A Question of Leadership,

“Read My Lips: No New Taxes.”

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A Question of Leadership, “Read my Lips: No New Taxes.”

Immediately after the speech, I knew it was good.... There is a definite sea change and it’s something fantastic.

George H. W. Bush 21 August 1988

So I made a mistake.... I knew at the time I was going to take a lot of political flack. I knew we’d have someone out there yelling “read my lips”, and I did it because I thought it was right. And I made a mistake.

George H. W. Bush 19 October 1992

George H. W. Bush’s tax pledge to the 1988 Republican convention played a crucial role in winning the White House but subsequently resulted in a loss of credibility that undermined his presidency. This paper examines the consequences of the ‘no new taxes’ pledge from when it was first made in the New Hampshire primary election in January 1989 until the summer of June 1990 when George H. W. Bush (Bush) was compelled to renege on his promise in order to secure a budget agreement with Congress. By the end of his presidency, the tax pledge had become a metaphor for a failed economic policy. But in 1988, the promise re-launched a campaign that had been in deep trouble. After making the tax pledge the Bush campaign recovered momentum. The election was won by a landslide. Four years later, Bush recognised that a serious mistake had been made and acknowledged that his re-election prospects had been diminished by the breaking of the promise and the loss of credibility.

The paper sets out to consider the political and economic implications of the tax pledge and assess Bush’s leadership and skill in dealing with the issue. Firstly, it examines the
successful 1988 presidential campaign and how the tax pledge was skilfully exploited to turn the campaign around and win the election. The paper will consider the pivotal role played by the acceptance speech, the extent of Bush’s involvement in the drafting and the background to the making of the unequivocal commitment on taxes. Secondly, the paper will investigate the circumstances surrounding the breaking of the promise and the raising of taxes. President Bush’s commitment to supply side theories and how prevailing economic conditions influenced the change in policy will also be examined. The Reagan legacy and the reasons why the budget deficit presented such an intractable problem for the Bush administration will be reviewed. Finally, the consequences of the tax pledge and implications for Bush’s presidential leadership will be considered.

Identity Problem

At the start of his campaign Bush had an identity problem. Throughout his political career, the character question dogged Bush, who had gained a reputation for expediency rather than principle. When Bush announced his candidacy in 1987, press reaction was negative. A Newsweek cover appeared entitled ‘Fighting the Wimp Factor’\(^3\) which brought the character question back into public debate. Time magazine weighed in with a cover entitled, ‘Is this a Wimp?’\(^4\) The New York Times accused Bush of “never giving his handlers a sense of direction … [he] still did not know who he was or where he wanted to go.”\(^5\) It was claimed that on cultural and moral issues Bush adjusted positions to suit public opinion.\(^6\) The Washington Post criticised the inconsistency of Bush’s political stances.\(^7\) Even former President Nixon felt it necessary to write to Bush and
counsel him that he would have to be his own man if he ever hoped to win the presidency. 

Excessive loyalty and deference to Reagan raised questions about Bush’s own convictions and his ability to lead. Indeed Reagan himself had questioned his ‘spunk’ and had been reluctant to place him on the ticket in 1980. 

Regarded as prone to waffle and a lightweight, Bush was considered a potential liability. Further, the attempt by Bush to position himself as everyman, while his family and social connections seemed confined to the richest strata of American society, lacked conviction. Deeply offended by the criticism and the wimp label, Bush resolved to fight back.

The promise not to raise taxes was first introduced in New Hampshire in January 1988. In the Iowa primary Bush, garnering just 19 % of the vote, had been stunned by a poor third place showing behind Bob Dole (37%) and the evangelist Pat Robertson (25%). This was seen as a crushing defeat for a sitting vice-president. Again running behind Dole in the New Hampshire polls, a hard hitting TV commercial was produced. The ‘we won’t raise taxes’ commercial ran eighteen times during the last three days of the primary and was targeted directly at Dole’s straddling of the issue. The TV ad took much of the credit for turning the faltering primary campaign around and the theme was incorporated into the national campaign. Research showed that the unambiguous stance on taxes made Bush look strong and decisive.
Wedge Issues

After the primaries, it was clear that Bush would be the Republican nominee but his campaign had difficulty gaining traction. When Michael Dukakis was nominated as the Democratic candidate, Bush fell behind by 17 percentage points in the polls. It was evident that Reagan Democrats, those that had voted Republican at the two previous presidential elections, were defecting in large numbers. Polls showed that about third were in the process of sliding back to their old party. It became evident that relying on Reagan’s popularity would not win the election. In order to re-launch his campaign, Bush turned to an old colleague James Baker: the man who had masterminded his failed 1970 senate campaign. Baker left his job as Treasury Secretary to put his, “best friend behind the desk.” In July, the two men went on fishing trip to Wyoming and discussed the forthcoming campaign. It was agreed that a more aggressive stance was essential: one which would lay the wimp factor to rest. Baker was committed to making the Bush candidacy synonymous with a Reagan third term. A difficult task for, as Fred Greenstein points out, “Bush was the near antithesis of his predecessor.”

Baker realised that momentum had to be restored before the convention in New Orleans. After months of drift, Baker gave a new sense of direction. He recognised that the campaign needed to be proactive in the way it communicated and that new priorities were required. Bush would ‘firmly embrace’ the Reagan vision of smaller government through lower taxes and the empowerment of local communities. By promising not to raise taxes, the party faithful would be reassured about the commitment to smaller
government. Throughout the campaign, it was considered important that Bush “spotlighted his differences” [author’s italics] with the Democratic candidate.\textsuperscript{20} Despite denials, the strategy was to ‘go negative’ and use the tax issue to gain the initiative.

The task of Roger Ailes and Lee Atwater was to ensure the effectiveness of the message and they were given considerable freedom of action.\textsuperscript{21} Ailes had played an important role in securing Nixon’s election in 1968 and had literally written the book on image building and aggressive campaigning.\textsuperscript{22} The goal was to turn Bush “from a wimp into a tough but caring leader,”\textsuperscript{23} by repositioning him as a self-made Texan who had ‘abandoned’ his privileged New England connections in order to move south to build a new life for his family. Surprisingly, the prototype for the tough but caring image was the movie actor Clint Eastwood. Darman sardonically wrote that although, “Clint Eastwood was not on the ticket,” it was intended that Bush should exude, “Eastwood’s power, directness and absolute firmness.”\textsuperscript{24} In the convention acceptance speech, the tough, no-nonsense attitude of, ‘make my day’ was to morph into the equally uncompromising, ‘read my lips: no new taxes’.\textsuperscript{25}

During the campaign, there would be a high road and a low road. Bush remained above the fray while Atwater and Ailes aggressively attacked the integrity of Dukakis.\textsuperscript{26} A bare knuckled campaign had the bonus of burying the wimp accusations. Policy discussion and explanation were avoided whenever possible. A single minded attack on Dukakis was the main focus. Responding to criticism, Baker denied that the strategy was to go negative but rather that it was a legitimate attempt to highlight “factual contrasts”\textsuperscript{27}
Democrats maintained that the intention was to exploit wedge issues: twisting divisive issues to get a negative visceral response from the electorate. Parmet claimed the Bush campaign engaged in, “the most slashing presidential campaign attacks since Harry Truman,” while Hargrove argued that this strategy diminished the political process, “with slogans rather than ideas or policies.”

Focus groups were employed to hone the attacks on the Dukakis record as Governor of Massachusetts. Atwater had a reputation for spurious polls, leaking medical records, ambiguous racial slurs and false press releases. These well tried techniques were used to full effect. Atwater later admitted that as far as the attacks were concerned, “the sky was the limit on Dukakis’s negatives.” No proof was forthcoming that Kitty Dukakis had burnt the American flag or that the Democratic candidate had been treated for mental illness but serious damage resulted.

According to Richard Darman, taxes were a key wedge issue against the Democrats. Paying taxes is rarely popular and any promise to cut or hold taxes receives voter attention. However, making such a promise is fraught with danger. In order to account for inflation, government revenue has to rise just for expenditure to stand still in real terms. Holding the line on taxes implies cuts in government expenditure or expansion of the national debt. Predicting future economic conditions is an uncertain science and, to adjust to changed circumstances, economic policy must remain flexible. In 1988, despite the temptation, Dole in the primaries and Dukakis in the national election both refused to
commit themselves on taxes. In order to differentiate his campaign, Bush took a risk and made the unequivocal pledge ‘no new taxes.’

Race and crime were also important wedge issues. Alexander Lamis credits Atwater’s “effective use of Willie Horton” as a major factor for the “white flight into the Republican Party.” Lamis claims that Atwater was able to galvanise the trend to the benefit of the campaign. Moving the debate from the faltering economy to divisive social issues was greatly to Bush’s advantage. Once the race issue had been exploited, the political culture took over. After the election, Atwater was rewarded with the chairmanship of the Republican National Committee. James Baker, rarely given to hyperbole, considered that, “he [Atwater] received, and deserved, much of the credit for our win.”

The ruthless exploitation of wedge issues had two long term consequences for the Bush presidency. Firstly, it left lasting bitterness within the Democratic Party, which would later come back to haunt the Bush administration. Democratic intransigence during the 1990 budget negotiations can be directly linked back to campaign tactics. Richard Darman acknowledged that many democratic congressmen were determined to make the President Bush pay for his use of ‘illegitimate’ tactics in the 1988 campaign.

Secondly, by detaching his own political identity from his tough campaign image, Bush called into question his own authenticity raising questions about his personal identity and integrity. In private a courteous and modest man, Bush tended to adopt a diffident manner
in public forums and had a visceral antipathy for public communication. David Mervin called this antipathy a major flaw and claimed that skill in communicating with the public was, “an essential requirement of presidential leadership.” Darman bluntly recorded, “I noted the obvious: George Bush was not Clint Eastwood.” The attempt to repackage Bush only served to reinforce suspicions that Bush, unlike Reagan, had no set of core political beliefs. Despite Ailes best efforts, the repositioning struck a false note.

If Bush could not exude conviction, Baker was determined to give him a plan and keep him on message. Bush coined a new slogan “not to demagogue but deliver.” If delivery was important, a clear commitment needed to be delivered particularly if the Reagan mantle was to be credible. Many conservatives, such as Newt Gingrich, regarded taxes as the acid test of Bush’s intentions. Peggy Noonan, a fervent Reagan loyalist, believed that a firm pledge on limiting taxes would symbolise continuity and resonate with Reagan supporters. Parmet claimed that taxes had supplanted anti-communism as a rallying point for the radical right who had taken control of the Republican Party.

*Populist Currents*

The growth of suburban communities and the loosening of blue collar ties to the Democrats had worked profound changes on the political landscape. According to Black, Reagan had, “significantly expanded grassroots southern Republicanism by realigning white conservatives and neutralising white moderates.” Bush’s use of influence and government connections was at odds with the prevailing populist undercurrent in his
Phillips makes the case that Bush’s Texas connections were superficial and that Bush’s politics were still firmly grounded in north eastern Ivy League conservatism. Despite trumpeting his entrepreneurial skills, Bush’s Texas business ventures were funded by family connections using Wall Street money. Membership in Yale’s exclusive Skull and Bones and the old boy network reinforced his preppy image. Bush was the epitome of the real or imagined elite that were held in contempt by populists and grass-roots conservatives such as Newt Gingrich.

Demographic shifts and the growth of the Sunbelt greatly increased southern influence within the GOP. By 1988 congressional leadership had passed into new hands with Trent Lott (Mississippi) in the Senate and Dick Armey (Texas) and Newt Gingrich (Georgia) in the House. Populism had a long history in Southern politics from Huey Long to Strom Thurmond to George Wallace. Indeed many of George Wallace’s supporters shifted over to Reagan. Presidents Johnson, Carter and Clinton had a populist aspect to their style and politics. Reagan was greatly admired by populist Republicans in the South who identified with his modest roots, self-deprecating humour and easy manner. Reagan’s western roots seemed authentic and natural. Hodgson wrote that radical conservatives differentiated themselves from traditional Republicans by the use of populist rhetoric and added that, “the very fact that conservatives began to phrase their appeal in populist language transformed the nature of American politics.”

Alan Brinkley argues that the radical populist tendency in the Republican Party can be traced back to McCarthyism. For many years, particularly in Goldwater’s time, the
tendency was treated by the governing consensus, including Bush, “as if it were a kind of pathology.” Leo Ribuffo argues that it was not until Reagan that the radical right was brought into the mainstream. Reagan was able to embody both change and continuity and thus unite the party. It was Bush’s misfortune that not only did he follow Reagan but at the same time radical conservatives were in the process of taking over the Republican Party. Bush’s previous uncertain political allegiances and elitist image made his position vulnerable. His rhetoric on taxes was an attempt to connect with the growing populist constituency.

Aiming for the Top Deck

As Bush was not an articulate public speaker, improving presentation became an overriding priority. Many in the campaign team even wondered if he was up to the job. By the end of July 1988, nervousness was growing in the Bush camp about the impression that the candidate would make at the convention. Bush recorded in his diary that advice was coming from all sides regarding, what to wear, how to relax, the need to exhibit warmth and even the importance of ‘walking tall.’ That such advice was so freely given is indicative of how much doubt had crept into the campaign. Newspapers were speculating that if he failed in New Orleans his campaign would be all uphill.

To make up the ground lost to Dukakis, it was essential that Bush came out of the convention with momentum. Bush told Peggy Noonan that he wanted the acceptance speech not just to hit a home run but to put the ball in the top deck. Noonan had written
some of Reagan’s most memorable and emotional speeches including the one comparing the Contras to Washington’s ragged Continental Army and the eulogy at Omaha Beach to the US Rangers, “who made free a continent.” Cannon testifies that even the press wept.\(^{57}\) Peggy Noonan was a master of the conversational narrative style that perfectly suited Reagan.

Leaving Noonan to write the speech, Bush devoted his time to presentation rather than content. He consciously tried to become more like Reagan but admitted found it an uphill battle.\(^{58}\) The press were patronising, one commentator likened his speaking style to, “a sixteen year old from Andover.”\(^{59}\) Craig Smith, who wrote many speeches for Bush, claimed that Bush resisted structuring speeches and would not rehearse. Bush had a tendency to wander off message as when he waffled about the “big mo” which damaged his candidacy in 1980.\(^{60}\) Peggy Noonan, always a visceral speechwriter, found it difficult to write for him. According to Noonan, Bush had an aversion to using the first person singular resulting in a terse even clipped use of language quite unsuitable for speeches.\(^{61}\)

The campaign team worked hard to change these low expectations. Roger Ailes scheduled regular sessions to improve presentation. Each session was video recorded to monitor progress. The goal was to loosen up speaking style, to stick to the script and to master voice control\(^{62}\) in order to craft a speech that would showcase the new forceful Bush. The acceptance speech would be a critical test: its drafting was entrusted to Peggy Noonan.
Noonan was uncertain about what exactly Bush wanted to say. Briefings from Bush to Noonan were sporadic. Conversations were snatched on planes and at campaign stops. When she tried to push the candidate to be more personal and reflective, Bush became “distracted and elliptic.” He was very clear that he did not want the emotional “get inside my head” type of writing that Gail Sheehy had penned about him in Vanity Fair.

Bush sent Noonan a hand written note on July 15, 1988, “giving her some thoughts to work with.” Noonan regarded the note as the key briefing document for the acceptance speech. The note was really only a list of topics. It is striking that Bush mentioned neither the economy, taxes or the budget deficit but only vague concepts such as peace, education, families, opportunities, faith. The note begins with the admonition “I’m just me,” but with no guidance about what ‘me’ represented. With the vagueness of the brief, Noonan was given a free hand.

Noonan paid little attention to the many suggestions she received from colleagues about the content of the acceptance speech. However, one person she did listen to was Jack Kemp. Peggy Noonan had hoped that Jack Kemp would win in the primaries and become the Republican presidential nominee. Kemp had crossed swords with Reagan’s more pragmatic Budget Director David Stockman, who thought tax cutting, regardless of circumstances, was naive. According to Stockman, Jack Kemp’s supply-side views on taxes and government expenditure had greatly impressed Ronald Reagan. With Stockman gone and changes coming in Washington, Kemp wanted to influence the debate early. Kemp, the author of the Kemp-Roth Tax cut in 1981, told Peggy Noonan that there would be pressure to raise taxes once Bush was elected and that the acceptance
speech had to make clear that Bush would not budge. Kemp’s stressed to her “hit hard on taxes.” As a result, Noonan wrote into the speech, “The Congress will push me to raise taxes, and I’ll say no, and they’ll push, and I’ll say no, and they’ll push again. And I’ll say to them, read my lips: no new taxes.” The die was cast.

The tax pledge was the main and, except for a vague promise about creating jobs, the only specific policy commitment in the acceptance speech. There was no attempt to put the tax promise into a wider context. By guaranteeing low taxes, and by implication smaller government, Bush was sure of an enthusiastic reaction from the party faithful. Once the acceptance speech draft was circulated, there was debate among senior campaign staff about whether such a firm pledge on taxes was prudent. Richard Darman was against inclusion, remembering the embarrassment when Reagan had to go back on his word and raise taxes. Darman maintained that, given the state of the economy, such a sweeping commitment would be impossible to honour without major cuts in entitlement programmes. Baker, ever cautious, also had reservations. Bush was fully aware of the risk that was being incurred. In May 1988, he had met with Martin Feldstein, former Chairman of the Council of Economic Advisors, and with Michael Boskin, Professor of Economics at Stanford. Both warned that tax increases would be necessary if the growing deficit was to be contained. Bush told the journalist Gerald Boyd that he did not accept their assessment and that the budget would have to be balanced by a freeze in spending.

Supporting Bush’s uncompromising stance, Ailes and Atwater insisted that the tax pledge was non-negotiable. They considered it to be the cornerstone of the acceptance speech.
and any hedging or qualifying would undermine the new tough but caring image that they were seeking to project. Further, they argued that Bush had been making the ‘no new taxes’ promise for months on the campaign trail and that it had featured prominently in the campaign literature.\(^7\) Up to that time, public reaction had been muted and had given no cause for concern. Ailes was confident that the lines on taxes would win the convention over and score the home run Bush was seeking.\(^7\) Darman, anxious about the inherent risks in making irrevocable promises, directly lobbied Peggy Noonan. She refused all attempts to remove or amend the lines on taxes.\(^7\)

Further consideration of the speech was postponed because of the Quayle crisis. When George Bush arrived in New Orleans, he announced that Dan Quayle was his choice as vice-president. Like the later decision to raise taxes in 1990, Bush did not discuss the vice-presidential nomination with any of his advisors. In comparison to Dole or Kemp, the projected front runners, Quayle was a virtual unknown with little experience on the national stage. It was unlikely that he would upstage Bush: a decided possibility with Dole or Kemp. The normally supportive Baker was angry at not being consulted and at the lack of background checks. The introductory press conference compounded the problems. Quayle denied allegations that family influence and money had enabled him to avoid the draft during the Vietnam War. More damaging questions surfaced alleging sexual liaisons and college cheating. Echoing criticism previously levelled at Bush, perhaps the most damaging comment was that the future vice-president was a spoiled lightweight.\(^7\)
The clamour that surrounded the Quayle nomination distracted the campaign team for the rest of the convention. The review of the speech, sought by Darman and others, did not take place. Any chance there might have been to reconsider or amend the line on taxes was lost. While Bush was preparing to make his speech that evening, Baker, Fuller and Teeter were appearing on different national television channels explaining away the Quayle fiasco.\textsuperscript{77} The fateful lines on taxes were delivered with the exact words, tone and emphasis as Noonan had originally written them.

On the night, Bush scored his home run. He had been able to communicate continuity and that the transition between administrations would be seamless. The right note had been struck without being specific about policy or directly attacking Dukakis. Peggy Noonan’s well crafted language had enabled Bush to appear tough but caring. James Baker and the rest of the campaign team were delighted. Although Darman, still anxious about the tax issue called the speech, ‘back to the future,’ and believed that it hardly set a platform for effective government.\textsuperscript{78}

Bush’s delivery was strong and measured: the time working with Ailes had been well spent. The convention and the press were won over. National Public Radio called it ‘the speech of his life’\textsuperscript{79} and there was an immediate lift in the polls.\textsuperscript{80} The marrying of caring to toughness was crafted into the speech through two rhetorical devices. Firstly, caring was referenced by “a new harmony… a thousand points of light,” which alluded to caring community action rather than intervention through high cost government.\textsuperscript{81} How this emphasis on community was going to be a practical alternative to the billions spent each
year on social welfare was not explained. Indeed, there was confusion in the media about exactly what “a thousand points of light” actually meant and the call to community action was either missed or completely ignored in the New York Times the next day.  

Secondly, toughness was communicated by, “read my lips: no new taxes.” With the lack of any other specific policy commitments, the tax promise received front page headlines in the press. With widespread national television coverage, the tax pledge rapidly entered national consciousness for the first time. The commitment was so unequivocal and uncompromising that it changed perceptions about Bush’s determination and decisiveness. In the months before the election, the tax pledge became more and more synonymous with a conservative agenda that included abortion, guns, the death penalty and school prayer. It was a linkage that would greatly compound problems later with the right wing of the Republican Party when the tax promise had to be broken.

**Economic Philosophy**

There is little evidence that Bush believed in economic growth through low taxes. Although Bush was an economics major at Yale, Krugman contends that Bush was neither interested in supply side ideas or took much interest in economics. The conservative commentator Fred Barnes claimed that Bush was unconcerned about the need to reduce marginal tax rates in order to spur saving and stimulate growth in the economy: key priorities of Jack Kemp and his supporters. Conservatives were always
suspicious that Bush’s comments on ‘voodoo economics’ reflected his true opinion of supply side policies.

When Nixon was reviewing vice-presidential candidates in 1968, Eisenhower recommended Bush, as an ‘acceptable’ nominee with the ‘right economic views.’ At this time, Bush was considered to be in the mainstream of Republican economic thinking. During his period in Congress, despite being a member of the Ways and Means Committee, Bush’s legislative and policy achievements were limited. The influential chairman Wilbur Mills did not hold Bush in high regard and subjected him to ridicule. However, Bush was a staunch defender of the oil industry and particularly the oil depletion allowance. Bush’s main concern was the cutting of business and capital gains taxes. His support for oil industry tax breaks ran counter to a growing call within Congress for tax reform. Bush’s close contact with the oil industry and their lobbyists lasted right up to and during his time as president.

By and large, before taking national office, Bush supported the orthodox financial views of the eastern establishment. But he was often accused of saying things to please an audience. On one occasion, Bush made the surprising suggestion that a solution for unemployment was ‘unbridled free enterprise’ and claimed that agricultural cartels could be justified by reference to the free-market economics of Adam Smith. With a lower public profile, such straddling could be made to work but as he rose to national prominence greater clarity was required.
Presidential aspirations forced Bush to set out his stall. By the spring of 1980, Bush was falling behind Reagan in the race for the Republican presidential nomination. Bush tied economic stability to wiping out the deficit. In a speech at Carnegie-Mellon University Pittsburgh on 10 April, Bush characterised Reagan’s fiscal supply side ideas as ‘voodoo economics.’ The attack backfired and damaged Bush with the Republican base and he rapidly tried to distance himself from the statement. Conservatives were offended by the derisory dismissal of Reagan’s supply side policies. Bush’s lack of frankness and consistency seemed to confirm the wimp image. After the 1980 election, Bush repeatedly denied having used the term ‘voodoo economics.’ He claimed that he had been misquoted. Two years later, during the NBC evening news, Tom Brokaw ran a clip of the Pittsburgh speech much to the Vice-President’s embarrassment. Bush’s credibility was once again put in doubt.

As vice-president, involvement in economic policy was limited. Other than heading a deregulation task force, Bush kept a low profile and was considered overly deferential to Reagan. Stockman records that, during the intense discussions over tax cuts and the controversial 1981 tax package, Bush offered few opinions and his contribution was negligible. Bush always seemed more comfortable with pragmatic solutions rather than taking ideological positions. In 1988, many in the Republican Party still harboured doubts about the ‘voodoo economics’ speech. The tax pledge in New Orleans was an attempt by Bush to convince sceptics that he enthusiastically embraced supply side policies.
Managing the Deficit

The Reagan tax cuts had created large budget deficits. In an attempt to address the problem, Reagan had agreed to limited tax increases in 1983 and 1986. The Republican administration of 1981-89 had left a heavy legacy of growing budget deficits. Many believed that the rising national debt posed a threat to long term stability. Ippolito argues that, “deficits during the 1980’s had been large by virtually any measure,” and the debt to GDP ratio had grown from 25% to 45%. By the end of the decade (1981-90), the budget deficit almost tripled and the annual deficits had fluctuated around 4% of GDP (see Table 1). Without tax increases, the only way out of the deficit problem was for increased tax revenue to accrue from a rapidly growing economy. By ruling out any tax increases, Bush faced a budget crisis that would only get worse if the economy slowed.

After election Bush had to face the reality of the economic situation. Higher deficits restrict economic growth by reallocating of resources from the private to the public sector. There is debate over the long term impact of deficits on the economy. Krugman argues that the net effect, during the Reagan years, was about a half of one years output which represented a fall in GDP of 3%. However, Rosenberg believes that the effect was more significant and holds the deficit responsible for higher real interest rates and transfers from the low wage earners to owners of capital; thus contributing to the stagnation of living standards and income inequality evident in 1980’s.
The impact of budget deficits on the economy depends on economic circumstances at the time. When Bush came to office in 1989, US budget deficits were universally seen as a sign of American weakness and declining competitiveness. Today such deficits are regarded as crucial for maintaining world economic growth. Owing to recent high productivity, the Federal Reserve was able to pump liquidity into the US financial system after the dotcom bubble burst. The financing of budget deficits has been possible without inflationary pressures, despite the large 2001 tax cuts. In recent years, core inflation has been the lowest in three decades, boosting foreign investors’ confidence. The globalisation of international finance created an expanding market for US government securities which has directly subsidised US deficits since 2001. In recent months, there have been ominous signs that this state of affairs may be coming to an end as higher real interest rates and a credit crunch take hold.

The situation encountered by Bush was quite different. On taking office, his administration was required to fund high interest rate payments for the rapidly rising national debt. In addition, the economy was struggling with inflationary pressures, low productivity and declining economic growth rates. Further, the opposition in Congress had a separate agenda and any budget, presented by the Bush administration, was contingent on Democrat agreement. With falling tax revenues and increased expenditure through entitlements and automatic stabilisers, the deficit appeared to be running out of control (see Table 1).
Table 1. *Budget Deficits and Debt Interest 1981-1992 (in billions of dollars)*

<table>
<thead>
<tr>
<th></th>
<th>i) Budget Deficit</th>
<th>ii) Deficit % GDP</th>
<th>iii) Debt Interest</th>
<th>iv) T Bill 3 Month Rate (End Yr) %</th>
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<td>1981</td>
<td>79</td>
<td>-2.6</td>
<td>69</td>
<td>14</td>
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<td>1982</td>
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<td>-4.8</td>
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<td>3</td>
</tr>
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</table>

iv. Federal Reserve: US Treasury Bills (Secondary market)  
at <www.federalreserve.gov/Releases/H15/data/Annual_Dec_/H15_TB_M3_txt>

Thus the growing budget deficit posed formidable problems. The expansion of national debt during the 1980’s had resulted in substantial increases in net interest outlays. These outlays became a significant source of increased government expenditure growing at a much faster rate than GDP.\(^{108}\) Although interest rates had declined from the high levels of the early 1980’s (see Table 1), the decline in rates would have been greater but for the need to fund the budget shortfall.\(^{109}\) Morgan has shown that, despite the moderation of inflation in the 1980’s, real interest rates remained high.\(^{110}\) High real interest rates forced business to only invest in projects that had higher rates of return. Marginal projects were postponed depressing the overall level of investment. Savings, previously available to finance private sector investment, were diverted to cover the growing public debt. Between 1980 and 1987, national saving declined from 7.9% to 2% of national income. As a result, of higher interest rates and a diminished investment pool, there were less
investment funds available for the private sector to finance consumer credit or business investment. If the budget deficit had been lower, the pool of private investment capital would have risen. Bush was placed under enormous political pressure to fix the problem.

Supply side theories were becoming increasingly discredited. It had been predicted that, by cutting the top marginal rates of tax, an investment boom and improved productivity of capital would result. Lower taxes would create incentives to work harder. People would save and invest more with their additional disposable income. Further, it was claimed that lower tax rates would increase people’s willingness to invest in riskier ventures. Rosenberg claims there was little evidence that supply side policies delivered the accelerating economic growth claimed by its supporters. Krugman has shown that the average annual growth rate, during the two Republican administrations, was 2.1%. This performance compared to 3.4% per annum in the post-war years prior to 1980. One has to be cautious about time periods and business cycles when considering growth statistics. Even taking the most favourable time period 1982-89, the growth rate barely exceeded the post-war average.

Supply side tax policies and the reduction of top marginal rates did not result in a trickle down of prosperity or an increase in the funds available for investment. Rosenberg maintains that the Republican economic agenda led to growing income inequality, reversing the post-war trend. Real hourly wages fell for the bottom 60% of the workforce while the wealthiest 5% saw real incomes rise by 2.3% annually. He also claims that about 40% of the increase in inequality can be directly attributed to changes in federal
government tax and transfer payments.\textsuperscript{114} In a time of falling real wages, employers had every incentive to substitute labour for capital.\textsuperscript{115} By the time Bush came to office many Americans were increasingly dissatisfied and angry with their falling standard of living.\textsuperscript{116} There was a growing consensus that tax increases would be required if the budget was to be balanced and living standards restored.

After appointment as Budget Director, Darman wrote in a memo to Bush that he was concerned that, “the deficits were disproportionately financing current consumption rather than investment in future productive capacity.”\textsuperscript{117} Michael Boskin was also worried about the growing deficit and advocated fiscal austerity and tax increases.\textsuperscript{118} Alan Greenspan joined the chorus and told the new administration that the deficit would need to be addressed and also insisted on a policy of austerity. The Fed tightened monetary policy despite risks of an economic slowdown.\textsuperscript{119} The pressure on Bush to change course mounted. Bush had become trapped in a one way tax policy that was driven by the ‘voodoo economics’ that he had mocked in 1980. It was becoming increasingly clear that the deteriorating economic situation could be ameliorated only by raising taxes and/or cutting spending. Supply side economics had not worked out as planned.

\textit{Budget Impasse}

Political difficulties compounded Bush’s economic problems. Firstly, the rapid growth of budget deficits had become a political issue as well as an economic problem. There was
disquiet in the press and in Congress about the growing size of the national debt. It seemed to the public that the political system was incapable of controlling the deficit and that the hard decisions were being avoided. The failure to address the deficit undermined the legitimacy of the new Bush administration. The New York Times, believing that increased taxes were inevitable, called on Bush to abandon attempts to cut the capital gains tax, and argued that fixing the deficit should be the main priority. According to Mark Rozell, the press gave Bush low marks for economic policy during his first year in office.

Secondly, Congressional Democrats were seeking to embarrass the new administration after the brutal presidential election. Under the terms of the Gramm-Rudman-Hollings Act, binding constraints had been on imposed on federal spending. In order to comply, the budget was required to keep the deficit under $100 billion. In view of projections, there was little likelihood that such a target could be met for 1990 budget. To avoid sequesters, Congress had to acquiesce and allow off-budget allocations in order to keep within the terms of the Act. Despite his friendship with the new president, Dan Rostenkowski, Chairman of Ways and Means, made it clear that reducing the deficit must be the main priority. Bush employed a ‘smoke and mirrors’ approach, with highly optimistic revenue estimates, to get the amended 1989 Reagan budget plan through Congress without addressing the tax issue. Rostenkowski’s price of cooperation was that increased taxes had to be part of the next year’s (1990) budget package.
Thirdly, shortly after Bush took office, the Savings and Loan (S&L) crisis erupted. Deregulation had resulted in S&L capital requirements being eased and lending restrictions removed. Increased competition led to riskier portfolios and lower rates for deposits.\textsuperscript{126} When the housing market tightened, the home loans sector faced a crisis. If an S&L failed, deposits were insured by the Federal Savings and Loan Insurance Corporation and were guaranteed by the FSLIC. Ultimately, the Federal Government stood behind the losses. As a result of the debacle, the projected budget deficit had suddenly become much bigger. The pressure on Bush to raise taxes ratcheted up.

Bush moved quickly and sent legislation to Congress to prop up the S&L’s. However, the bankruptcy of Lincoln Savings and Loan and the allegations of fraud surrounding it rapidly resulted in a crisis of confidence. The Lincoln debacle led to other failures. By the end of 1989, the cost of rescue efforts was put at $275 billion and rising\textsuperscript{127} with 750 banks needing help. Bush came under further embarrassment when his son Neal was investigated as a director of a failed S&L.\textsuperscript{128}

The Bush administration recognised that a bailout was required. If raising taxes was not an option, the only other course of action was to reduce spending. But freedom to cut expenditure was limited by prior legislation which mandated expenditure for social welfare well into the future. By 1990 budget year, a total of $568 billion or 55% of total expenditure was already committed and ring-fenced (see Table 2). During the sixties, a raft of new programmes had been instituted including Medicare and Medicaid. Over time, coverage was extended and benefits expanded. Under the Republican President Nixon,
Social Security benefits increased by 50% and benefit indexing and cost of living adjustments caused a surge in programme costs. Even Reagan had not been able to stop the march (see Table 2) and there was little hope that Bush would be more successful.

Spending cuts on entitlements were in the hands of Congress. The president had no control over mandatory appropriations. Cutting entitlement programmes required new legislation from Congress. Constitutionally, all money bills have to originate in the House of Representatives where the approval process is long and uncertain. An added complication was that members of the House had to face election every two years and feared that a backlash from voters would be immediate if entitlement programmes were cut.

Table 2. Growth of Outlays for Mandatory Programs (in billions of dollars)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Outlays $ Billions</th>
<th>Mandatory Programs</th>
<th>Mandatory as % Total</th>
<th>Mandatory 5 Yr Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>1965</td>
<td>117</td>
<td>31</td>
<td>26</td>
<td>-</td>
</tr>
<tr>
<td>1970</td>
<td>193</td>
<td>61</td>
<td>32</td>
<td>96</td>
</tr>
<tr>
<td>1975</td>
<td>279</td>
<td>151</td>
<td>57</td>
<td>147</td>
</tr>
<tr>
<td>1980</td>
<td>517</td>
<td>262</td>
<td>50</td>
<td>74</td>
</tr>
<tr>
<td>1985</td>
<td>734</td>
<td>401</td>
<td>54</td>
<td>53</td>
</tr>
<tr>
<td>1990</td>
<td>1032</td>
<td>568</td>
<td>55</td>
<td>41</td>
</tr>
</tbody>
</table>

Source: i.). Budget for Fiscal year 2007, Historical Table 1.1, Summary of Receipts, Outlays, p. 22.
ii.) Budget for Fiscal year 2007, Historical Table 8.5, Outlays for Mandatory Programs, p. 142.

It was not just entitlement spending that was ring-fenced. During the run up to the election, Bush committed to continue the Reagan policy of building a strong defence.
This was a political imperative for Bush who needed to shore up his standing with the conservative base. The defence budget had grown from 22.7% to 27.3% ($290 billion) of total US government expenditure during the eight years of the Reagan administration. Reagan’s attempt to lower the cost of government had fallen on the remaining discretionary expenditure which constituted barely 25% of the budget. By the time Bush took office, there was little left to cut.

Thus containing deficits through expenditure cuts was impossible while defence and entitlements remained sacrosanct. Reagan had left his successor very little room to manoeuvre. Contrary to popular belief, taxes as a share of GNP were not lowered under Reagan. Indeed, Boskin has shown that tax cuts were not the only factor responsible for the rise in government debt in the 1980’s. The inability to keep spending under control also played an important role. Boskin points out that between 1981 and 1988 spending markedely rose relative to GDP. Democrats realised that the relentless growth of spending programmes posed a serious long term problem but their solution to the problem was increased taxes. Through 1989 and early 1990, Bush seemed in denial hoping that changed circumstances would allow postponement of the day when taxes would have to be raised.

Darman recognised that bringing mandatory entitlements under control was essential but that the price for expenditure cuts “was almost certain to be a tax increase.” Presidents Carter and Ford told Bush that the only way to balance the budget was to raise taxes but Bush would not grasp the nettle. Both the President and James Baker were determined to
hold the line on taxes for at least the first year, fearing the political fallout. Bush annotated a staffer’s briefing memo with a tart, “to roll over on the Read My Lips pledge [sic] would guarantee oblivion.”\textsuperscript{132} It was agreed that a two step approach be adopted. The ‘flexible freeze’ tax policy (see below) would be implemented for 1989 and then bi-partisan negotiations would be convened later to agree the 1990 budget.

Rostenkowski liked and trusted Bush but was also seeking to enhance his own power.\textsuperscript{133} He dominated the Ways and Means Committee and agreed to postpone discussion of tax raises for a year. Conservatives were delighted that taxes had not been raised in the 1989 budget plan. In June 1989, after discussions with the White House, Rostenkowski announced that he would support a capital gains tax cut as part of the 1990 budget package. In return Rostenkowski privately expected reciprocity from the White House on higher income taxes to reduce the deficit and also help to protect his favoured domestic programmes. Richard Cohen, Rostenkowski’s biographer believes that the arch ‘wheeler dealer’ was ready to do a deal at that time,\textsuperscript{134} but the Bush administration held back.

The delay in addressing the budget problems early in 1989 now appears to have been a missed opportunity. Political capital is usually highest after an election and Congress at its most receptive. Bush hoped that economic growth would gradually improve and that the ‘flexible freeze’ would create a breathing space to allow the economy tax revenues to pick up. Keeping taxes constant in real terms was not going to solve the problem. Realists pointed out that projected annual growth rates would have to double (to the order of 6\% per annum) for increased tax revenues to wipe out the annual deficit.
Throughout 1989, Rostenkowski’s influence was on the wane. He had been considerably weakened by the changes in House leadership after the 1988 congressional elections. Two top Democrats in the House of Representatives had resigned in disgrace. His friend Speaker Jim Wright was gone and Rostenkowski did not have an easy rapport with the new more cautious Speaker Foley. The new Republican leadership in the House barely knew Rostenkowski. George Mitchell replaced Robert Byrd as majority leader in the Senate and he took an aggressive partisan view on tax policy matters. With the support of his ally Lloyd Bentsen, Chairman of the Senate Finance Committee, he was determined to force an increase in income tax rates in the coming budget negotiations.

Treasury Secretary Brady, an old friend of the President, led negotiations with Congress. Brady was ineffective and out of his depth. Relations with Congress suddenly took a turn for the worse. Mitchell, during meetings with Brady and Darman, believed that there had been an understanding that capital gains tax cuts would only be put forward, by the Bush administration, in the context of increases in ordinary income tax rates. The resentment was compounded when Republicans in the Senate tried to isolate Mitchell by bringing the capital gains tax cut proposal to a vote on the Senate floor. The attempt was easily defeated but in retaliation Mitchell broke off bi-partisan budget discussions for the rest of 1989. Bush appeared weak: either he was unable to control his own party or he was going back on his word. Darman, who replaced Brady as the administration point man on negotiations with Congress, admitted that the White House through mismanagement had lost control of the process. Even more worrying for the
administration, the initiative in their own party had passed to conservative Republicans in Congress.\textsuperscript{138}

Compared to foreign affairs and security matters, Bush’s attention span and interest in economic policy was limited. As an orthodox innovator, he found it easier to exercise power abroad than face the intractable dilemmas he found at home.\textsuperscript{139} In dealing with the crisis in Iraq, Bush showed admirable focus, resolve and direct involvement in the management of foreign policy. Ambrose calls his skill, in putting the Arab states coalition together and getting Congress behind the war, a triumph.\textsuperscript{140} For a time, the success in Iraq silenced his critics. That Bush did not preside over the budget negotiations is puzzling. Influential congressmen and senators, particularly majority leaders, want to talk and deal with the president who has a unique power to broker agreement. Leaving Darman to handle the budget negotiations with Congress was a mistake and reduced the possibility of a success.

Darman was abrasive and glib,\textsuperscript{141} qualities which did not endear him to Congress. By the spring of 1990 no budget agreement was in sight. Rostenkowski, his position weakened, closed ranks with majority leaders Gephardt and Mitchell. In an unprecedented move, the Democratic leadership threatened to draw up a budget and by-pass the White House. They also threatened that, without a budget deal including higher taxes, there would be no off-budget arrangements and the sequester provisions would be allowed take their course. The 1990 budget deficit was projected to breach the Gramm-Hollings-Rudman
Act by $160 billion. Without an agreement, appropriations would be cut off and government would shut down.

Bush was forced to become directly involved in budget talks. Early in May, he convened a White House budget summit meeting attended by congressional leaders and followed it up with face to face meetings. The Democrats, increasingly critical of the President, were implacable and indicated that there could be no cuts without tax hikes. Mitchell played a pivotal role. Adamant that the President make the first move, he was determined that Bush should take the blame for the tax rises. Bush was uncertain and tentative on how to proceed. After two months of deadlock, at a meeting on 26 June with a delegation led by Mitchell, Bush suddenly conceded. He proposed reductions in entitlements and spending caps in return for tax increases. The proposal was accepted but crucially the expenditure cuts were unspecified. Darman and his negotiating team were dismayed that concessions had been made outside of a binding agreement. Next day, the New York Times claimed that, “Bush had crippled his party by abandoning his pledge not to raise taxes.” The breaking of the promise was touted as a defeat and a breach of trust.

The wheel had turned a full circle. By raising income taxes, the President had been forced to move away from supply side commitments back to the more orthodox economic policies that he had championed in 1980. The anger among conservatives was immediate and their reaction ferocious. Gingrich, who had attended the negotiations, dissociated himself from the agreement. He subsequently led the Republican revolt that derailed the June agreement when it was introduced in Congress. Ed Rollins, chair of the campaign to
elect House Republicans, was forced to resign after putting out a memo recommending candidates should distance themselves from the President in the coming fall election. At the height of the Gulf War crisis, a resolution was tabled at the Republican National Committee, calling for the resignation of Richard Darman. Republicans were in disarray.

Without clear direction from the top, the lines of communication between the Treasury, OMB and White House staff had become confused. In *A World Transformed*, Bush claimed that he relied heavily for advice and support from Darman and Sununu who kept him, “from being inundated or too busy on the wrong things or overwhelmed with details,” and surprisingly, went on to claim that he saw less papers than when he was vice-president. Bush admitted that when he wanted money for pet projects he just “hoped at a pinch, Darman could find the money.” Bush confided in his diary, “I hate dealing with Congress and these budget matters,” and later that spring, “I much prefer Foreign Affairs. I salute Sununu and Darman for doing it.” Economic policy is subordinate to political choices and subordinates cannot make decisions solely on the basis of economic management. Disengagement, from key economic decision making, was an abdication of presidential leadership.

The administration drifted powerless to influence the budget process in Congress while Bush became immersed in the Gulf crisis. Gingrich overreached himself by openly coming out against his own administration and repudiating the negotiations. The Democrats seized the opportunity and forced through a budget more to their liking which
reduced the projected expenditure cuts and substantially increased taxes over levels previously agreed. The final humiliation was that, contrary to the first draft agreement, the top band of income tax was raised from 28 to 31%. Democrats had taken their revenge on ‘voodoo economics.’ The Bush administration’s credibility and economic policy were in tatters. Michael Dukakis, in a widely quoted press statement, summed up the Bush embarrassment, “I told the truth, I paid the price. Mr. Bush did not tell the truth and we all must pay the price.”

**Leadership Questions**

The tax pledge issue provides insight into the Bush leadership style. Bush was selective and focused on areas of personal expertise while delegating wide authority in matters in which he had little or no interest. Bush, who had a visceral dislike of electioneering, left Baker a free hand to run his presidential campaign. The campaign was successful but it left much bitterness with the Democratic majority in Congress who were bent on settling scores. George Stephanopoulos summed up the depth of feeling, “we forced Bush to eat his words on ‘read my lips,’ sweet revenge for what he had done to Dukakis two years earlier.” At the convention, with Baker distracted by the furore over the Quayle nomination, the reservations expressed by Darman and others were never properly considered. Without direction from Bush, Peggy Noonan was adamant that “staffers and suits” would not be allowed to “mess up her speech.”
To win the nomination, Bush needed to convince conservatives that the Reagan legacy was safe in his hands. According to Skowronek, “[Bush] accepted his nomination for the presidency in 1988 with a belligerent pledge [author’s italics] to uphold the Reagan orthodoxy,” The pledge was untenable and as a consequence Bush fractured the coalition that he had come to power to serve. As a result, Bush’s ‘warrants for authority’ were greatly diminished. Bush was a leader at odds with his constitutional charge to be president in his own right. The politics of articulation required considerable political skill and leadership. But as Skowronek has pointed out, “Bush made himself a parody of the all too familiar dilemmas of an orthodox-innovator.”

Later, when matters came to a head with Congress, it was a misjudgement for Bush to concede too much authority to Richard Darman. Mervin considered Bush’s lack of inclination or aptitude for the bully pulpit to be a fatal flaw. Parmet even went so far as to claim that, “the President had somehow been euchred by Darman,” when it came to budgetary matters. According to Neustadt’s analysis, a president should never rely on others to exercise power in critical matters and he should be his own intelligence officer. Bush, by distancing himself from the budget negotiations, squandered the power to persuade. By the time Bush became directly engaged, during summer 1990, the battle lines had been drawn and Mitchell had marshalled his troops.

It was reckless to make a campaign commitment which placed limitations on the ability to govern. Before taking office, Bush was warned about the dangers of making election promises that could not be kept. Mandatory spending on entitlement programmes, the
S&L crisis and a growing budget deficit made it likely that taxes would have to be raised. The tax pledge which had started out as a campaign tactic became what Skowronek, termed, “the lynchpin of his and his party’s credibility,” and the centre piece of his administration’s economic policy. With competing economic interests, the President needed to set priorities for his administration. What Darman called, ‘kicking the can down the road’ was no substitute for making hard decisions.

Bush claimed that he did show leadership in breaking the tax pledge because he put national interest above any personal political considerations. The evidence casts doubt on this claim. Bush’s sudden concession took Darman and the rest of the negotiating team completely by surprise. As a consequence, there was no strategy to manage the political fallout. It was a tactical mistake to agree to tax rises without any specification of the size and nature of future spending cuts. Without substantial cuts in expenditure, large increases in tax revenue would be required. The President gave no public explanation about his reversal of policy and the press learned of the change in policy from the press room notice board. Roger Porter maintains that it was a clear failure of leadership to act so precipitately and not to educate the public. Rather than a considered decision in the public interest, it appears that Bush’s hand was forced when it became apparent that a credible budget agreement was impossible unless concessions on taxes were made.

A better case for altruism could be made if Bush had acted on raising taxes as soon as he entered office. Before inauguration, he was made aware by his advisors that his position on taxes was untenable. Negotiating a comprehensive budget agreement early in 1989
would have addressed the deficit problem before the recession took hold. Indeed, the cuts in spending that Bush eventually sought, as a counterweight to raising taxes, would have been easier to get through Congress. The coming congressional elections in 1990 would have been two years, rather than four months away. Bush pursued a high risk strategy, hoping that accelerating economic growth would raise tax revenues and ameliorate the deficit problem. It was a gamble that did not succeed.

The loss of credibility, which resulted from breaking the tax pledge, did particular damage among Republican supporters and cast doubts on Bush’s authenticity. Research has indicated that voters place a high value on authenticity. Hargrove believes that, “the primary criterion for the teaching of reality must be the audience’s assessment of the validity of the message.” Reneging on the tax pledge, directly raised questions about Bush’s authenticity. The tough and decisive image, portrayed in the election campaign, was at odds with his inaction and apparent loss of control over economic policy. Even the winning of the Gulf War could not redress the balance and it was the economy that counted in the 1992 election. Indeed, Pat Buchanan was convinced that raising taxes lost Bush the White House and claims that within Bush’s own Republican Party many voted for Perot or stayed at home. The failure to explain and put in context the breaking of the tax pledge was ruthlessly exploited by Clinton and Perot in the 1992 election campaign. They claimed that Bush had acted purely out of expediency which in turn cast doubts on his ability to manage a way out of the recession.
With better leadership skills, a political recovery from the budget crisis was possible. Bush was not the first president to have been economical with the truth. Reagan told the American people that his administration had not traded arms with Iran. Harry Truman admitted in private that Roosevelt lied but ‘the master of maneuver’ is still regarded as one of the greatest presidents. Unlike his predecessor, Bush does not appear to have appreciated the importance of what Hargrove termed ‘cultural stories.’ Such stories help to facilitate, “the primary responsibility of political leadership – to combine purpose and politics.” By viewing the tax promise as an end in itself, Bush was unable to give it meaning or put the change of tax policy into a wider context. With the use of cultural stories, political narrative can evolve and when necessary a new chapter can be added. By these means, Reagan was able to change tack and raise taxes while Bush was left trapped in his promise. Bush’s lack of interest in ideas and his perceived lack of vision haunted his presidency. Even Bush’s closest admirers recognised his problem with ‘the vision thing’ and his lack of eloquence. Nixon, alluding to Bush, wrote that, “a leader without vision inspires no one.”

In defence of Bush, the problems encountered were more intractable than those faced by his son’s administration. In 1989, Bush inherited a deficit problem that was running out of control coupled with inflationary pressures and a recession on the way: problems that were not of his own making. Bush was also faced with a hostile congress unwilling to compromise. The Republican Party was in a state of flux with new leaders like Gingrich publicly opposing the President. As an affiliated president, he had to manage splits and
ideological shifts within the governing consensus. Following a communicator like Reagan, any president would have found the task difficult.

At the 1996 Republican convention in San Diego, Bush addressed the question of leadership. Wistfully, the former President told his party, “Leadership means keeping ones word. It means policy by conviction. It means never blaming others, or ducking, or dodging….it means being able to make a tough decision.” It is ironic that if he had followed his own advice on leadership, Bush may still have been occupying the White House in 1996 rather than being remembered as the only Republican president since Hoover to fail to be re-elected.\(^{175}\)

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