

Arizona's Statesman: Congressman John J. Rhodes

After Congress

John Rhodes did not rest on his laurels after leaving Congress. He remained active in both national and local politics; was a regular contributor of opinion pieces to local newspapers; was involved in his church community; supported numerous charitable organizations; served on the boards of the Taft Institute and the Hoover Institution for War, Revolution and Peace; was co-chairman of the Committee for a Responsible Budget (CFRB), which attempted to create a system under which the Congress would examine the country's budget as a whole, rather than piecemeal, which would prevent "pork" and the resulting budget deficits; worked with Dr. Milton Eisenhower in an attempt to establish a six-year presidential term; ran, with much popular support, for Governor to replace recalled Governor Evan Mecham; and endowed the John J. Rhodes Chair in Public Policy at Arizona State University and the John J. Rhodes Rehabilitation Center in the Mesa Lutheran Hospital. In this section, you will find some of the essays and speeches that Rhodes wrote after leaving Congress, including pieces that he composed just weeks before his death. Among these are articles that dealt with issues he long championed: the development of alternative energy, the importance of a balanced budget to the nation's health, and the protection of the environment, particularly that of the state he loved so well.



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SERIES OF ESSAYS AND EDITORIALS BY MR.
RHODES DURING HIS POST-CONGRESSIONAL
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THE FOURTH DIMENSION

The fourth dimension is time. Many apt clichés have been written about time. Rather than quote a lot of them to you, let me give you a very important statistic. If a person lives to be 70 years of age, he will have lived 36,792,000 minutes! What a great and wonderful gift our Maker has bestowed upon us! *World Enough and Time* is just a book title, and yet it expresses beautifully and succinctly the dimensions of the endowment each of us has received from God. We have a trusteeship in these lives of ours which must be honored, cherished, appreciated, and used in a manner worthy of the grandeur of the gift and the Giver.

Time is not just the measure of our tenure on this earth. It is a profound factor influencing the shape of our lives. That is why we call it the fourth dimension. Its importance is best understood when we consider the number of conditions which have been shaped by the time in which they occurred. Many times each of us has said “This couldn’t have happened a year ago,” or have reflected on an existing condition, saying “It’s right today, but it wouldn’t have been right yesterday, and probably will be all wrong by tomorrow.”

In my years of service in the Congress, I can think of many laws which have been passed or rules which have been promulgated which had at an earlier time seemed impossible of adoption. The Budget and Impoundment Act of 1974 is only one example. Many of us recognized the need for a Congressional Budget process to aid us in accomplishing our duties under the Constitution. But those of us who worked directly on a Congressional budget system soon realized that innovation which might be effective trod on the toes of so many powerful committee chairmen that adoption would be difficult of accomplishment. However, just at that time President Nixon began impounding money which the Congress had appropriated for some of its pet purposes. This infuriated those same powerful committee chairmen. They wanted to strike at impoundments. The rest of us wanted to adopt a budget system. Thus occurred the shotgun marriage between the Budget Act and the Impoundment Act—neither of which could have been enacted without the other. The timing for each had to be perfect, and it was.

In this computer age, we work with models, which resemble closely true situations. In doing so, we assume the validity of certain sets of facts. Then we assume changes or additions to the basic facts, and ask the computer to tell us what effects the changed conditions would have on the operation of the model. Thus, we recognize that change is inevitable. We do not know the exact nature of the change, but we try to forecast the most likely possibilities and predict their effects.

These exercises are completely rational and intelligent. The results are extremely valuable to planners in all disciplines or walks of life. Their ability to anticipate altered scenarios enables them to prepare programs for the future which make much more sense than would otherwise be possible.

Now comes a real paradox. We live in a representative republic. We elect our executives and our legislative representatives at both the national and the local levels by popular vote. If we are good citizens, we listen to campaign rhetoric and try to make our voting decisions based on the programs outlined by the various candidates. Most people believe that the candidates they decide to favor will follow the programs they have set forth if they are elected. We also believe that if the program sounds good now that it will be good next year, when the successful candidate takes office and implements it.

But, sober reflection tells us how naive we really are. We should know that between the campaign and the assumption of office, many things can happen, and probably will. For instance, at the time of the campaign, we may be in a recession. So, the candidate promises a huge tax cut to stimulate the economy. At the time, this sounds like just the right medicine. But, suppose that before the successful

candidate takes office there are unmistakable signs of economic recovery. It is obvious that a tax cut is not only not necessary, but will overheat the economy and cause inflation. Time, the inexorable fourth dimension, has completely altered the picture and turned a proposed action which had been obviously right into one which would obviously be wrong.

Or, suppose that the successful candidate discovers upon taking office that his predecessor has neglected the armed forces so that a rival nation is threatening our national security. Only immediate and massive investments in new weapons systems will stave off the possibility of disaster. Then assume also that the social structure put together when governmental deficits were thought to be harmless has caused huge expenditures because of recession-related unemployment and poverty. The combined result is the highest governmental deficit in history and a sluggish economic recovery. Thus, once again time and the changes it has wrought have completely altered the scenario which both the candidate and the voters perceived when the tax cut was promised.

Now comes the question to be addressed by the successful candidate and his conscience. Should he keep that campaign promise no matter what? Or, should he reappraise the situation in the light of what he sees today, and act accordingly?

It isn't a question of whether two wrongs make a right. In our model we concede that at the time the promise was made it was right.

At the time! Ah, there the rub! What was right six months ago is obviously not right now. Can anyone doubt that the successful candidate must take his hat in his hand and go to the people, explaining to them that keeping the promise he had made to them would not now be in their best interests?

By these examples I have tried to illustrate what I believe to be a grievous flaw in the way we perceive our own system. In many ways, this misunderstanding is fostered by the news media. It is a sad commentary upon our intelligence, but the facts are that without crises the news media has difficulty selling its product. If there is no crisis, too often the appearance of one is created. So, an atmosphere is created which demands that every situation must be dealt with instantly—rightly or wrongly. The very idea of prudent, deliberate action is unacceptable, and often leads to harsh criticism. Thus, the public servant is often encouraged to take some kind of action, even when he knows it would be better if he let the matter simmer for a while.

Also, the media often points out that Mr. X, who as candidate X promised thus and so, has failed to deliver. Seldom do you see words to the effect that by not keeping his promise because of changed conditions, Mr. X has acted in the public interest.

So, Mr. X's reaction to the news story is often either to deny it, or to agree that he must and will keep his promise, no matter what. Seldom does he go to the public with a well-documented case to prove that since times have changed, so must he. He can blame it onto the fourth dimension. I wish he would.

I hope I will live to see the day on which our electorate will refuse to believe campaign promises which involve specific actions. The basic principles which the candidates promise to follow in making their official decisions should be adjudged carefully. They are very important—very basic—and not easily altered, even by time. After all, what we should want in our public servants is good judgment based on sound principles applied to conditions as they are and are projected to be, not as they appeared to be six months ago.

People used to ask me how I knew I was voting in the Congress as my constituents wanted me to vote. The answer is that I didn't, and couldn't know. I talked to as many of my constituents as I could, I read

their letters, and even studied the polls. But in the final analysis, when I cast a vote it was my own judgment which told me what to do. That is the way it must be in a representative government. You can never be sure that the opinions you hear expressed are really the opinions of the majority. Neither can you be sure that those opinions will remain unchanged when all the facts are known by your electorate. Time may change it completely. In fact, in my own experience, it often has. So, you use your own best judgment, and hope and pray that your wisdom will withstand the ravages of time.

I hope no one thinks that I have suggested that we just live for today because there are no anchors we can tie to.

Of course there are anchors. The principles and ideals we have set as individuals and as a society may vary in degree and intensity, but the basic thrusts do not change. Thank heaven, most ideals and principles are timeless. They are always available to be applied to new specifics which do vary with changing times and events.

I believe that the really wise person will do as the scientist does with his model. He tries to anticipate the changes that he will probably have to face over the brow of the hill and prepares to apply his own set of principles and ideals to meet the changed conditions which inevitably will occur.

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Congress and Foreign Policy: Is Bipartisanship Dead?

Something very basic to America either has died or hopefully just lies dormant. It is best exemplified by Arthur Vandenburg proclaiming "Politics ends at the waters edge," or by John McCormack's oft-heard pronouncement of support for presidential foreign policy without regard to the party affiliation of the incumbent president. It was Charlie Halleck saying of John Kennedy's foreign aid request, "He's the only President I have, and I'll support his foreign policy needs." It was a Republican Congress enacting legislation to implement the Marshall Plan, at Harry Truman's request. It was Sam Rayburn and Lyndon Johnson in loyal support of Dwight Eisenhower's foreign policy. And, it was many Republicans (including this one) who refused to aid in pulling the rug from under Lyndon Johnson's foreign policy, though we felt betrayed by the Gulf of Tonkin resolution.

In recent years, Congress has not only become involved in making foreign policy, but has also tried to oversee its implementation. The wisdom of the policies of Congress under Rayburn, McCormack, Halleck et al. is best illustrated by the failures of these doings of later years. I will only name a few. Congressional involvement in the last months of Viet Nam ended any possibility that our allies could survive our departure. Those involved in that debacle cannot be proud of the present bloody mess that is now Southeast Asia.

Congress literally took over American policy-making with regard to Cyprus. The result? Turks are still in Cyprus. We lost the use of many of our facilities in Turkey. And, the Greek government finds it necessary to castigate Americans regularly in order to survive politically.

The facts are that the Congressional track record in foreign policy is dismal. It certainly bears out the adage "you can't have 535 Secretaries of State." Inherent in this truism is the fact that Congressional meddling in foreign policy is almost always tinged with, if not dictated by, a burning desire for domestic political advantage. When this element enters, wisdom usually flies out the window.

Only recently, Congress has taken two foreign policy actions which will weaken the ability of this administration to conduct global foreign policy. One is the denial of aid to the Nicaraguan contras. The other is the unofficial but damaging communication by Members of Congress to President Reagan with reference to his trip to Germany.

In a parliamentary system, the Nicaraguan action would have caused the fall of the government. Under our system, the present administration must continue to conduct foreign policy after a defeat which the rest of the world will construe as a vote of no confidence. In that world in which lurks "hate America" groups, terrorists, skeptics, and fair weather friends, our President, whomsoever he may be, needs all of the support he can get.

I have my own opinions as to the Nicaraguan situation I shall not express them here. Suffice it to say, I am convinced that a reasonable compromise could have been had. Our country would have been well-served by statesmanship based upon the actions and beliefs of Congressional giants of the past.

Many members of Congress have seen fit to advise the President with regard to his conduct during his trip to Germany. Again, I have my own opinions as to the merits of the matter. I am deeply sorry that the President found himself in such a "no-win" position. However, it is not for Congress or individual Congressmen to be the arbiters of Presidential conduct in such matters. The nuances and policy implications cannot be known by anyone better informed of the "big picture" than is the President.

I am just as horrified by the Holocaust as anyone can be. I will do everything in my power to prevent the

recurrence of such genocide anywhere, to any race or people. However, I respectfully submit that the reason the Holocaust must never be forgotten is that its existence as a historical fact is central to the effort we all must make to be sure it never happens again. Its use for any other purpose, especially as a reason to perpetuate spirits of revenge and hatred, can only impair its memory's larger meaning and more sublime purpose.

I think that in this situation each of the former leaders of the Congress whose wisdom I have invoked would have called the President, expressed his favorable or unfavorable opinion, and would then have refrained from making other public utterances. They would have known that mistakes can be deplored without the appearance of the kind of divisiveness that causes the world to doubt the unity of our people and our government in the conduct of foreign policy.

I am certainly not suggesting that the Congress should never question Presidential policy. I am suggesting that in each instance the Congress and its members should be aware of the effect its actions have on the effective conduct of foreign policy. It should ask: "Is the course we take important enough—is the triumph of our opinion vital enough—to compensate for the probable impairment of our country's ability to conduct foreign policy." Only if the answer is in the affirmative should the proposed action be taken, or the pronouncement made.

The militancy I saw developing in my last years in Congress seems to continue unabated. There will always be disagreements, but I pray for Congress to return to the gentle art of disagreeing without being perpetually disagreeable. Our country will be better served thereby, and those giants of the past will join in thunderous applause for our stewardship of this country they loved so well.

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The Committee for a Responsible Budget

I often called “The Committee for a Responsible Budget” my favorite oxymoron. Despite that, I became a co-chairman of that committee. The president was a brilliant woman named Carol Cox. Carol had come to Washington with [Henry Bellmon](#), the senator from Oklahoma, and had become the chief clerk of the Senate Budget Committee. She was a good salesperson, and had soon organized enough people and money to start this committee. In ensuing years it did many things toward the ideal of balancing the federal budget. One of these was to make the point that the average American, if he or she had the chance, would make it possible to balance the federal budget. We organized groups in various congressional districts, under the aegis of the congressman or senator, members of which came from various walks of life. Laborers, professionals, farmers, and, depending on the area, people from other walks of life would be represented.

When these people were assembled, they would be given a test, that contained certain facts and ideas which were intended to influence their decision. The end result would hopefully be to balance the federal budget by making the proper adjustments and tax sacrifices that each group would have to undergo in order to get this job done.

These groups became so popular that they were eventually found in many parts of the country. The most amazing thing is that the people, coming as they did from various walks of life, would actually sacrifice some things which they felt dear in order to get the end result, that being a balanced budget. The point was being made by the committee that people from all walks of life really did want to pay as we go rather, than have the government engage in heavy borrowing of money with the debt that such borrowing would entail.

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The Arizona Economy

Arizona needs to look sharp. We have a climate that is attractive to people from harsher environments. We can attract new citizens, but will we continue to attract the “up and coming”—those who can provide the talents sought by institutions which are on the cutting edge of progress in science and technology?

Gary Tooker, former Chairman and CEO of Motorola, gave us a sharp wake-up call at an Arizona Town Hall meeting when he revealed that Arizona is not being considered for a new Motorola facility dedicated to bio-technology research because of comparatively inadequate investment in research and technology transfer at our universities. Craig Barrett, CEO of Intel, has said on several occasions that we need increased public investment in the research capabilities of our universities.

When people like Gary Tooker and Craig Barrett, CEOs of major corporations which have a massive presence in our state, tell us we are in danger of falling behind in the New Economy, we must listen and act. These are people who know and love Arizona and have a stake in our future, economically and academically. They are certainly not strangers.

At this time in our history, we need to reassess our problems—and our capability to solve them. We have, at present, a burgeoning economy which provides high rates of employment for our people and good revenue streams for our state and its subdivisions. Good for us! But our school system is not producing end products that will maintain the supply of excellent personnel required not only by our present economy, but also the expanded economy we hope to have in the future, as envisioned by companies like Motorola, Intel, Honeywell, and others.

The Arizona Supreme Court has told us that our state constitution dictates equality of excellence in education for every one of our children. Financing such quality is, and will be, a strain on the resources available to our public bodies. We must provide K-12 financing and keep our fine universities and community colleges capable of meeting the challenges they face in enlisting and retaining the best personnel available to provide the excellence we must have in our academic efforts.

There are other requirements we must meet. Arizona’s low ranking among the states in providing for our citizens’ mental health needs is a disgrace. Our environmental and ecological problems—like destroying our trash, for instance, and preserving our natural habitats for both flora and fauna—are becoming increasingly acute and require attention from both public and private sources.

Most of the areas needing attention that I have listed, and many more, are not only present problems, but their existence clouds our future. If we don’t solve them, our children and grandchildren will not bless us because the intensity of the effect these problems will have on future Arizonans will increase.

Our founding fathers were a canny lot. They knew that people in power could be profligate spenders, so they provided many barriers in finance. One of these was a limitation on issuing general obligation (GO) bonds by the state—they said the face value must not exceed \$350,000.

A GO bond is backed by the full faith and credit of the state. Therefore, since the risk of default is virtually non-existent, the interest demanded for a GO bond is very low.

At this time, this state, which is one of the most rapidly growing states in the union, must provide financing for all of its many needs—present and future—from the revenue provided by taxation. Persons in our legislative and executive branches must balance the need for low taxes against the present and

future needs of our citizens. Institutions that are vitally important to the future of our citizens and of our body politic must receive public support.

True, there have been innovative financing schemes (of dubious constitutionality)—lease-purchase, revenue bonds, etc. However, because these debt-based gimmicks do not have the full faith and credit of the state behind them, interest rates are high, to the detriment of the state economy.

I propose that the Arizona legislature offer a constitutional amendment that will allow the issuance of GO bonds, not to exceed a face value of one billion dollars outstanding at any time, under the following conditions:

1. An enabling act must be passed by the legislature and signed (or vetoed) by the governor.
2. The act would specify the amount to be issued and the capital expenditures that would be financed.

Such an amendment would provide another source of financing available to the state for capital expenditures. Proceeds could be used for the construction of schools and universities, infrastructure, and the like. Future citizens will be taxed to retire the bonds, but they will have the use and enjoyment of the facilities provided at the most economical cost available.

With bond proceeds available for some capital expenditures (a capital budget), the pressure on general revenue would be lessened and funds would be available for other purposes provided by legislative appropriation.

I have broached this idea in many places, among them the Phoenix 40, of which I am a former member. It was met by a feeling of fear that proponents would be known as big spenders. I would hope that this fear, which to me is irrational, would be overcome by our state's need to do those things which will enhance, not inhibit, its future.

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The Need for Corporate Reform

Corporate structures in the United States are almost uniformly made up of the following:

1. Stockholders, who own the corporation and its assets, which are subject to the claims of creditors and bond-holders, if any. The value of each share of stock varies according to the net value of its assets and the opinion of investors as to the business prospects of the future of the company.
2. Boards of Directors, elected by stockholders for varying terms. Each member usually has some specific duties and memberships on such committees as auditing, executive compensation, etc. The Board runs the corporation—at least theoretically.
3. Management, the officers of the corporation, who may or may not be members of the Board of Directors. Their tenures, salaries, bonuses, stock options, etc., are subject to actions by its Board.

The recent debacles of Enron, WorldCom, and others, largely traced to errors of accountancy, have caused bright and glaring lights to shine on every Board of Directors. It has been revealed that memberships on various Boards have been passed around among individuals. For instance, Mr. G., the CEO of Corporation X, becomes a member of the Board of Corporation X. Other members of each Board are frequently members of other Boards. Board memberships are both lucrative and prestigious. Some individuals have become members of seven or eight Boards of Directors. The opportunities for back scratching and conflicts of interest are too obvious to require elaboration.

The SEC is trying to promulgate rules which would make corporations and their Boards more cognizant of the needs and financial safety of investors and employees. An important need is to do away with these sweetheart deals that breed only greed and selfishness at the expense of people whom Board members are sworn to protect. I wish them luck!

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The George W. Bush Administration

It is almost two years since the tragedies of September 11, 2001. The debris from the destruction of the Twin Towers of the World Trade Center has been removed, and plans are being made for the future use of the land.

We have assessed the damage to our nation and made major, needed improvements in our abilities to detect and cope with future terrorism. We have attacked terrorist organizations and nations in an attempt to blunt or remove their capabilities to harm us or our allies. We are now assessing and trying to cope with the damage to the world economy caused by the decline of confidence in the capitalist system. Coping with unemployment and related personal hardship is an ongoing effort. Concurrent business failures in the United States, caused mainly by the wrongdoing of huge corporations by their officers and accountants, has resulted in market chaos and investors' loss of confidence.

President Bush has received almost universal approval for strengthening our capabilities to detect and combat terrorism at home and abroad. This approbation, however, has been somewhat tarnished by special treatment he apparently received from a Texas corporation some years ago in the form of loans that allowed him to purchase stock in that company. The interest rate was seemingly low, which caused suspicion that advantages had been given him because of his family's prominence. At the time the loans were made, such arrangements were not uncommon. The sequence of events involving the President is now being judged unfairly, meaning not by the rules and standards of the time but by the similarity of such arrangements today, which would be marginally acceptable, if at all.

Vice President [Cheney](#) was CEO of an oil conglomerate, Halliburton. There are now allegations that financial books were doctored in order to distort the bottom line. This matter has not been resolved, but no accusations have been made against the Vice President, except those by media innuendo. Nevertheless, it has caused a revival of the criticism caused by his refusal to give information about the membership of the committee he chaired and the consideration it gave to various matters concerning the administration's energy policy.

The Bush-Cheney administration is, therefore, under attack just at the time it needs the authority to bolster the confidence of the American people in its government and its economy. My feeling is that it is absolutely wrong and unfair for people and the news media to rush to judgment on allegations that are either long past or unproven. Nevertheless, mass psychology, fired largely by political attacks, has resulted in the diminution of the capability of our leaders to fortify the confidence of our people, just as it is desperately needed to jump-start the economy.

As Alan Greenspan has said, our economy is recovering. The level of our citizens' confidence can either hasten recovery or slow it down, and the recovery of the U.S. economy is key to the health of the global economy.

If anything further in the way of disclosures by the principals is needed, I hope they will be offered now and be absolutely credible. The confidence of the American people can be fully restored only by our very capable President and Vice President. I hope that the news media will realize the importance of fair treatment for any facts or disclosures that may be offered. In any event, the time has come for our country to move on to other challenges. The Cheney Energy Committee, I am told, considered only the availability of fossil fuels. If so, I would hope that such a committee would explore the ways and means of providing energy from sources that would be plentiful, renewable, and would be environmentally acceptable.

Our nation has the human capability, particularly in concert with other nations, to solve the difficult problems that stand in the way of using the energy from the fusion of the hydrogen atom and its isotopes. Furthermore, we can also develop massive sources of electric power derived from the sun through photovoltaic cells. Other sources of clean power can be considered as well.

When the United States needed to product the atomic bomb to win World War II, we had to conquer enormous difficulties. The Manhattan Project mobilized the assets, human and material, which were necessary for the effort. I suggest that a Neo-Manhattan Project be assembled by our government and given the mission to provide plentiful energy from clean, abundant resources. The expertise of our nuclear laboratories, the resources of other nations, and scientific academic resources must be utilized and coordinated.

Continued dependence for energy on fossil fuels is ridiculous. That source is non-renewable. Also, our dependence on oil for energy is one of the many reasons our country and many others are so preoccupied with the Middle East. We would have more stability and peace of mind if this unnatural concern with the affairs of this volatile part of the world would become unnecessary.

Additionally, the country has become aware of the fact that there is more to terrorism than people who are jealous of or who disagree with our way of life and wish to destroy it. Some of the problems have to do with other nations who have ambitions far beyond their capabilities, but nevertheless occupy positions in the world that oppose the type of civilization that we expect to achieve and maintain. The policies and actions that the Bush-Cheney administration has undertaken are intended to protect the safety of our way of life. Our people generally approve the steps the administration has taken, both diplomatically and militarily.

There are embarrassments that have proceeded from bold actions that sometimes result from faulty information concerning the ideas and capabilities of other nations. We have tried to keep North Korea from going "ape" in nuclear matters. Thus far they have not shown any intention of complying with our wishes and the wishes of the rest of the world. Therefore, we must continue to work diplomatically with other nations and do what we can to contain this rather strange threat from this third-rate nation.

Any essay on the Bush-Cheney administration in this year of 2003 must pay attention to what has been, what has been done, and what must be done in the future. Thus far, the team that President Bush has assembled has the approval of the American people and, I think, mainly of the civilized world. It is necessary that this team continue to function as efficiently and capably as it has in the past.

On a scale of one to ten, in all theatres of action, I give the Bush-Cheney administration a grade of at least eight. They have been able to get most of their domestic and foreign agendas passed by the Congress as needed. I hope this capability will continue, because it is extremely important to the success of the rather Herculean efforts that have been and are being expended in order to give us, as a nation and as a civilization, a bright future.

The terrorist has, for too long, been the focus of too much attention. We will continue to do anything necessary to defend our country from all enemies, foreign or domestic, but we have other concerns that require attention in order to secure the future of the civilized world. So, let us get at it!

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(Almost) Running for Governor

Evan Mecham, a Republican, was elected governor of Arizona in 1986 with less than 45 percent of the votes in a three-way race. One of the first actions Mecham took as governor was to nullify the Martin Luther King Jr. holiday which had been declared by his predecessor, Bruce Babbitt. Politically, this turned out to be a mistake, although legally Mecham was right. In addition, Governor Mecham was accused of misappropriation of a fund which had been accumulated by supporters who had purchased tickets to his Inaugural Ball. These and other of his actions raised such strong opposition to Governor Mecham that a recall campaign was launched and sufficient signatures collected to force a recall election.

When the recall petitions were filed and the election called, I was importuned by many of my friends in the Republican Party to run for governor in that election. Jay Smith, who had managed two successful campaigns for me, became my campaign manager. Fife Symington, a real estate developer in the Phoenix area, served as my finance chairman and raised \$800,000 in a very short time. Betty and I went around the state testing the waters and found, to our chagrin, that my name was not as well known in the hinterlands as we had thought. Nevertheless, we felt confident of victory because of the really sophisticated and well-financed campaign which Jay Smith had put together.

Meanwhile, however, the Arizona Legislature impeached and convicted Governor Mecham, removing him from office, thus aborting the recall election. Rose Mofford, the Secretary of State, then succeeded to the office of governor.

I was terribly disappointed, as were the people who were supporting me. I felt that, at my age, I would not run for a full four-year term as governor, but that in the two years and seven months remaining in the Mecham term I could do a lot of things for the state that were difficult politically but needed to be done.

But it was not to be. In closing up the campaign, we paid all our bills and then sent letters to our contributors asking if they would like to have a dividend on the money left over. Very few of them asked for money back. I divided the remaining funds between the John J. Rhodes Chair at Arizona State University and the John J. Rhodes Rehabilitation Center in the Mesa Lutheran Hospital.

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The Congressional Budget Process and How It Was Formed

The budget process as we now know it was a product of pique in various parts of the government. First of all, various legislative committees had begun putting funds into the budget for its preferred governmental actions as entitlements. This meant that the amount of money authorized by the Congress would be available from the Treasury to be drawn by the part of the government which would be spending the funds.

This infuriated the Appropriations Committee. It had always been the practice for legislative committees to authorize expenditures for various activities, but the money would not be available until appropriated by an act of the Appropriations Committee and the Congress. Via entitlements, the appropriations process was completely bypassed, to the fury of the very powerful Appropriations Committee.

Another source of pique was the fact that President Nixon quite often refused to spend the money earmarked for various government activities. He felt that it was not necessary, but that the Executive could, if he desired, provide the funds as set forth in the authorization.

The authorizing committees were very unhappy with this interpretation by the President and were in a mood to do anything to keep him from impounding these funds. He was supposed to spend each cent of the money authorized on the activity for which it was intended.

Simultaneously, senior members of the Congress were aware of the fact that the Congress really had no way of fulfilling its Constitutional duties because it never knew exactly how much money would be obligated or spent. The President's budget would have a finite figure, but then the Congress would enact entitlements that might be in variance with the figures in the President's budget. Therefore, these senior members felt that the Congress needed to set up a procedure for its own budget and provide funds not only for the coming fiscal year, but also for the next five years, to determine just what individual programs would mean to the economy of the country and the government budget.

Thus there existed a movement for a Congressional budget which was combined with and engendered by a feeling of frustration when the president refused to spend entitled funds.

The situation was ripe for the appointment of a committee from both Houses to provide an appropriations process that would have the impromptu of the Congress and its desires. This committee was appointed to study the situation and work out a solution. It was made up of senior members of the Appropriations Committees of the House and Senate, the Ways and Means Committees, and some members from the leadership of the two parties. I was appointed as a member of this committee by the Republican leadership.

The end result of the committee's work was a system which was very complex, time-consuming, and not really as effective as was desired. However, it was placed into operation, flaws and all.

The first operation was to appoint a budget committee of the House and one of the Senate to prepare the Congressional budget each year. Then the product as brought forth by the committee would go to the full House and the Senate to, presumably, be enacted. It was provided that this must occur by May 15th of each year, because the fiscal year ended on September 30th.

This was a great idea, except there were so many amendments offered to the budget as presented by the committee that getting it passed on time was an impossibility—and there was no way of making the Congress move on schedule. As a result, the Appropriations subcommittees could not act in time to

provide the legislation for appropriations before the end of the fiscal year.

Whenever such a situation occurred, the remedy was for the Congress to adopt a continuing resolution. This would, in effect, allow the various branches of government to proceed to spend, even though the fiscal year had elapsed and a new one had begun at the same budgetary level that it had operated on in the preceding fiscal year. Of course, this resolution was subject to amendment and was quite often amended to help the particular programs that very powerful members of both parties loved the most. Therefore, the so-called continuing resolution was quite often more like a Christmas tree than like a legislative document.

One of the provisions of the Budget Act was the so-called second resolution. The first resolution adoption adopted the budget; the second resolution was available to the Congress to amend the legislation and appropriations they had already enacted.

However, this did not work because, when an appropriations bill cleared the Congress and conferences, it was sent to the president for signature and became law. Since that was the situation, the Congressional option to change the appropriation toward the end of the legislative process in order to accommodate better the overall fiscal situation was not available, except by adopting another legislative act, which was not feasible at any time.

There were ideas concerning not sending an appropriations bill to the president to be signed until everyone was ready for it. That was probably the wisest thing to do, but it was never accomplished. In the end, it was the legislative skill of the House Rules Committee in general and Congressman Dick Bolling of Missouri in particular that resulted in the passage of the landmark Budget and Impoundments Act of 1972. Dick Bolling realized that the budget bill should pass, but that the votes were not there if there was opposition from the chairmen and ranking members of the various legislative committees. To get the support of that group, he engineered the act in such a way that the president could no longer fail to spend the funds that were either entitled or appropriated for various parts of the federal government.

By putting these two bills together, as the House Rules Committee can always do, [Dick Bolling](#) presented the House of Representatives with a bill which finally passed and became law.

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Social Security

The Social Security Trust Fund is a myth. It has never existed. Its sole function is to justify the existence of the payroll tax, most of which is paid by working people. Theoretically, most of the “take” from that tax goes to pay benefits, either retirement or health; then each year’s “surplus” goes into the “fund,” which will later be available to pay benefits to them when they become eligible.

In fact, however, the “surplus,” is spent on government operations. The Treasury periodically issues non-negotiable bonds in the amounts of the surplus trust fund depletion that go into general revenue, and are available for the use by the Treasury.

For years, the fact that these bonds have the full faith and credit of the United States government has given everyone a warm, fuzzy feeling of security when contemplating the future of the Social Security system. From time to time, it has become necessary to adjust benefit payments and raise taxes to keep the Social Security Trust Fund “actuarially sound.”

We are now being told that the fund will be depleted early in the 21st century. When the amount of the payroll taxes collected falls below the outlays that pay benefits, the Social Security Administration will call on the Treasury to redeem enough of the trust fund bonds to meet the deficiency. Unless payroll taxes are raised or total benefits are reduced, this process will continue until the fund is exhausted. Then, benefits can be paid only through general revenue.

Actually, ever since payments exceeded payroll tax receipts, the general revenue has been tapped to redeem the fund’s bonds. No one should have been surprised. Since the proceeds into the fund had been spent and bonds put in their place, it should have been obvious that the only source for redeeming the bonds was from some other income of the U.S. Government—meaning mainly from general revenue.

An unhealthy result of this system is that (since the birth of the unified budget) the annual surpluses of the trust fund served to make operating deficits of the government appear smaller. We kept inventing new and expensive activities for the federal government (the Great Society, etc.) because the cash flow indicated that we could afford such programs. There was an inexplicable lack of thinking, and therefore little realization, of the depth of the financial hole we’ve dug for our progeny. The result has been the creation of a lavish economic and social system, without regard as to whether or not our economy, present and future, could finance it.

Our tax system is quite efficient; the payroll tax is the most efficient portion. It is also, in my opinion, unjust because of its regressive nature as it affects workers’ payments.

Everyone seems to agree that there should be a tax cut (e.g., government is taking too much of the GDP). Suppose we begin with the employees’ portion of the payroll tax? Suppose we reduce the take from this tax by five percent a year? The annual cut in dollars would be about thirty billion. The benefit to the working and middle classes is obvious, and it should be appealing to politicians who profess undying love for the middle class.

These cuts would not cause the payroll tax take to sink below benefit outlays. At that time, general revenue would begin to be tapped to pay part of the benefits, and, as previously noted, this would continue ad infinitum.

The end I seek is a realization by all Americans that it is time to bite the bullet and prepare for either financial chaos or a restructuring which would reexamine the welfare state and how that system can be

financed. Also, the revenue system would have to be reappraised with the idea of doing away with the payroll tax and ending the myth of the Social Security Trust Fund.

Can this be done politically? It can if Americans are convinced of its necessity, if the reduction in benefits (if necessary) are phased in over a reasonable time, and if such benefit reductions will not apply to people now receiving payments.

You ask me, "how do we raise the necessary revenue"? Well, I don't have all the answers (obviously), but I do have one. Since, before long, Social Security benefits will be paid from general revenue, we can partially replenish the treasury through the following steps:

1. Upon eligibility for benefits, the government should not levy a tax until all the sums paid in by the retiree have been repaid.
2. After such repayment, benefits should be taxed as ordinary income, including the value of Medicare benefits.

As long as we have a progressive income tax system, this would favor the less advantaged but do away with the absurdity of giving rich folks (like most of my friends and colleagues) a free ride.

I feel that most people are ready to move toward financial stability in the future, even at the cost of some temporary personal losses. After all, we do love our children and grandchildren, and are keen to pass on to them a world at least as secure and pleasant as the one we are enjoying.

To me, the most important result we should seek is the education of the American people as to the truths of our system and our nation, its problems, and their solutions. We should do away with myths and fairy tales, tell it like it is, and suggest methods to make it better for years to come.

A complicating factor comes from future demographic studies. When the baby boomer generation retires, the number of earners (contributors to Social Security) compared to that of retirees will fall considerably. That means fewer workers will contribute to paying the benefits of each retiree.

The generation after the baby boomers will be paying taxes to redeem the rest of the bonds in the Social Security Trust Fund, and it will be taxed for general revenue to make up the shortfall from payroll taxes. Thus, when that generation retires, they will receive benefits only from general revenue.

Future Americans' benefits will soon be paid from general revenue. Why not start planning for it now by phasing out the unfair payroll taxes and structuring a revenue system that is adequate, will fuel economic development, and doesn't continue to fool the public.

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Government Obligation (GO) Bonds

The 1912 Constitution of the State of Arizona is 87 years old. It was a remarkable document, well suited to our brand-new state. But years have passed, and there have been many amendments to the original document—some wise, some not. At least one more amendment is badly needed.

One provision (obviously the product of people who did not trust the judgment of politicians—possibly with good reason) allowed the state to issue General Obligation bonds only in the amount of \$375,000. This was probably a huge sum in 1912—it is a pittance today.

A General Obligation bond pledges the full faith and credit of the state to pay interest when due, and to retire the bonds when due. If the credit of the state is good, the bonds could be sold for a low rate of interest. Using them would give the state access to the financial markets of the world. If a need existed to borrow money, it could be had at the lowest possible rate of interest.

Since the Constitution now practically prohibits issuance of General Obligation bonds, how is a rapidly growing state going to finance its capital requirements? High rates of taxation are economically and politically abhorrent. Failure to provide structures required by the state government for institutions and infrastructure was, and is, unthinkable. So, our state has used “innovative financing” with revenue bonds, lease-purchase agreements, and other very expensive means of capital finance, mainly because General Obligation bonds are not available to provide necessary capital.

As a state, we are not doing things which could and should be done. Our mental health facilities are inadequate; we are slowly cutting funding for our 3 great universities; and we are slowing highway and freeway construction because of inadequate capital investments in vital programs. Our present revenue structure has produced huge cash surpluses, but those surpluses did not last, either because of more realistic provisions for funding, or because of economic downturns.

Looking ahead, our need for capital funding is awesome. The Arizona Supreme Court has told the State that continuing to tolerate the disparity of resources available in education for our children is unconstitutional. The Court has practically mandated that the state provide the capital needed for ending inequality of education for children wherever a child may live in the state. This will require the investment of millions of dollars not only now but for the foreseeable future to provide adequate school plants.

Relying on our present revenue-producing system seemed adequate, but an economic downturn reduced dollar revenues, requiring retrenchment or even retirement of certain badly needed and greatly desired state objectives. Decisions have to be made which nobody in his right mind would want to make—cut investment or raise taxes to levels which would inhibit growth and bring hardship to our citizens.

We need to make available to the Legislature and the Governor a capability in financing which the 1912 Constitution has denied to us. It would require an amendment which I feel the Legislature should refer to the vote of the people of Arizona at the next election.

The amendment should allow General Obligation bonds to be issued under these conditions:

- (1) Issuance must be authorized in definite amounts and for definite capital investments, by law.
- (2) Proceeds from the sale of the bonds would be available from a Capital Budget, which would be

separate from the General Budget.

(3) Interest on these bonds would be paid and the bonds retired on the due dates from any unobligated funds in the State Treasury, without need for an appropriation. (Interest and principal on U.S. Government bonds are paid in this manner.)

The availability of “GO” bonds would give the state government a much-needed “string” to its financial bow. In each budget period, the legislature and governor could finance capital outlays either from general revenues or from bond sale proceeds. This would provide flexibility which would protect the health of the general economy and save the taxpaying citizen from unforeseen changes in tax bills. Also, the availability of bond proceeds for general outlays, when needed, would release general revenue for other state needs which are now too often neglected. Since bonds would be issued only after authorization by law, a governor could agree or exercise the veto. Any temptation to go berserk in borrowing could be thwarted in many ways.

People are fearful of the political consequences of an amendment such as I propose, lest they be called a “big spender.” I do not believe that would occur if using this great asset to fulfill the needs of our citizens, present and future, in the most economical way, were made clear. As a matter of fact, the political risk, if any, could be in opposing it.

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September 11, 2001: A Date Which Will Live in Infamy

December 7, 1941, started out as a relaxed Sunday. Looking back, there were reasons why we should probably have been on alert. Unfortunately, we were not. The war in Europe was in its third year; we were in a state of semi-belligerency because we were aiding Britain; we were beefing up our Navy and Army Air Corps; and the Axis powers had reason to expect us to enter the war against them at some time in the near future.

Japan had already conquered much of China and had made inroads in all of southeast Asia. It was building up its armed forces—land, air, and sea. In order to blunt our activities in Europe, the Axis powers were eager to recruit Japan to its cause. The bait consisted of promises to give much of Siberia to Japan over the prostrate body of a conquered Russia.

Accordingly, the military strategists of Germany and Japan agreed that their first strike against the United States would be aimed at crippling or destroying our fleet. They felt that in the time it would take us to replace the fleet and mobilize our land and air forces, the Pacific would have been conquered. The United States would then be surrounded and would be forced to agree to a humiliating peace.

Hitler was reported to have been euphoric at the Japanese attack. He was quoted as saying “Now we cannot lose the war. We cannot fail to conquer.” Their plan, however, had many flaws in execution. First, they crippled—but could not destroy—our fleet. Second, they underestimated the patriotism and capabilities of an aroused America.

The Axis also overestimated Japan’s ability to exploit the damage of the Pearl Harbor attack and its successful conquests in southeast Asia while simultaneously underestimating our ability to supply and arm Britain and Russia with the materiel necessary for counterattack in Europe. Additionally, the Axis displayed an amazingly short memory of the great American effort which turned the tide in World War I. An America provoked is not a power to be taken lightly; four and a half years later, both arms of the Axis had been defeated and conquered.

Recounting these historic events brings me to September 11, 2001, and the attack on America led by Osama bin Laden. The only reason that makes sense for this attack is Al Qaeda’s conviction that western civilization is negatively influencing the youth of the Middle East. They wish to show their young people that the United States could be hurt by them, and that the greatness of western civilization is a myth. They would mount another sneak attack, à la Pearl Harbor, and get by with it, with the result that their youth would return to and embrace radical Islam as they define it.

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The War in Iraq

Before you were inaugurated, I wrote a letter to you and to the vice president concerning my thoughts as to the type of administration you should strive for. I said at the time that the main challenge not only for us but for the world is to find a source of energy which is both renewable and kind to the environment. The vice president formed a committee to study energy which I assume was in accordance with your desires. He has not revealed the identity of members of the committee, but from what I have heard and I believe, the people involved were all from the oil patch. Therefore, there has to be doubt as to whether this committee actually tried to come up with means of producing alternate energy sources which would meet the situation as it now exists.

I think that it was a bad mistake not to reveal the identity of the people on this committee, the ideas that were expressed, and positions which were taken. Thus far there has been nothing in the way of a report to the people as to what your administration wants to do or may do in the field of alternate energy sources.

The attack on the Twin Towers in the city of New York caused a situation in the country and the world which dictated the direction your administration must take to defend us from this type of attack in the future. You have done extremely well in this area. The operation in Afghanistan was directly to the point of rooting out and punishing the people who were probably responsible for terrorist acts.

I am at a loss to understand the attitude that the administration has taken about other situations, mainly those in the Mideast, such as Iraq. I had hoped that when we went to war in Iraq we would discover that they were actually planning and developing weapons of terrible power, and possibly nuclear capabilities. We went to war with them because we were certain that they would and could attack other nations or aid terrorist groups in such attacks. Perhaps this was true, but it has not been possible for us to prove that any of the allegations we made along those lines were accurate.

We are now engaged in an occupation of Iraq. We had assumed that, Saddam Hussein being a tyrant, his people would be glad to get rid of him. That was true only to an extent. It did not include any love for Americans or any other foreign nation taking over their own nation. We are now in a situation in which we are occupying this unfriendly nation and spending three billion-plus dollars on it each month. This is an economic situation that is not healthy for our national economy or for the world economy.

I would hope that we would be able to liquidate the Iraq situation as soon as possible so that we could devote more of our assets to the need for producing alternate energy that is not only safe but also cheap.

One of the important needs for this plan is the location and the use of fresh water, which we now find is in short supply. There is water which can be used if purified, including that in our oceans. The main stumbling block is not the lack of technology for doing that, but rather the amounts of power it takes to carry out desalination are so expensive that the economy of the world cannot support it. We could be successful in producing more energy at a lower cost—and there are existing means and other techniques being developed which would allow us to accomplish this—if the assets necessary to do it were made available.

Instead of assets like that being accessible, we are using them to chase terrorism and to cut taxes in ways which are possibly not sensible.

I recommend that you and the people closest to you sit down at Camp David with the idea of reviewing the present situation in the world, and particularly our relationship to it. You should also evaluate the

things which you have accomplished or planned in relation to what is needed to cause them to be beneficial to the whole world economy and to particularly the nations which need our help.

I am recommending that we liquidate a lot of the things which we are now doing and embark on courses which lend themselves to the accomplishment of things needed within the next fifty years for keeping our civilization intact, and in doing the things which need to be done to keep our people healthy and able to operate within a stable economy. We are certainly aware of the fact that, after September 11th, we went all-out to apprehend terrorists wherever they may be. We should have done that, and we have done it rather well, particularly in Afghanistan. However, our venture into Iraq was apparently conducted only after searches for weapons of mass destruction proved to be inadequate and the weapons themselves perhaps not even existent. Nevertheless, we are now engaged in a war in Iraq and will have to see it through. However, we should do what we can to enlist the aid of our allied nations so that we need not bear the total expense of a very costly endeavor. It is apparent that we owe it to the world economy as well as our own to eliminate these horrible expenditures we are making in Iraq. It should not be our responsibility completely, particularly since we do not have evidence that weapons of mass destruction were dismantled or destroyed.

If and when we are able to mitigate the expenses of Iraq, we should go all-out to produce alternative energy as cheaply as possible. For too long we have relied on energy from fossil fuels, which are no longer an adequate source and are not compatible with the need to preserve our ecology.

It would be my hope that our effort along these lines would be in conjunction with other nations which have resources that could be used and be helpful in solving some of the very knotty problems which attend the effort to develop alternate sources of energy from the sun, the hydrogen atom, or other as yet undiscovered sources. So, within the next fifty years, we have a number of problems to solve. One of them is increasing our supply of fresh water, and the other is providing alternate sources of clean and renewable energy. The United States must take the lead in doing both of these things. Your administration should counsel with the people who are most knowledgeable in chemistry and engineering so that we could coordinate an all out effort to harness hydrogen or some other element to provide alternate sources of energy. We need this not only for regular energy but also for the amounts of energy needed to bring brackish or salt water to use. We need pure water and we need clean energy, and we must pursue the means to produce them simultaneously in order to derive the best and most efficient results from our technical efforts.

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