized challengers, and we were the challengers.

John was probably more civil-rightsy than the rest of us, but [by the mid-'70s] civil rights had kinda cooled off. Nobody was willing to be a racist, so he no longer stood out. Election reform was the issue where he'd occasionally get into trouble. And most of the people who knew John credited his [further] movement to the left to his wife Keke, who was an unusual woman, and a very strong personality. I think she was John's principal confidante and advisor.

When he began running for President, and was seeking a new constituency, some of his positions were very strange, particularly his vice-presidential selection -- Pat Lucey of Wisconsin. They made a strange pair.

Chowder & Marching, SOS, and the Wednesday Group

The Wednesday Group was sort of the liberal Republicans -- founded, I'm told, by guys like Bradford Morse and John Lindsay. Although, they also had centrist guys like Barber Conable. Sil Conte was a strong member of that group.

SOS was more a center-right group, but it had some overlap from the Wednesday Group. Because it met on Tuesday. I belonged to both of those.

"SOS" did not stand for anything. Johnny Rhodes, if not a founder, was one of the big guys in it. And he always claimed "SOS" was just a series of letters.

Then there was Chowder & Marching, which prided itself on being very conservative -- and I thought it was a little less distinguished. Like the other "clubs," they didn't do much, but -- they had good guys, and that was a good group too.

But exclusive? You couldn't be in both C&M and SOS.

You [pause] -- I'm not sure about that. It really depended on the day that they met. If C&M met on Tuesday, then you couldn't be. But my hunch at the time was that there were some overlaps.

There was a fourth group, called ACORN, which didn't seem to have any ideological slant to it. And I don't know where it came from -- but it was the first one to go. It ran out of steam.

But I found SOS and Wednesday very helpful. You would meet in somebody's office, and each member would have a minute or two to talk about what's happening in his district or on his committee, or his subcommittee, and during an hour in the evening you could kinda figure out what was goin' on, not only in the Congress but in the country. They were great briefing periods. Although they were some overlaps, being on the two of 'em gave you sort of a double shot of it -- I enjoyed them very much.

[As for adding members, they] picked whomever they wanted to whenever they wanted to. Somebody would make a suggestion -- "why don't we have Harry?" -- and if nobody objected, we'd ask Harry to join. We tried to keep it to about 20 or 25.

JOHN RHODES as House GOP Leader

When Jerry Ford moved up, there were two sort of obvious people. One was Rhodes and one was Conable. Rhodes was much senior [by six terms] to Conable, and considered more conservative; and, if they'd had a head to head, probably would've beaten him. But Conable immediately endorsed Rhodes, and alleged that he was quite happy being the ranking member on Ways & Means. I think it was the right choice for Conable, who probably would have received the same treatment Rhodes later got.

Barber was in many ways a loner. Most Members of Congress are, stripped down to the bare --

Really?

Well, you know, they're quite gregarious --

But they keep their own counsel?

They don't have a circle of close friends. They are not "dependent" on others -- they try to stay independent. Barber was one of those -- more independent, and certainly more cerebral, than most Members of Congress.

He did his own thinking?

Exactly. And John Rhodes, too -- I didn't know him well, because he was on the Appropriations Committee. But when he became Leader, he called me into his office and said: "Jerry Ford tells me that you've been our leader on election law in House Administration Committee, and I need to know if you wanna keep doin' that." I told him I was trying desperately to get onto the Ways & Means Committee, and if that happens I'd have to get off [House Administration]. John said, "I think you're probably gonna get on Ways & Means, and I want you to keep the other job as well. Ford said you've been doin' all the right stuff over there."

We had a lot of problems from the Carter Administration -- Carter and Mondale backed the taxpayer financing of elections [as well as] walk-in voting everywhere in the country, and we were able to stop that. And I spent a fair amount of time with John talking about those things. I liked him. He was a thoughtful guy.

You know, he was elected unanimously -- but he never seemed to have a lot of confidence that everybody was with him. He was on the right part of the spectrum [for the Conference], but apparently not aggressive enough for Republicans yearning to be a majority. It always seemed to me that he was a little shaky.

And after 1978 -- this might not be quite a perfect characterization of it, but -- a lot of people will tell you that Newt sort of hectored him out of the Leader's post. I had that feeling myself.

For the record, Ed Bethune:

BETHUNE: From [that day at the Marriott in November '78] on, I was at the head of John Rhodes's list, because I would go around saying to the media, "This is Day One of the new Republican Party," which would drive Rhodes up the wall. "We're not here to be professional minority-party members, we're not here to do root canal" -- I'd go through my campaign spiel...

GREGORSKY: It's interesting, because Newt acquired the reputation of being the bomb-thrower. But I came to Washington [as an intern] a few months after he did, and Newt very early on decided he would try to get along with John Rhodes.

BETHUNE: Yeah. We had a good-cop, bad-cop routine, which of course I learned in the FBI. In the FBI, I was usually the good cop -- because I'm kind of a softie-lookin' guy (or so my wife has always told me). But it was the opposite in our dealings with John Rhodes. Newt would go talk to Rhodes, go talk to Michel, try to be persuasive. I just sort of got off on the foot of being the guy who wanted to keep the flame alive that we started there at the Marriott. I was always writing letters to Michel and Rhodes and the rest of 'em -- "here's what I think you need to do" and "we're not doing enough." It drove 'em nuts.

FG: So maybe you were part of the reason that Rhodes [in 1980] decided to go for one more term [in the House] yet not stay as the party leader.

GREGORSKY: He definitely quit because he was on the outs with us new Members. I expressed my dissatisfaction with him, to anyone who would listen.

Ed surely knows more about his own role than I do, but I still have the feeling that, even though Gingrich tried to work with Rhodes, he really was the main irritant which caused Rhodes to retire as Leader. Newt had a short attention span and he did not stay a "good cop" for long.

That was a big rambunctious class. Very conservative, they didn't come to be in the minority, and they wanted to roll up their sleeves and biff somebody in the nose. Unfortunately, Rhodes was in the way. Somebody induced John to want to get out.

He went over on the Rules Committee for his final term in the House, and that was embarrassing. He either should've retired, or kept on being Leader.

But -- he was a good man. And I think it would've been better had somebody has run against him the first time, and he'd built a squad of people who were his guys. Then he would have been better insulated, or known how to deal with a Bethune or a Gingrich.

1980: Reagan, Bush 41, Baker, Connally, Crane and Anderson

My first choice was Bush. I was recruited by two of his cronies from the Ways & Means Committee, Barber Conable and Bill Steiger -- they were strong "Bushies" from their previous experience with him. And I had met with Bush often at their request, and so I became the chairman of his campaign in Minnesota, quite early in the game. At that time we had two new Senators -- Durenberger and Boschwitz -- who were trying to keep their heads down in the presidential nominating process -- and so I become the unofficial guy for all of the Republican presidential candidates. When we'd have candidate forums, I'd have to introduce 'em all.

I loved Howard Baker. I thought he was the best Majority Leader the Senate has ever had. Phil Crane I sat close to on Ways & Means -- and although Phil didn't come to a lot of meetings [laughter], I knew him, I liked him -- but I wouldn't have voted for him for President.

As for Reagan -- I didn't know him. At the time, I thought he was some kind of a conservative nut. I'm reading the Minneapolis *Pravda* and it's telling me all these terrible things [laughter] about Reagan, and we're all jokin' about him in the Bush Committee: "How can America elect a 70-year-old guy with orange hair?"

And Bush did pretty well in Minnesota. We have a caucus system and [the Reagan-ites] were well-organized there but so were we -- and we stood 'em off. We beat them in the caucuses by a small amount, and we were about even in delegates.

When Bush dropped out [in late May of '80], I went to the Reagan people and said what can I do for you. I'd already been elected a delegate, and they said "you have to be a front man for this and that so we have a show of unity, and so forth." Then I got a chance to meet him and Mrs. Reagan down at Detroit -- and, like everybody else, I was charmed by him. He's just a great man.

Michel versus Vander Jagt for Leader -- December 1980

For me, that was kind of a silly race. I couldn't see much difference in philosophy, but Bob was senior, and Bob was in line, as Whip, and it seemed to me that Guy was

barkin' up the wrong tree at the wrong time. And of course [smiling], I still owed Bob big from the time he nominated me [for Research] -- and I had sort of a good feeling about Bob all the time I was in Congress. I suppose the closest friend I had was Barber Conable, but Bob would be up in that top rank.

I saw what Guy did [at the NRCC]. I would have to carry his bills on the committee because he couldn't be around. The amount of time he spent at NRCC was unbelievable -- going out and making speeches for crummy guys who shouldn't have been elected in the first place [laughter], traveling here and there, and all the way to Guam. He was a good guy; I loved him. What he gave to Republicans was just remarkable.

And it is true that, other than John Anderson, who wasn't quite as good as Guy, Guy was probably the only real Republican orator that I can remember from when I was in Congress. He could make a really good speech. Democrats had a couple -- Jim Wright, who was also trained for the Ministry, as Guy was.

Heh -- that's a good point!

Wright knew how to do it, and there were a couple more.

But I would guess that Bob beat Guy by a handy amount.

When did you get off House Administration?

When I become ranking on Budget. I had a superior replacement in Bill Thomas of California.

So you were on House Administration the whole time Newt was.

Yeah. Newt came on my committee as a freshman -- and [smiling] perceived that it wasn't a great boat from which to philosophize. But, to his credit, he took the assignments that were given to him and carried them out well.

As a matter of fact, that was the nicest operation I ever had. I had four staffers; the majority had something like 70. I had a couple guys like Bill Thomas, who's just smarter than hell; Pat Roberts, who was a blunt instrument when we needed one; and Newt, who was quite thoughtful; and Carroll Campbell -- they were all good guys, we worked together, and -- we didn't let any bills out of that Committee! The Democrats had huge majorities. It was just great fun.

Newt was a great part of what we did -- he was a full partner.

GINGRICH versus MADIGAN for Whip -- March 1989

Ed Madigan was not a close friend, but he was an able Congressman. He had a voting record very similar to mine. Normally I would've been with him -- simply from a philosophical standpoint.

But I had served with Newt on the House Administration Committee, I liked him, and I perceived instantly that he was a huge talent -- one that needed to be nurtured, and also needed a lot of guidance [chuckling]; he was often an "unguided missile." Too many ideas. I look on Newt as in some ways comparable to Bill Clinton -- a huge talent but quite undisciplined. Too much horsepower! Too bright.

Michel's staff made the argument that you don't want a gadfly in the Whip's job. Isn't that basically the least mentally stimulating of the Leadership posts?

Yes, but it puts the incumbent next in line to be the Leader. So it seemed to me [Madigan versus Gingrich] was really a future-Speaker vote. And, from my dealings with Newt, it seemed that he had the best chance of leading us to the Promised Land of majority status. If we were going to elect Ed as our Leader, we would have a number of more years in the minority.

The toughest part of [acting on that belief] was Bob Michel, who was supporting his Illinois brother -- it would be difficult to put two Illinois guys in, although we later put two Texans in [laughter]. But -- Bob was very disappointed in me; and I hated that. As I say, he's about the second closest friend I had over there.

I talked to some of my [other] friends about how important it was to elect Newt. And he said "will you nominate me?," and I said "okay, fine, I'll do that." So I nominated him, and voted for him, and he won by two votes -- and I always have claimed credit for electing him. "How badly do ya wanna be in the majority?" -- I think that's the way a lot of guys were looking at it [by 1989]. "Do you want to have more business as usual? Or do you wanna bet on double zero and try to run the joint?"

Larry Coughlin switched too. He has always been more of a traditional -- a lot of people can claim credit for that Whip race result!

Well, with two votes? I guess any Gingrich voter can claim credit for electing him.

Rousselot, Bauman and Walker

I would start with H.R. Gross [R-Iowa] and Doc Hall [R-Missouri]. And Bauman and Walker were the closest matchings -- they tried to master the rules of the House.

Gross, Rousselot and I tried to maintain order, but we were not the experts on House procedures that the "two Bobs" were.

When I first came to Congress, I tended to laugh that stuff off. "These guys maybe have lousy committees, so they spend a lot of time on the Floor, bellyaching..." But I didn't assume full-time duties with Bob Walker until I got on the Ways & Means Committee and had one of these epiphany situations.

In the Committee we had voted down, unanimously, a bill that this guy had brought in. We weren't gonna give special tax status to owners of football teams. Later, in the dying moments of one session, this same guy came in and got the chairman -- Al Ullman at the time, or maybe it was Dan Rostenkowski -- to ask for unanimous consent to take care of his particular football team family. I just got livid. I happened to be in the place, and I objected. This was about three days before the end of the session. From then on, I sat through all of the sessions. Every time the House was in session, the chap who was featuring the bill came in, three or four times. One more time I objected. He had me called from Minneapolis so that I would go in the cloakroom and leave the Floor. I didn't answer that phone call, because I sensed what was up. I stayed in there, and he never got his bill passed. That taught me a great lesson: Terrible things happen in the end of the session.

But Bob deserves the lion's share of the credit, because -- he was in there all the time. All year around, Bob Walker tried to maintain order. That was one of his finest accomplishments in the House -- trying to preserve some kind of reasonable, rational expectation of regularity in House business.

At the end of the session, he and I would sort of spell each other, if he needed lunch, or I needed a nap. Republicans would come up to us and cry and scream: "I desperately need this bill, it's only for \$5 million, I need a ramp for my highway." We replied: "You had a whole session to do it. Now you want unanimous consent. Every guy in this chamber has a bill -- but we're gonna do everything under regular order, the regular rules of the House."

Bob said there was a cutoff --

Yeah, I think it was a million bucks. But -- there weren't very many of them. It was not so much money as [it was] the process we were tryin' to protect. We were particularly interested in Senate bills -- we didn't want them brought up under unanimous consent.

And much of the stuff we objected to turned out to be political stuff -- that is, a bill in the House that had never had a hearing, never done anything; but here's a Democrat from Connecticut that needed a press release. And so they would come out and call

up his bill under unanimous consent, pass the bill, and he would go home and take credit for passing the bill -- and it would die in the Senate. But we didn't think that idea was good for the process of the House either. I supposed about half the ones we objected to were those kinds of things. They didn't have any [fiscal] significance because they weren't going anyplace anyway.

WALKER: There would be [bipartisan] Leadership meetings to discuss something that was going on in the Congress. Lott has told me these stories. The Republicans would be in such a meeting, and say: "You know, Tip, we'd love to go along with you on this. We think what you're doing is okay, but -- Walker's a son of a bitch; he's not gonna let this happen." They'd respond: *Can't you do something with him?* Our guys would say: "No, he's uncontrollable. We don't have a clue how you deal with this guy." And so, Jim Wright or Tom Foley or somebody and try to reason with me, and -- often -- I was in a position to say, "Well, if you did it this way [rather than that], I might be able to see my way clear."

GREGORSKY: Were these generally procedural things?

WALKER: Generally, yes. Or sometimes it was stuff they wanted to bring to the Floor under some kind of an extraordinary process. I was in the position of saying: "It's not going to happen. I'm going to object." And so a lot of the relationships with [top Democrats] were through those kinds of interactions.

The other thing I always did on the Floor was I never hid my cards. If somebody came and asked, "Are you gonna call votes late tonight? My son's got a soccer game and I'd like to go see it; but if there are gonna be votes, I'll need to stay here. So, are you gonna call votes?" I would say to them: "No, I don't have any plans to call votes." And, having made that promise, I wouldn't call votes, even though I ran into times when it should've been done. As a result, I ended up with people on the other side who would go at it tooth and nail with me, over the issues we were fighting, but regarded me as an honest broker.

FRENZEL: I will say this -- Bob had a huge advantage. Few people liked Bob Bauman -- he was not a pleasant man. Most everybody liked Bob Walker. Now, first time you confronted him on the floor, you hated him. But after you got to know him -- he's just a wonderful guy. And so his experience was quite different. The same is true of H.R. Gross. H.R. was very abrasive; he went out of his way to be abrasive.

And so we had H.R., and then we had Bauman, and then we had Walker. Of the three, Walker was not only the most effective, he was also the most popular.

**END OF GREGORSKY DOCUMENT
(reflecting Frenzel markup late April 2010)**

INTERVIEW with WILLIAM E. FRENZEL

U.S. Representative from Minnesota's 3rd district, 1971 through '90

PART THREE -- covering 1986 to February 2010

[Discussion of the Tax Equity and Fiscal Responsibility Act of 1982 -- TEFRA -- a bill actually originating in the Senate. The House vote that August vote put Reagan, O'Neill, Dole, Domenici, Hyde and Gramm on one side -- favoring a \$98 billion tax hike, including clawback of overgenerous business breaks in the sprawling '81 bill -- with Gingrich, Bethune, Walker, Weber and dozens of other Reaganites in opposition. When it passed, Paul Volcker commenced three months of sharp drops in the prime interest rate; the stock market climbed 30% over this same period. Herb Stein would later chortle that it took a tax hike to achieve the lower interest rates that allowed Reaganomics to bloom...]

FRENZEL: You know, I can't remember that bill -- but I must've voted for it.

FRANK GREGORSKY: I would think so!

FRENZEL: I do remember the Tax Reform Act of 1987, which was a Reagan thing. It was not a good bill, from my standpoint, but most Republicans loved it. On our committee [Ways & Means], I think only Bill Archer, Phil Crane and I voted against it.

FG makes the case for that bill as the trigger for the 2nd wave of the Reagan Expansion. Top marginal rate cut from 50 to 28% (over two years) and the FY 1987 deficit, for the first time, comes in tens of billions below OMB's forecast...

I was much more worried about the small-business end of it. We revoked the Investment Tax Credit, a year in arrears, and most companies didn't even know, until 30 days later, that they would not get the credit -- and they went back a whole year on [the revocation]. That was terrible.

Another revocation I hated: You used to be able to contribute appreciated assets, and get the full value, and not pay capital-gains tax on it. Well, under the Tax Reform Act of '87, that was eliminated -- for a deduction, you only got the cost of the asset that you passed on. The universities lobbied extensively against this, were overruled,

and it cost them hundreds of millions of dollars over the next couple years. (A few years later Pat Moynihan was to get that revoked.)

The bill also wreaked carnage in international taxation. We changed a relatively simple system into a complicated one in which international companies had all these baskets of foreign income -- one in each country -- and had to keep separate control over them. It was impossibly complicated, and there was no incentive to bring offshore earnings home. So taxes were in effect raised on American exports because we began taxing these things more heavily.

I found probably a dozen things I didn't like in there, and I was also aghast at the thought of having the "bubble," where people who were merely comfortable would pay 32% while people who were frightfully rich could enjoy the 28% rate.

And it was fairly obvious from the financial runouts that we couldn't hold that low rate, which made it look like a sham. It only took a few years to raise that 28% rate.

FG: By 1995, you're in the private sector, we have the first GOP House majority in 40 years, and Speaker Gingrich decides to make balancing the budget in seven years (now that the Contract with America has gotten thru the House) the next great objective of governance. He uses the debt-ceiling to pressure the White House. The first shutdown lasts six days and is judged, even by the media, to be a win for the GOP, because President Clinton agrees to balance the budget in seven years; submit his own plan to that end; and to let CBO score his as against the one House Republicans have already put forth. Then, in the next month, the White House stalls on delivering its seven-year plan, so Newt & Company opt for a second shutdown. It runs into the Christmas break. Clinton's numbers go up and ours go down. You are watching this play out and maybe hearing from old friends. You are thinking -- what?

FRENZEL: During that second shutdown, I am thinking: "Clinton's not gonna concede, and the House can't override, and therefore -- don't they have a Plan B?" I go back to all those Ford vetoes and think: Look, why not serve him something slightly less drastic? Try him again. The public will not be so happy to see him [reject a reasonable GOP package] a second time. If that doesn't work, do it a third time.

Well, there was no plan B. The misjudgment was that Republicans stayed with a plan that lost public support.

FG: By early January, we were losing two-to-one [in terms of which end of Pennsylvania Avenue received the blame]. On January 2nd, Bob Dole got his Senate colleagues to agree to a clean CR, which left Newt to confront his radical colleagues. They had not been willing to let him make a deal early enough in the cycle.

FRENZEL: So Newt felt some of the things that Johnny Rhodes and Bob Michel felt in earlier situations [chuckling]. Yes, it's a shame -- although Newt had encouraged those colleagues to be radical in the first place.

But I gotta say that the work they did that first year, on an Omnibus Appropriation, was magnificent. Bob Livingston performed miracles over there. I told people: "If I were still in Congress, that would be the first big appropriation bill I ever voted for" [laughter]. It was just remarkable; they sublimated most of their earmarks and their usual peccadilloes. Newt and Bob did great work. They would have succeeded if Newt had had a more flexible Plan B [in the final month or two of 1995].

FG: Do you think Livingston would've made a good Speaker after Newt?

FRENZEL: [Thoughtfully] Don't know. [Pause] Don't know. I think better than Denny.

It's hard to be a good Speaker. And it gets harder as it gets more and more polarized up there. In the old days, you needed a Tip O'Neill or a Tom Foley personality to keep the minority from firebombing the place. Nowadays, no thought is given to that any more. No thought at all is given to the minority -- and so you just write [that part of the job] off. You become the leader of a wing of your party, *a la* Pelosi. And I suppose all it's taking now is strength of will -- that's all you need to be an effective Speaker.

FG: What if Newt had said, in late '94, "I'm gonna move up to Majority Leader, but Henry Hyde, you be the first Republican Speaker in 40 years. You were majority Leader in the Illinois House, even a lot of Dems love you -- as a genial, avuncular and knowledgeable figure -- and you're also a solid conservative..."

FRENZEL: It's an interesting "what if" and I think Henry might've been one of the few guys for whom that kind of an arrangement would work. Being a strong enough character, he probably would not have been pushed around by Newt once he got there. Henry would know how to take the best stuff Newt was serving him -- and use it. I think that would've been a great thing for the Republican Party.

You can't know, of course.

FG: Others have pointed out to me: One, Henry did not support one or two items of the Contract, whereas the huge incoming Class of '94 loved the Contract. And two, it's hard to imagine Newt Gingrich ever having that kind of self-effacement.

FRENZEL: And it may be that he couldn't have, either. You know, he'd taken us through that election, and he was the hero, he was Moses -- we really had to follow him. So I'm not sure he could have done what you are saying.

FG: Speaking of the Promised Land, the federal budget passes into the green -- or black, if the reference is to "ink" -- by the middle of 1998, only 2 1/2 years after the fireworks of the shutdowns. Okay, you can credit the legacy of the 1990 caps, plus a booming economy, capital-gains windfalls, Bob Livingston's work at Appropriations --

FRENZEL: And you got Russia falling apart; you don't need to spend as much on national security --

FG: Sixteen-dollar oil.

FRENZEL: Yep -- a perfect storm, for the budget. And of course, they figure out how to screw it up.

FG: Before 9/11, or after?

FRENZEL: In my judgment, long before. Once Livingston [left the House early in '99], and Bill Young became chairman, they didn't have that control any more -- and they went nuts. The increase from that point to whenever we lost was just horrifying.

FG: Let me get your closing take on that '90 budget sequence -- see if I understand the whole picture. You say that the automatic sequester [lingering from the judicially-crippled Gramm-Rudman law] was not some great club in the closet benefiting Republicans in the negotiations -- that's #1.

FRENZEL: Right. I didn't see it that way.

FG: Number two -- the foreign situation had grown dire over the second half of the summer, which is an argument for having concluded, for good or ill, the negotiations earlier. In June or July, before Kuwait?

FRENZEL: Yeah. Of course, we couldn't know that Iraq was going to invade Kuwait. But my rule is that, whenever we sit down for negotiations, there needs to be a time certain. That's because there's always an advantage, for the guy who isn't doin' so well, to drag things out -- something will change and it will improve their condition. If you know where you want to go, you really ought to have a time limit.

FG: Third clarifier about 1990: Other than getting George H.W. Bush to eat his '88 tax pledge, why did the House and Senate Democrats care? Why did they feel responsible for deficit-reduction?

FRENZEL: Because they couldn't do some of the things they wanted to do, or they felt they were having more trouble doing those things. That's what I sensed in the House.

FG: So they really wanted -- for their own agenda -- more revenues?

FRENZEL: Yep.

FG: Okay. So, given some of those things that could be controlled, and some -- i.e. the foreign situation -- which couldn't, you say that, in the end, the onus is on the House Republican Conference because a solid majority did not support their President on the first package.

FRENZEL: Yep. So it just caused the [second] package to be worse. And they embarrassed their President. I also think they embarrassed themselves.

Now -- on the other hand -- some of the fallout from '90 might have been good. It may have made the younger, more aggressive group feel better about themselves, make them feel more cohesive. They realized: "We can do it. We can exercise some control over this caucus. And we can make our own philosophies work."

And maybe that set the stage for what happened in '94. Who knows?

FG: What about the House Bank Scandal, March '92. Didn't that also "set the stage" by demoralizing the majority party?

FRENZEL: By '94, I think a lot of that had worn off -- or maybe not. I guess it was laying there on the record as incompetence of the management.

FG: What about the impact on the Conference? Newt had 22 so-called bounced checks, yet he was able to call it "the greatest scandal in congressional history," demand Ethics release many more names, and then barely miss losing a July '92 primary in a partly new district. He squeaked through, but lost some key allies.

FRENZEL: It drove Vin out of the House.

FG: Bob Davis, Bob McEwen, Guy Vander Jagt.

FRENZEL: I think that was the beginning of the mean times in the House. Republicans used to sit around and tell mean stories about Democrats, and vice-versa. But, until the Bank Scandal came, we didn't have a lot of meanness and pettiness amongst ourselves. "Yeah, he's too conservative." "Yes, he's too liberal." Not much beyond that. And then -- my God, you couldn't go anywhere without Republicans getting mad at each other.

The worst case of all: Democrat Matt McHugh, chairman of the Ethics Committee. He tried to do a reasonable job, and he was literally drummed out of the House -- by his pals. And Republicans weren't giving each other any help. "Well, I always knew there

was something crooked about that guy." From then on, it's been Suspicion Time around the House.

FG: Although when we got the majority, and the Contract came front and center, "this is the fight of our lives" -- didn't some of that pull back?

FRENZEL: Yeah. Obviously, something worked. Something got Livingston [laughter] to hitch up his britches -- I'll say.

FG: You mentioned Hastert. Let's consider our top guys in the House once Livingston and Newt have both resigned. And this is regional prejudice but, sorry, I'm from New York. Was the weakness [after '98] the fact that we had two Texans and something of an absentee Speaker? Then again -- Dick Armev was a libertarian, he shouldn't have allowed a lot of this spending to go on. But Tom DeLay adopted what looked like a Republican version of LBJ: Reward our friends, and punish our enemies.

FRENZEL: If there's anything I learned in the Congress, it's: Don't put a Texan in charge of anything [laughter] -- they're too tough.

And, you know, Tom was a good House Member, and a good friend. I don't know, he just got to be Little Caesar. And that was --

FG: The K Street Project.

FRENZEL: That was what undermined everything.

FG: Because Republicans could no longer be intellectually consistent on our message, or -- ?

FRENZEL: No, because of insisting that Republicans had to lobby us. It made us as crooked as the Democrats.

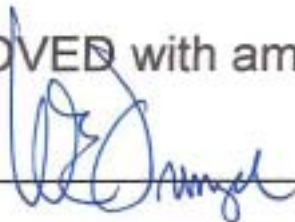
FG: Do you like Paul Ryan?

FRENZEL: Oh, he's my favorite Congressman [buoyant laughter]. How'd you know?

FG: Well, he's everybody's favorite. I can't find anybody that doesn't think he's our great hope, these days -- certainly on the fiscal side.

FRENZEL: Since I've been in Congress, he's the guy who knows more about the budget -- and has better ideas for improving it -- than anybody that I've watched work. From the very beginning. He's just terrific.

TEXT is APPROVED with amendments & deletions



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END OF DRAFT Q&A

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