

REFLECTIONS PROJECT
REP. BILL THOMAS INTERVIEW
September 19, 2006

LINDA DOUGLASS: Well, first let's talk about the most momentous thing that happened in your tenure, and that was the change of majority, the majority party in the Congress. You came in 1978...

REP. BILL THOMAS: January '79, yes.

DOUGLASS: Yeah. So you were elected in 1978. And you were one of those Republicans, who chafed at being in the minority. Not all of them, but you did. Describe for us, or tell us about what it was for you that was so frustrating. And maybe a couple of specifics about how that was.

THOMAS: Well, it wasn't so much that I chafed, I guess. It was that I was in the State Legislature in California, the lower house, the Assembly... for two terms, two year terms, four years. And the entire time there was a Democratic Governor, Jerry Brown, Junior. And then I came to Washington, and not only was I in the minority, but my party had been in the minority for more than two decades. And there was a Democratic President; Jimmy Carter was in at the time.

So it was an environment that I had operated in. But you have to go back even earlier than that. I went to high school and community college in Orange County. And I chose to go to San Francisco, San Francisco State, particularly... for upper division and graduate. So I was always used to being a minority, in a political context, whether it was in the Poli Sci department, or in the California Assembly, or in the Congress.

And what I tried to do was to determine whether or not ideas had a chance to prevail. Notwithstanding the fact you weren't in the majority. And, frankly, coming to Washington was more of a shock than I thought it was going to be.

DOUGLASS: Why?

THOMAS: Because in California, notwithstanding the fact that I was in the minority, I was able to influence legislation in a significant way. Elections... committee, I was able to work with the Chairman and get some... a product done. And you actually had a little bit of cross fertilization between the parties. When it came to Washington, it was a little, I mean, I knew it intellectually. But I just, you have to experience it to understand that you are a minority in every sense. You never get to

deal with an agenda, you never get to hold the gavel, you never get to run a meeting. You introduce a bill. If it's any good, it's taken from you and incorporated into someone else's legislation as it moves forward. You have no ability to carve out a niche for yourself, either in terms of parliamentary expertise, since you're in the minority, you don't count; the majority prevails. Or legislatively because your ideas, if they appear in bill form or they're presented as amendments, get incorporated by someone else.

And I just thought that we were maybe missing out on some real potential in terms of trying to get legislative product in. Of course, I spent 16 years in that situation. And I did see to what extent you could work within that environment. I was able to influence on the margin. But it could have been much more than that.

DOUGLASS: But it was a frustrating 16 years, I gather?

THOMAS: Well, it wasn't that frustrating. Either that or I'm awfully stubborn, because I stuck around. One, because I believed we could change the environment. And, notwithstanding my bread and butter committees, which were the Agriculture Committee, and then the Ways and Means Committee in 1983... except for my first term on the Committee on Standards of Official Conduct... I was on the House Administration Committee, and I worked my way up from the least ranking member to the ranking member, prior to our taking over.

DOUGLASS: Well, I want to ask you: how'd you make your mark on that committee? You suddenly came into power, the Republicans, to the shock of many who didn't expect that change,

THOMAS: Uh huh.

DOUGLASS: to be so sweeping in the '94 elections. What, how did you in that committee, make your mark on the way that the, the way that Congress operated changed?

THOMAS: Well, it really was...very Byzantine. When I came in, you had accounts, I mean you had a postal account, you had an office equipment account, you had a clerkhire account, you had all of these accounts with various amounts of money in them, and you would spend down.

Just prior to my coming, you used to be able to take out in cash what was left. Some of the more senior members still operated in that environment. You... you could take your stamps that you didn't use, and cash them in.

It made it very difficult, as we were moving into the computer age, to allow for offices who wanted to be more connected. It's just really hard to imagine. There

were still people using typewriters, still using carbon paper. And that if you did computer services, it was on a contracted out basis to do your mailers. You didn't have an in-house operation. And if you did, they tended to be... this will date me... a lot of the machines were Wangs, which were electronic typewriters. They really weren't computers. And that you had standalone, PC's, they weren't really linked. You didn't have an internet. You didn't have any of the structure that we have now. And there was no real time connection between the Washington office and your district office.

So, I came in at a time when all of this was occurring. And I had a committee Chairman, Charlie Rose, who was also interested in trying to make some of these changes. And he let me play a major role in restructuring the account, so that you eventually wound up with two pots of money, in which all of your money for running your office was in an account and mail was in the other.

We eventually merged it to a single account. So you could shape your office however you wanted to shape it to carry out your function and communicate with your constituents. That coincided with the interconnect ability of computers and networks so that you could then not only be connected within the office or several offices on the hill but with your district office as well.

I ran all of my case work operation out of the district office. So I didn't have those people in the Washington office. And we had an instantaneous turnaround on decisions because constituents could come into the district office and get their casework resolved immediately. It...it was just a... an evolutionary change that we wanted to be out front and promote that kind of an integrated office.

And since I spent a lot of time on it, had some knowledge on it, I was allowed to make a lot of those administrative changes. I couldn't make the big ones that needed to be made. That occurred when we became the majority. And then I became Chairman of House Administration in 1995.

And then we made the big change.

DOUGLASS: Yeah, that's really, talk about just a couple of the big changes that you made from that Committee, from being Chairman of that Committee.

THOMAS: Well, number one, people didn't get their jobs on the basis of patronage. And decisions were made for members by exceptions to the rule. You had a rule book. But the way the Chairman of House Administration used that office for leverage was to grant exceptions to the rules. And then people would come to you hat in hand, ask for an exception, you'd give 'em an exception, and then they owed you something. And so it was run by exception. 8,000 exceptions, for example, in a given session.

So what I did was put a book together, and said these are the rules. And if you have a problem with the rules, if they don't seem to work, then give us the complaint. And what we will do on a six month basis is review the complaint. And then, periodically, make changes in the underlying rules. But there will be no exceptions to the rules, during that period.

Well, of course, people just couldn't understand it because here I was voluntarily giving away significant leverage. But what it did do was put everyone on the same basis. And, you know, if you really want to run a place on a quantitative basis, if you empower the bottom of the structure, it's almost as good as getting in with the upper part of the structure.

So I wound up making a lot of friends because they didn't think they could do the kinds of things that senior members did when, in fact, they should have because they have a vote. They have constituents to represent. And you should have an understanding of what you can get, rather what you can get because of your position, rather than who you are, within the infrastructure.

So by making it more professional, by creating a standard method for change and by consolidating the money, we really moved into the modern era of instantaneous communications coordination. And at the same time, since as Chairman of House Administration, we oversaw and I became Chairman of the Joint Committee on the Library, we sent up one of Newt Gingrich's and my ideas, in terms of trying to move toward a paperless Congress, try to get as much stuff online as possible.

Shrink the bill room where you took dead trees and passed them out. You could go online and instantly get the text of a bill and wind up with, with a two-way communication. For some reason, the internet connection between the Library of Congress and Congress and the rest of the world, is called a Thomas System and it stood for Thomas Jefferson, who is obviously a major figure in American History, having supplied his library to restock the Library of Congress after the British invasion.

DOUGLASS: Well, let's talk about some of the more profound kinds of changes that happened, in addition to that. They, they were very heady days, when the Republicans first—

THOMAS: But let me underscore something as fundamental as the structure of how you do business and how you co communicate is pretty profound. It doesn't rate articles; people don't focus on it. But a fundamental way of doing business can be a sea change. And we'll talk about that and you'll see it pop up as we go forward.

DOUGLASS: And the Republicans certainly were focused and you were at the

head of that on being a much more efficiently run institution.

THOMAS: Taking away privilege that was part of it. There's no patronage. You didn't get it by exception because you were a committee chairman. Everybody was treated equally.

DOUGLASS: You mentioned earlier that when you were in the minority, it was frustrating to have no ability to shape the agenda, to have no committee to ever aspire to chair because you were in the minority. Now that the Republicans have been in the majority for 12 years or, I guess it's 11 years, do you think that the, that your party has handled its majority power as well as it could? And I will just throw into this, the complaint that you always hear from Democrats, that they don't get to participate in shaping legislation, that they can't amend bills on the floor, that the rules are designed to shut them out completely. And they say, "After all, we represent nearly half the country." So number one, have they handled their power as well as they could? And number two, is the system working as it should with respect to the way the minority participates?

THOMAS: At the beginning of the conversation, you used the term frustrated. And you've used it several times to get me to adopt it. I haven't adopted frustrated. And then you just worked it into the...that I was frustrated. I wasn't frustrated. I understood the reality. I didn't like the reality. But I operated within that reality.

And, of course, it was easier for Republicans at the time because they hadn't been in the majority. No one, at the time I entered Congress, had been in the majority, on the Republican side of the aisle. No one, except Abner Mikva from Chicago, had been in the minority on the majority side of the line. So I sought him out. I said, "What was it like?" Of course he was in his 80s at the time. And he says, "Bill, I don't honestly remember." So there was an institutional, cultural structure in which Republicans were the minority, and Democrats were the majority.

So you had to figure out how to survive in that structure. Now, what happened over time was, that the brighter, more talented, or the frustrated ones, ran for the Senate, ran for Governor back home, went back into whatever they were doing prior to that. So the ones who tended to remain in any distilling process were those, the Republicans, who thought this was the best job they were ever going to get.

Or that they had somehow figured out how to be compliant in a subservient way, in a system that was run by the majority party. Now when we became the majority, there were many Democrats who had...who were... whose faith was challenged because they actually thought it was their God-given right to be in the majority. And they didn't know why God was frowning on them. They had a very difficult time accepting it.

Of course, our problem was we didn't have anybody who knew what it meant to be in the majority. Literally. We had one member who was the ranking member on two committees. But we never made him a Chair of either of those committees because of that distillation process.

And so when we became the majority, you couldn't find a Democrat who didn't think that was an aberration that was gonna be gone in one election, or two elections, or three elections, or four elections. It's now been five going on six elections. But their mental set was that we are supposed to be the majority. Our mental set was, we had no idea what it was to be the majority. So you came into Congress understanding that you were trying to find your mark within a structure that was there. A lot like a feudal system. It was your class. That's where you were in the social structure.

And so when Democrats became the minority, they never adopted that minority mentality, to try to figure out how to have an impact within the structure, they being the minority, we being the majority. They simply wouldn't play. And so that's made it much more difficult for us, and now I'll use the word frustrated, in trying to reach out to Democrats to get them involved.

I ask any of you students, she's pumped you up to the point now, that I can challenge you to do a little research. Go back and look at the makeup of the Ways and Means Committee in the early and middle 1980s. In terms of not just the Democrat-Republican ratio, but who made up the Democrats. And how often there would be a coalition between Republicans and Democrats, that produced a majority in the Ways and Means Committee on policy and opposition to the Chairman. And look at Ways and Means today, in which if someone votes with the Chairman, they are pressured, when a vacancy occurs, one of the requirements of the Democratic caucus is for that person to indicate they will never work with or support the majority. You get a significant change in the profile of Democrat members of the Ways and Means Committee.

How do you do that? You do an analysis. Examine how often the Democrats of the 80s were in the median, in terms of the Democrat votes versus how many times the Democrats on the Ways and Means Committee today in the media of Democrat votes. You'll see a significant shift toward the liberal end, so that it is almost impossible on a Committee like Ways and Means to create bipartisan groups. I've reached out. And there have been Democrats who have crossed over. You might want to talk to Cal Dooley, who finally left because he crossed over and wanted to work on policy. There aren't that many, unfortunately.

I've sent out letters to members saying, "We're going to be moving on this particular legislation, if you have any interest, let me know." I get a letter back from the ranking members saying, "My committee members have informed me that you have

asked them to participate. All communication with the minority members will be through me." It is a hierarchical structure designed not to participate so that it doesn't look like we are working in a comfortable majority relationship.

DOUGLASS: Well, then that brings me to the next which is, it does look to one who's seen the Congress for a couple of decades that the relations between the parties are increasingly hostile, and hostility is a notch above what it has been, you know, in the last several years. And some would say that on both sides, there is the wish that the other party does not get credit for succeeding with anything. So you've just described what many say the Democrats do, which is to say just do everything they can to prevent the Republicans from passing anything or having any legislative victories.

The Democrats would say, "Well, the Republicans have a policy of the majority, of the majority is needed to pass – the majority of Republicans – that's the only way we want to pass a bill. We don't want to pass a bill that's a Democrats bill." So is that your perception? Is it, is it that they've reached a point where there, where there's more interest in seeing the other side lose, than there is in trying to find common ground? Has it reached that point, do you think?

THOMAS: Well, I... I think if you approach it this way, if you're in the minority, that works. But if you're in the majority, you can't allow it to work. Because the only way people are going to return you to office is that you've done something that they think is useful or meaningful.

Remember, Republicans were elected to both House and the Senate at the same time. But two years later the Republicans lost the majority in the Senate. And I've often characterized that election in the Senate was, "Gee, folks, you put us in, we became the majority. We didn't do anything for two years. Put us in again, and we won't do anything for two years again." That's probably not your best bet for getting reelected.

We thought when we came in we wanted to introduce concepts, push legislation, move policy that a majority of American people would support. To do that, you have to make law. And to make law in the American system, frankly the entire political aspect of the American system, it takes a combination and compromise.

Why would we not reach out to find Democrats to build a bipartisan coalition to make law? In other words, we were looking for every eligible Democrat, but you tend to be self-nominating as an eligible Democrat. And if you self-nominated yourself because you actually thought you wanted to participate in the legislative process when you came to Congress, you got whacked like whack-a-mole every time you popped your head up to be part of a coalition. You soon learn to keep your head down.

We still had the responsibility, and have had, for a decade of making the law. Now, if the... our goal is to not let any Democrats have any credit, why would you put yourself in a jeopardy position of making law? I'll work with any Democrat who wants to work with me. Why would I not? But as Chairman of the Committee, if the price of working with Democrats is to turn the agenda over to them, turn the gavel over to them, let them run it, and then they'd be willing to participate, that's too high a price to pay. They have to win it to be able to run it. We won it; we've run it. It's been harder than it should have been. Policy could have been better than it's been. But our job is to make law, and we've made law in significant areas, in tax area, in... in entitlement areas with Medicare, in trade areas. Remember we didn't have Trade Promotion Authority for nine years. I worked to get Trade Promotion Authority for President Clinton. We won by three votes, giving Trade Promotion Authority to President Bush. Any President should have the ability to negotiate with nations on the issue of trade.

DOUGLASS: Well, let's talk about some of your legislative work because that is as you say, in several areas: President Bush's tax cuts, which you championed through, the Medicare prescription drug bill, all the trade liberalization and globalization initiatives of both Presidents, certainly, and looking at one that came up recently in your tenure, which I know is near and dear to your heart. You have been trying and trying to get the government, Congress and the Executive Branch, to tackle the impending crisis of social security.

Why did that not happen in your last year in office, do you think? Why was it just not possible, once again? And why is it...it seems like it's never possible to do something as far reaching as reform an entitlement as important as social security?

THOMAS: Well, but... but that's with the backdrop of actually having accomplished entitlement reform in Medicare. And, of course, once we got the concepts in place, it was, it was a real fight and we had to compromise to get them in place, which is entirely appropriate on a fundamental entitlement program.

Those who, Democrats who cooperated with us, of course, were vilified. But look what's happening in the market place. The prices are going down. We're beginning to see that there is a synergy there that can work. I'm not saying the market is a perfect place for health care, it isn't. But that doesn't mean there isn't some room for a market concept.

The problem that you have to realize is that Medicare was very important to the Democrats. Social Security is the sine qua non. It is the *raison d'être*. It is the, "Save Social Security, vote Democrat." That's a bumper sticker. And that was at the absolute core of their being. That defined them as a party. If we were going to be

able to make changes there, that probably would have locked us in as the majority party forever. So it was a power struggle.

Now, I find interesting, we just finished a pension bill, a major fundamental change in the pension area. One of the provisions that we put in on the Ways and Means Committee was, since we're moving from a defined benefit to a defined contribution world, those people who joined a company that had a company-defined benefit, got the retirement package.

Those people who joined a defined contribution company had to voluntarily sign up to have that money withheld with matching funds, more often than not, from the employer. The sign-up rate wasn't that high. So we decided, in consultation with a lotta folk, to create a mandatory, it's kinda like automobile options, a mandatory option, that you got signed up for your 401K, almost always, contribution, and the only way you wouldn't have it taken out of your paycheck, is you say, "I don't want it." This will be a significant advance.

But now what is it that we set up on a bipartisan basis? A personal account that they have control of, which assists them in an entitlement area developed for retirement. That isn't all that much different than what we're talking about in social security. But it was vehemently opposed in that context because it would have been restructuring social security.

So it was the context in which it was done. It was, in part, the way in which it was presented and it was following on our ability to win a number of victories within the tax code, empowering individuals, believing that if you incentivize people to invest and get a return, you can actually make more tax revenue available, to fight over capital gains and dividends, which has produced significant revenue, which is reducing our deficit. And that if we were going to be successful in those areas, and we applied those same concepts modified to social security and we were successful in that area as well, there would be nothing left for the Democrats as a core, as a *raison d'être* for their party.

So it was absolute catechism. You could not work in any way with Democrats in any idea other than the current system was anathema and was to be opposed violently. People thought that was going to be the same way with the Medicare prescription drugs. It isn't even on the radar screen for candidates running against each other now.

DOUGLASS: And that was incredibly controversial at the time that it passed from both parties. Much more from the Democrats; they clearly opposed it. Some of the more conservative Republicans also opposed it.

THOMAS: Well, we were increasing entitlements by 400 million- billion dollars.

And that was the reason they opposed it.

(OVERTALK)

THOMAS: But we tried to explain to them it was going to be here anyway. So why not do it in the most meaningful way to produce product that changes? You do not want formularies in statute. You've got to have them as the market changes and products change, changeable.

DOUGLASS: What happened that night when the vote was held open for almost three hours, which much has been made of because it took such a long time, to, to have something happen on the floor to get the bill passed. What happened that night?

THOMAS: Well, what happened was that we were convinced we could find enough people to vote for it. And we did. The idea somehow, that in making a decision, in a parliamentary body, a time limit, which is a minimum, that is you have 15 minutes to get to the floor to vote, therefore becomes the maximum. And if you don't stop the voting in 15 minutes, you have violated some rule. That's nonsense. In the 16 years that I was in the minority, I watched the roll being held open over and over and over again.

Of course, it wasn't that difficult when you had 50 plus majority and you could excuse 30 of them. And you did it on a rotating basis, so you always had a majority available to you. But when you have a margin of 16 or 18, and it was there was enormous pressure on the Democrats not to support the bill, I would suggest somebody interview David Woo and ask him how the pressure from Oregon, how the pressure was on him to hang the vote out for three hours. Because he told me he was with us. And he had to endure the pressure on a Democratic side for three hours. So if something as fundamentally important as a major change in an entitlement program, that had been opposed for political reasons, and we have come to a bipartisan agreement in a conference on Medicare modernization, to add drugs, long overdue drugs to Medicare, and that you are on the floor of the house, and you were within two or three votes, I think most people, if you put it in that context would say it would be unconscionable to wrap the gavel after 15 minutes and say, "Well, you tried, too bad. Come back in 20 years and try again."

The three hours pales to the 30 years that the Democrats had to put drugs into Medicare. When we came in '95, there was no osteoporosis. There was no prostate. There was no diabetes. There was no I'll go on and on, in terms of preventive care. Wellness and prevention were not a part of Medicare. Drugs should have been a long time ago. We were able to come that close within a couple of hours to get the votes to make it happen. If you put it in that context, if it had taken double the time, we should have taken it to get that policy in place.

And, of course now, several years later, it's not a big deal.

DOUGLASS: I'm going to ask the students in just a couple of seconds, but I want to be sure to ask you this: because you're correct that Congress had never before been able to do this

THOMAS: Uh Huh.

DOUGLASS: When you look back on everything that you have accomplished, legislatively, and I often see that and it's difficult, I think, for our students to have completely followed the export subsidy legislation. But I know that that's near and dear to your heart. But what would you say of all the things that you have done, looking back, is the one that hits you in the heart the most, in terms of what you were able to accomplish.

THOMAS: Well, I prefer hitting in my head, rather than my heart.

DOUGLASS: the heart.

THOMAS: That's not it; it's hard to put into context. And... of course, you love them all, but each one is different. And... so you have to look at, at maybe doing something that hasn't been done. And, also, perhaps has been underappreciated in terms of when it was done, and how it was done.

I might say, parenthetically, that when anyone talks to you about the American political process, and complains that process should be paramount, but then in the next sentence says, "Accommodation and compromise is necessary." Why isn't there accommodation and compromise on process, as well as substance? And they hang their hat on a three hour vote, when it should have only been 15 minutes on the substance of Medicare. You'll see that pop up time and time again. And I'm just disappointed. No one mentions it.

Actually, the thing I'm probably proudest of is...Chairman Greenspan and the Federal Reserve had been trying to keep inflation down. How much time do we have because I'll have to really shorten this?

DOUGLASS: You and I only have a couple of minutes.

THOMAS: Okay. I'll eat a minute of your time, if I have to. Since Galbraith, we've really talked about macroeconomics. And we've talked about the Federal Reserve, and its ability to control monetary process. If you want to expand the money process, you make money cheap.

If you want to contract it, you make it expensive. Why? Because the Board of Governors of the Federal Reserve can meet. And on a quarterly basis, even on a monthly basis, they can make adjustments to the discount rate, and we have monetary policy that controls the economic system.

We have another device called fiscal policy, in which Congress can make decisions about tax law. But no one thought of fiscal policy because 1) Congress reacts; they don't act. 2) It takes 'em way longer than it should. And 3) they always get it wrong. They overshoot or undershoot. So it isn't an instrument that can be used in a fine-tuned way.

So fiscal policy simply became something that was shoved in the attic. And no one thought about it. The problem was when we came in in '01, the recession that had begun in the last few months of the Clinton Administration, after a long expansion policy, began to manifest itself.

But the Federal Reserve began trying to control the money supply with a quarter cut. We've seen that recently with the new Fed. And I got to the point, after nine times, that I called it, One Potato, Two Potato. If you do that every time and you anticipate the Board of Governors the next time, and it will be a one quarter cut, the market anticipates what's going to happen.

It discounts it, and it doesn't have the desired effect. The other problem is if you take your quarter bite, and you do it for several years, you don't have many quarter bites left. They will ratchet it down to like one percent. What do you do when you get to zero? And they were very close to that. So what we did from the time we were sworn in January to April was to move a major tax bill, which cut individual income taxes and, by August, checks were being sent to individuals to be able to spend in the window of back to school, which stimulated the economy.

And, eventually, some might notice that fiscal policy came to the rescue of monetary policy at a time when the economy was simply going into the doldrums. When the Federal Reserve had nothing left in the cupboard, and our policy was pretty much right on, and timely. And we did it in a structure of Congress responding in a fiscal policy way.

You haven't seen it historically; that's one time it's happened. It may have been pure luck. I like to think maybe there was a little forethought, and a little planning which made it happen. But without that cut, without the money available in the fall, to bring the economy back, we would have been in a very difficult time. Not just in my opinion, but in Chairman Greenspan's opinion, as well. And...and he said he never thought, you know how they are, he never thought how to, would have to have fiscal policy rescue him. That's kind of fun.

DOUGLASS: Okay. And with that, and I hope you've all studied your economics, so that you've been following that very closely. Because that's actually a very interesting point. Who would like to go first? I'm going to call on people as you raise your hand. So, go ahead. What you want to do is go to the mike there. I think that's probably easiest.

DENNIS PETERSON: My name is Dennis Peterson. I'm a student at the George Washington University.

THOMAS: Where are you from?

PETERSON: Connecticut.

THOMAS: Okay.

PETERSON: Last year, Congress created a massive Free Trade Zone in the Western Hemisphere with CAPTA and I'd like to thank you for your efforts to make that a reality. Congress is now considering free trade with South Korea and Australia, on a bilateral basis. Do you think that free trade is always a good thing? And do you think bilateral is the way to go, or are larger trade zones the way to go.

DOUGLASS: And I would add to that one thing, which is do you think that the Presidents under whom you've served, or with whom you've served have led as aggressively as you would like on that? So you may answer his...

THOMAS: Yeah, because I think all administrations like to believe that engaging in trade when done correctly is a plus/plus, or a win/win situation. We have the free trade agreement with Australia. We're working on one with Korea.

Probably if I had my druthers, a multilateral agreement structure used to be the general agreement on tariffs and trades. It's now the World Trade Organization or the W.T.O., would be the preferable way to go. But the problem is that you have to get unanimity, and all you've got to do is go back in our history and realize what would have happened if we hadn't of decided to as the founding fathers said, "become subversive in the summer of '79". And decide that nine votes would decide things instead of 13.

You just can't get things done. My most recent example would be the Doha Round, in which we're now hung up on the multilateral. So absent multilateral a good solid, regional or bilateral is the only thing you have left. The Korean free trade agreement would be terrific. One, Korea is a major, major country in terms of GDP and trade. And that it would be a real plus for us. It's also conveniently located near another major country so that they could get the message that maybe if you

opened up your markets, I mean Japan, if you can open up your markets, we'll open up ours even more.

So Korea is very important. I hope we can get it done before the trade promotion authority expires. Congress holds that power. We delegate it to the President. And it has to be renewed. And it lapses periodically. CAFTA was a regional agreement. It made all kinds of sense. We're trying to work on a regional agreement in South America. But we have only two countries, principally: Peru and Columbia. Bolivia and Ecuador fell out of the Andean Agreement structure. But we're gonna continue to work on that. My preference would be multinational. My second preference would be regional. But if you can't do either of those, then you create useful, meaningful free trade agreements.

The free trade agreement with Singapore, relatively small country, is very important because with Singapore, a totally free trading country, we created a negative list. Almost always in free trade agreements, you list those things in which you will allow others to participate in. Everything else is restricted.

With Singapore, for the first time, we created a negative list. You only list those things that you can't participate in. Everything else is open to the free trade agreement. Which means, it's expansive because there's new ideas. There are new relationships as new technology allows you to carry on activities. Those would be available under the free trade. Only that narrow area that you agreed to reserve would be prohibited from the free trade. So the right kind of a free trade agreement is good. Basically, whatever I can get.

DOUGLASS: Okay. And how about you?

JENNIFER NEDEAU: Hi, Mr. Chairman. My name is Jennifer Nedeau. And I'm a senior at GW and I hail from San Francisco. My question has to do with education. Last year, 12.7 billion dollars was cut from education, specifically student college loan programs. Along with making cuts, it also seems that Congress hesitates to pour more money into education, even though education makes our work force more competitive in the global market. What is the rationale to these cuts? And are these cuts beneficial to our nation's future? Do you think that the increasing cost of college is putting a strain on the middle class, and how will that affect our democracy?

THOMAS: Well, number one, I'm an educator. That's what I trained for, and practice it. Some people say I'm pedagogic, so, by nature, that's the way I am. Of course, all you have to do is go back and examine the student loan environment of a decade or so ago in which the default rate was just enormous.

And you're not going to be able to continue a program which people abused

because the argument was people would get the loan, they would then pay it back. That would provide money for additional loans, seed money growing up into ears of corn, and being sent out. It didn't work. So you had to think about restructuring it.

The other problem that, perhaps, you haven't thought about was how easy it's been for institutions of higher learning to ratchet up their prices, knowing that government was responding and providing more money available. No one was judging it in terms of content, in terms of value for the dollar. So to a certain extent, we were trying to break that relationship between a relentless march of dollars and the hiking of costs. As long as you were inside the scheme and played the game, you were protected. Tax payers' money was fed to the increasing tuition costs.

We think there are cleverer ways to do it. And just as the actual dollar amount to feed this machine has been shrunk, please examine the opportunities that people have now to put money away at interest, dedicated to college tuition. How many institutions of higher learning, and how many states are cooperating on enrolling people automatically if they begin the investment in paying for college?

No one is against assisting people because all the statistics show that the more education you get, the better the economic deal for you. But also for the society. But I think it's not just a dollars and cents issue. Education is knowledge. Being able to better enjoy the environment, enriching yourself, being more knowledgeable about your interaction with the environment assists us, in terms of environmental policies and the rest. But it doesn't have to be a government dollar fed to an institution that has no conscience in hiking its costs because then no more money will be made available. But to the degree people put their own money away, at interest, tax-free, and expect to get something for their investment, I think you'll see a shift beginning to occur in institutions of higher learning. And I believe you're already beginning to see it. Take a look at Harvard's early enrollment policy drop. Princeton has just followed. All of these people, high academic achievers with money locked in, now being required to participate for a seat in a much more Democratic process.

DOUGLASS: Okay, thank you very much. How about in the back row there. Maeve, how about you?

MAEVE CAREY: Mr. Chairman, my name is Maeve Carey, I'm a graduate student at George Washington. I'm from Syracuse, New York. One of my colleagues and myself are currently working on a project about congressional retirement, which is relevant today certainly.

THOMAS: –the sum of it

CAREY: There are a number of works that have been done by political scientists

that suggest members of Congress retire strategically, so basically if they face a tough opponent, if their district lines have changed after a census or maybe because a term limit on a chairmanship might be approaching. So I'm just curious what your thoughts on that are. Do you think that personal reasons usually play a more important role or if it does tend to be more strategic reasons?

THOMAS: I, I think the, the basic answer is it depends. If you go back and examine the history for example of reapportionment, one man, one vote, Baker versus Carr, you began to see the kind of changes moving representation on an even basis. You saw a significant turn over partly because the world wasn't the way it used to be. When you saw financial disclosure come in and people realized that it couldn't be the way it used to be and that you were going to have to bare your soul and you were going to have to fill out various forms. You saw a significant turnover because people didn't want that imposition, and they would leave. Certainly-- you have what I call the phenomena that no incumbent gets beat. I believe incumbents beat themselves.

And so if you have a situation where you're personally in jeopardy you may quit. Simon and Garfunkle had a song, "Two steps away from the county line you know, one step ahead of the shoeshine." And that may be-- the reason some folks have retired-- recently. Was that a way of asking a general question personally? I--

(OVERTALK)

DOUGLASS: Let's-- let's make that more specific as to you Mr. Chairman.

THOMAS: There's no question that-- the term limits on chairman has an effect on my decision. I thought term limits on chairman were absolutely essential when we became the majority for the first time. Because of the distillation process, forty years of being in the minority and that you needed the best people, not just the one next in line, since there was no reason to wait in line when we were in the minority except for reasons probably secondary to being able to run a committee. But when you go through the third or the fourth iteration of this new majority the argument that you must step down, I think, weakens.

There are changes that can be made to allow for the reward of an extra term or two. And we've talked about it and it's under consideration. But remember, I was sixteen years in the minority, I have now been twelve years in the majority, I was chairman of a structural committee, House Administration, and I was able to completely restructure the way the institution of Congress runs. I have been chairman of what I consider the best committee-- because I get to deal in so many important areas, taxes, entitlements, health care, trade. And we have some major policies that we have been able to institute.

Now, obviously, I was lucky. I became Chairman of Ways and Means with a

Republican Senate and a Republican president. So if we were able to make law, we were able to shape it significantly. How many times do you want to do it? Add it up, it's been now 28 years, 14 elections. And so there may be one or two things that I wasn't able to do which people will dwell on. I like to look at all the things I was able to accomplish, and that's why I use Sandy Kofax as an example. Too many pitchers leave the majors when they don't have an arm. That's the reason they are there. When they lose it they leave. Sandy Kofax could have pitched maybe another no-hitter. He had four, one a perfect game, but he quit. Why? Because, how many do you need to do?

I want to walk out of here under my own power, on my own terms. And that's what I am doing right now. I am at the-- some people would use the cliché, height of your game-- but I've done a lot. I don't need to do more. Would I have liked two more years to coincide with the Bush-- two term presidency? Maybe. But you're running the risk of the off-year elections taking away the majority. There's always a risk. And so trying to stretch it just that much more isn't worth it.

DOUGLASS: Good question-- yes, sir.

PETER BRUSCOE: Good afternoon s-- good afternoon, Mr. Chairman. My name's Peter Bruscoe from the American University and from upstate New York as well. Earlier you referenced, that as Chairman of the House Administration Committee, your policy on not allowing exceptions, created-- some strife with some of the higher--some of the more senior members. As Chairman of the Ways and Means, how has your attempt to control pork-barreling or other special items in spending bills affected your relationship with your colleagues in the House?

THOMAS: Based on the whole earmark controversy right now that would be a pretty good question, except that Ways and Means addressed it a long time ago. We're charged with the responsibility of the tax code. That's a pretty sobering responsibility once you think about it. Because if politics is the process of who gets what, when and how, every other committee deals with it in a secondary way. The Agriculture Committee passes policy in which money gets voted for something to happen. Ways and Means changes a line in the tax code and you win or you lose. I mean it is just fundamental, raw politics. You need to be sober in what you are doing. If someone suggests a change in the code, your first question should be, what's the consequence? Who are the winners, who are the losers? What does it do to income? Is revenue decreased? Is revenue increased? To what extent does it conflict with another section?

So a long time ago, we created, along with the Finance Committee that has the same responsibility in the Senate, the Joint Committee on Taxation. It's a bi-partisan, professional group who analyze the legislation. The House is-- the House of Representatives is slightly different than the Senate. The Ways and Means

Committee is different than the House. Every amendment that's offered in Ways and Means has to be in written form. It has to have been analyzed by the Joint Committee on Taxation.

We know, the best we're able with the brightest minds we can get, the consequences of the amendment. So you know the author, you know the specifics, and you know the consequences. That's basically transparency in an earmark. And every piece of legislation is dealt with that way in the Ways and Means Committee.

So if someone comes to me and says, "Just slip this in," my first question is, "Do you have a joint tax estimate?" They say, "No we've got to get a joint tax estimate." My whole area of schmoozing with members is to try to get Joint Tax to speed up an evaluation of an amendment. Not change it, not make it look good when it isn't, but to simply give them the information as quickly as possible. But then of course, Joint Tax knows that I am not going to have them bump somebody ahead of the queue.

And so my job as chairman of the committee is to make sure that every member knows the consequences of their decision in a piece of legislation. What's the specific language? What does it do? What's the fiscal financial revenue tax effect? We are totally transparent and have been for a long time. Contrast that, of course with other committees that are now being required to identify earmarks and the rest.

So there is not a whole lot of room to schmooze, which is why I really like the arena. Because then it's a competition of ideas. The brief response I made to-- the question on education, just because the line item in the federal budget is reduced from giving money to go ahead and pay to schools doesn't mean you're not trying to support getting money for education in new and different ways. In the 527's and the other structures that we have dealt with, in terms of-- 529's, excuse me-- collecting money to be able to make that pot of money available and the cooperation between states and other agencies, is a whole new approach to helping fund higher education. It puts a premium on being creative, thinking outside the box, trying to solve problems in new and different ways that really respond to get people to help themselves. That's where the advantage comes in. It's a competition of ideas which I think is where it ought to be.

DOUGLASS: Thank you very much, yes sir.

CLAYTON MCCLESKEY: Mr. Chairman, I am Clayton McCleskey again from George Washington University and—I originally hail from Dallas, Texas. Back in March you told the Los Angeles Times that you weren't quite ready to read your headstone, your political headstone, that you had nine more months left. Well now as you head into this last stretch I want to ask you: Are you now ready to read your political headstone and if so what do you want to see on it?

THOMAS: Well I think I've picked out the stone. (CHUCKLE) But we still have a few weeks in this session and leadership is telling us we have a lame duck and –my familiarity with lame ducks is that if you're going to do it after the elections, then you're probably going to do it after the election in November and not get it done and come back in December. There are some real opportunities for– for doing some things there. The other thing I am trying to do is to find the most talented carver that I can find, because I don't think just a couple of pithy words or sentences– I mean, I want someone who can get in there and chip it pretty finely.

Because if someone's going to come and waste the time and energy to visit my headstone I'm going to make them read the fine print. (LAUGHTER)

DOUGLASS: Yes sir.

MICHAEL HAROLD: Good afternoon Mr. Chairman, my name is Michael Harold and I am originally from Portland, Oregon—kind of close. So you were one of the most powerful members of the House. Many in lesser positions of power within the House are jockeying for a seat in the Senate. They see the House as a stepping stone on the way to the Senate. Why have you chosen to remain as a fourteen-term incumbent in the House for twenty eight years and never run for Senate of California?

DOUGLASS: I love that question, and I am going to add a follow-up so you'll think about it while you are answering his question, which is: You have famously combative relationships with the Senate, the House and the Senate, so– so if you can fold that whole notion of why that's been into your answer.

THOMAS: A– actually it's not true. Don't believe everything you read in the paper. (LAUGHTER)

How else do I get all this stuff done in conferences and pass major legislation if it's always a confrontation? It's very simple. Your job is to try to figure out how to get people to yes. And it isn't always what they want, but you better know what they need. Because what you need to do is to accommodate through compromise so that everybody gets a piece of the action unless it's some egregious thing for themselves only, then you kind of compromise on it.

I'd say go take a look at Article One, Section Ten– describing the powers of Congress and what the House powers are and what the Senate powers are. And if you take a look at that– I found the House powers far more attractive. I guess the second reason was a realistic one. I found myself, although not born in California, in a state that at the time had 45 members of Congress now has 53. If you're going to run statewide you're going to need enormous amounts of money. I was able to get elected and move into a position and– enjoy doing what I was doing. Coming

from a faculty, it was a whole lot like an academic world and you get in and try to make things work and you could.

The Senate is-- a whole lot more-- like a feudal system, in which the lords deem to meet if they choose, and that every member has a veto which makes it very difficult. And I tend not to be able to function in that kind of a system, because-- one of the things that is true about me and that is-- if you can bring something to the table and it has merit and it's worthwhile, you get to sit at the table. But don't expect me to genuflect if you just bring you and that's all there is. And there tends to be much more of that in the Senate, frankly-- than in the House.

And by the time I got into a position of influence and if I had run for the Senate, I would have needed tens of millions of dollars 40, 50 million. I would get elected to the Senate, I would be a freshman in the Senate and I wouldn't even be allowed to go to the conference that, had I stayed in the House, I would have been chairing. For the title of Senator, it's not worth it. If you come to make policy, the House is the place to be. When you go back and check Article One, Section Ten all revenue bills originate in the House, Ways and Means Committee controls the revenue.

Trade, you go down a list of powers to initiate and the people's House has the power, in my opinion, to significantly influence the initiation of legislation. When you look at some of the major powers of the Senate, it is to advise and consent to the President's appointments, not unlike the House of Lords versus the House of Commons. I don't want to sit and pass judgment on someone else's selection of an individual who they're going to trust in their administration. I would much rather try to shape the legislative language that directly effects the entitlement programs of Medicare, Social Security, of taxes, of trade between nations, of fundamental economic decisions, saving money for retirement, saving money for education. All of that, because of the Constitution, can only originate in the House.

DOUGLASS: We have time for one more question from a student. How about you--the young lady there on the aisle.

KAREN RAMSEY: Hi, Mr. Chairman, my name is Karen Ramsey, I am from the George Washington University. Before you c—

THOMAS: Where-- where are you from originally?

RAMSEY: Pennsylvania.

THOMAS: Pennsylvania, okay.

RAMSEY: Before you came to Congress, you were a Professor of Political Science. And I was wondering, after all your experience in Washington-- up close with the

government, if you were to go back now and teach political science again, is there anything you would teach differently? Have you learned anything as being a participant?

THOMAS: Yeah, actually the answer would be not very much.(LAUGHTER) Because I didn't teach structure function, I didn't teach all that other stuff which I didn't think was important. Because politics, if you define it as the process of determining who gets what, when and how is applied to any institution. To look at the new structure, how Katie Couric got where she did, talk about business, talk to any of these major people in business it's all about interpersonal relationships, power structures and a decision matrix in terms of making things happen.

And frankly, too many people focus on the what, i.e. the process of what happened instead of the substance. So, what I taught was not the what, but the why and to a certain extent the how. So when you're trying to get people to yes you have to understand how they look at the world. And I found out early on that when people tell you the way the world is, they aren't telling you about the world, they are telling you about themselves. And if you agree with them, then of course you see the world the same way. But if you don't, then you've got to figure out how to get them to understand how you look at the world so that you both realize how each other looks at the world and you try to accommodate or compromise that world view.

And that is an interpersonal, ongoing, relationship-building arrangement. And that is what the House is, as is any other human institution. It just so happens, it controls significant power through the sovereign structure and the ability to coerce people. So you have to be even more careful with it. And it's an aphrodisiac even stronger than a lot of other institutions, although we've seen big business and people in big business succumb to it as well.

And so what I taught in Poly-Sci, kids would come back and tell me was Thinking 101. Conceptual frameworks, ideas. How do they go together to allow you to see the world, to see an option that someone else doesn't see; and how, when you communicate with them, why this option is better than theirs. The whole business is pushing people, getting people to accept your view of the world over theirs and letting their vote be with you. But since it's a pure voluntary arrangement you have to structure it enough in a way that they see a reason to be with you.

The idea that somehow politics is evil or all wrong or kind of uncomfortable because it's all accommodation and compromise, it can't be anything else in a democratic system. If you make decisions quantitatively not qualitatively, we don't have a king, you've got to make them quantitatively. Somebody's got to try to organize a structure that produces that majority. How do you do it if you have a voluntary vote? I have to give you a reason to vote with me. I can try to coerce you, I can try to bribe you, I can be the Chairman of the House Administration and give

you a waiver that would get your vote, but I mean, that's not comforting.

How about we sit down, I figure out what your needs are, we incorporate it together we build a process where policy has a core shaped by the need to get a majority and we make law. And that's why, going back to the original comment, you shouldn't even think about writing legislation that will endure. It will be so vague, so non-responsive to current needs that one, it will be very easy to vote for and it won't last very long. The process of a democracy coming to a conclusion is difficult and messy. It is a competition to get people to agree with you. But hopefully, it's on the level of ideas and policy and not other baser motives in terms of making the decision. And that's based on who you put in office.

DOUGLASS: I just want to ask one quick follow-up question because these students, so many of them are studying Congress. Congress has been in session fewer days this year than it has been over several decades. Do you think it actually matters— how much Congress is in session? There is a lot of talk about this, but I'd like to know whether you think being in session more would be a good thing or not. Does it matter?

THOMAS: Well, if you paid me—if you paid me by the hour (LAUGHTER), I think you'd find we would stay in session longer. I've never known quantity to necessarily generate quality. There's a certain minimum that you need, just because the legislative process is the introduction of bills, the hearing in committees, the decision in committees, the movement to the floor and so on. But the argument that somehow a defined work period is superior to product, I'll never understand.

When I was teaching, I told my class that I am supposed to stay here for 55 minutes, but if we can communicate and understand the core idea that I wanted to get across, and did it in a 1/2 an hour, then I'll meet you out by the quad and we can spend 20 minutes, you know, enjoying each other. But if it takes me an hour and the bell rang and there are five minutes left, you will have made up enough minutes in previous classes that I just want the rest of the time to make sure you understand it. Time process should not be the definer of work product. The quality of the work products should be the definer. And in a democracy, I'll underscore it once again, in a legislative process, it is accomplishment. It is making law. For those who criticize the process, I invite you to try it.

DOUGLASS: Thank you very much. That was excellent on your part and thank you very much Mr. Chairman.

THOMAS: My pleasure.

DOUGLASS: We really appreciate your time and your participation. (APPLAUSE)