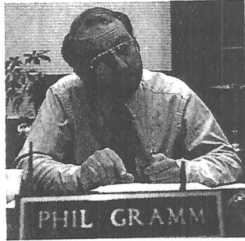


On the Record



**GRAMM ACTUALLY
RESISTED THE
1981 TAX CUT FOR
WHICH HE NOW
TAKES CREDIT.**

OVER THE PAST 20 YEARS, PHIL Gramm has lost more than his hair. Here are several issues on which Gramm's stance has been anything but constant.

WELFARE: The real welfare bums, Gramm suggested in 1976, were corporations. He lambasted federal grants to railroads and derided a Republican offer of \$100 billion in "federal handouts" to energy companies. "Our first step in welfare reform should be to throw American business off welfare," he declared.

In those days, when Gramm criticized people who "ride in the wagon," he meant government employees: "We need more people to pull this wagon and fewer federal bureaucrats riding in it." Far from throwing the poor off welfare, his notion of welfare reform was to eliminate "the welfare bureaucracy by making direct cash subsidies to the poor."

Now Gramm depicts the poor themselves as the free-loaders. He says it's time for people "riding in the wagon on welfare to get out of the wagon and help the rest of us pull."

FOREIGN POLICY: Gramm's evolving attitude toward the world's poor mirrors his evolving attitude toward America's poor. In 1976, he likened America to "a rich kid with a big cake who finds himself in the middle of a slum.... [The] cake is small relative to the needs of those who would take it from us. What we have to share with a poor and hungry world is not the cake but the recipe that we used to make the cake." The recipe was free enterprise.

As he retold this tale over the years, Gramm stopped describing these countries as "poor and hungry." He stopped lamenting their unsated "needs" and started deriding their insatiable "wants." Announcing his presidential bid this year, he scoffed that "everybody's looked at this cake, and they wanted a piece of it. And we've gone around cutting off pieces, handing it out. And people have hated us for it, because they wanted a bigger piece than we gave them.... In a Gramm administration, we will keep the cake and share the recipe."

What was once an economic point—that the cake simply isn't big enough—has become a political point: No amount of cake can satisfy moochers. And the payoff for withholding handouts has also changed: from self-

sufficiency abroad to "keeping the cake" for ourselves.

TAXES: In his early days, Gramm implored politicians to "resist the election-year pressure to cut taxes" until the budget had been balanced. He called it "good politics but bad economics." He proposed to double taxes on cigarettes and alcohol, raise taxes on unemployment compensation to middle-class households, and halve the deduction for business meals and entertainment.

Though he now claims credit for the 1981 Reagan-Kemp-Roth tax cut, Gramm actually resisted it. He urged Reagan's aides to temper the tax cut and refused to sign on until they complied. Not until 1984 did he begin taking credit for the tax cut, using the loose logic that his budget package had "mandated" it.

Now, in the face of massive deficits caused in part by Reagan's tax cuts, Gramm promises to compound the error. "We're one victory away from getting our money back," he tells enthusiastic crowds at every campaign stop.

THE DEFICIT: To prove he'll shrink the deficit, Gramm cites his twin legacies, the 1981 Gramm-Latta budget cuts and the 1985 Gramm-Rudman deficit-reduction amendment. The gap between the two is instructive.

Gramm-Latta spelled out cuts in specific programs such as Medicare, Social Security, CETA, Amtrak, and revenue sharing. Gramm derided rival plans that promised to cut the budget without specifying where. But four years later, Gramm-Rudman did the same, demanding cuts without specificity. As Gramm put it, "Gramm-Rudman forces Congress to make choices. It doesn't dictate the choices."

Gramm-Rudman's true purpose was simply to embarrass the Democrats. "When the government runs out of cash," Gramm gloated on national TV, "the American people will know it's the Democrats who got us there."

MILITARY SPENDING: In 1981, Gramm called for a \$26 billion cut in defense and insisted on trimming Reagan's military spending increases by nearly a quarter. He urged the Pentagon to save money by delaying bomber and missile programs.

Three years later, Gramm stumped across Texas promising each city a job-laden military project. In 1988, he threatened to sue Pentagon officials if they closed a single Navy base in Texas. In 1989, vowing to leave "no deal uncut, no arm untwisted" to save Texas jobs, he thwarted the Bush administration's attempt to scrap the extravagant V-22 Osprey rotorcraft. Nowadays, Gramm assures audiences, "As president, I will stop the defense cuts." —W.S.