

# Bloomberg Businessweek®

## Republicans Search for Their Next Big Brain

By: David J. Lynch - December 13, 2012

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After an election year of incremental policy proposals and endless primary-season absurdities, it's hard to remember that the GOP was once the party of big new ideas. In the late-1970s, the Republicans' best-and-brightest economists and thinkers emerged from Watergate's ashes to press for policies aimed at invigorating the economy, modernizing the U.S. military, and ending the Cold War. Put up against Carter-era Democrats clinging to a faded New Deal liberalism, Reagan Republicans were the cool kids, questioning old assumptions and testing new theories about the role of government.

On Ronald Reagan's watch, supply-side economists popularized the theory that cutting marginal tax rates would increase tax revenue. This led to the landmark 1981 Kemp-Roth tax bill that lowered the top marginal rate from 70 percent to 50 percent, setting Republicans' devotion to tax cuts in mortar. (It also contributed to runaway deficits: Big ideas aren't always good ideas.) A decade later, even as a Democrat recaptured the White House, Republicans continued to set the agenda. Bill Clinton lifted his lauded welfare reform law, a centerpiece of his presidency, from the other side.



MCDONNELL: MARK WILSON/GETTY IMAGES; SCOTT: JOE RAEDLE/GETTY IMAGES; JINDAL: LYNN GOLDSMITH/CORBIS; CHRISTIE: ANDREW BURTON/GETTY IMAGES; MARTINEZ: FREDERIC J. BROWN/AFP/GETTY IMAGES

Generously funded by conservative donors, Washington think tanks such as the Heritage Foundation, American Enterprise Institute, and Cato Institute gave Republicans an intellectual haven and kept conservative scholarship on the vanguard of the nation's policy debates. Heritage was especially visible, producing a 1,093-page policy road map called "Mandate for Leadership" that Reagan handed to each of his Cabinet secretaries. Edwin Feulner, the think tank's president, was a Ph.D. who knew his way around the Oval Office. The low-tax gospel formulated at Heritage propelled Republicans to White House victories in five of the next seven elections.

Now the Republican Party resembles the Democratic Party of a few decades ago: clinging to the old and wary of the new. With marginal rates at historic lows and many workers paying more in payroll taxes than income taxes, the old tax-cutting credo has lost traction with voters. As Republicans quarrel over whether to move toward the middle or stay firmly on the right, some party leaders are retracing their steps to figure out how they lost the spark of the Reagan years—and how they can get it back.

"An awful lot of it now is aimed at how we defend the old message," says Vin Weber, a former representative from Minnesota who's now a lobbyist. "It's not aimed at figuring out some of the challenges we face but at how to not deviate. That makes me a little nervous."

A growing minority of Republicans faults the rigid conservative orthodoxy of the Tea Party for the disconnect between the GOP and the public. In recent years, Republican candidates and congressional leaders moved rightward to win Tea Party votes, and to avoid its wrath. The movement's activists enforced obedience to a shrink-the-government gospel, threatening to unseat lawmakers who advocated negotiating with Democrats on the federal budget or debt ceiling. "I think the party has to go through pretty severe changes," says former Republican Representative William Frenzel of Minnesota. "We have to overcome the idea that compromise is weakness."

It troubles Republicans like Frenzel that the party that once championed ideas and scholarship now often seems proudly indifferent to facts. Few Republican officials will acknowledge the causes (or even the existence) of climate change. Many claim to doubt evolution. Senator Marco Rubio of Florida, often mentioned as a possible presidential candidate, said in November that the earth's age is "one of the great mysteries." (He later backtracked.) "There's a goodly number of people who think all you need to know is in the Bible," laments economist Bruce Bartlett, who served in the Reagan White House. During the GOP primaries, Rick Santorum, who has a law degree, even accused Obama of being a "snob" for suggesting that American students should aspire to attend college.

This suspicion of academics has made for tenuous times at the think tanks that once fed the Republican Revolution. They now struggle to find a path between dissent and perceived disloyalty and are increasingly under pressure from their funders to stick to the party line. In March 2010, David Frum, a former speechwriter for President George W. Bush, was pushed out of AEI after questioning Republicans' unified opposition to Obamacare. Cato settled a legal battle with Charles and David Koch after the conservative billionaires tried to take control of the respected and fiercely independent libertarian institution.

No longer the intellectual engine of the conservative movement, Heritage has run deficits for two consecutive years. This month it announced that Feulner would step down, to be replaced by Senator Jim DeMint of South Carolina, a Tea Party icon best known for raising money to fund primary challenges against Republicans he deemed insufficiently conservative.

Weber believes the shakeup will test the GOP's willingness to change. "We don't need Heritage to become more politically active, we need Heritage to become more intellectually active," he says. "We need their thinking now, their idea generation." (In an interview with Rush Limbaugh, DeMint said he'd protect the "sanctity" of the foundation's research.)

If the think tanks are indeed past their prime, it's the nation's GOP governors who are most likely to lead a revival of Republican ideas. Republicans now hold 30 statehouses, and in the weeks since the election, Chris Christie of New Jersey, Susana Martinez of New Mexico, and Florida's Rick Scott have been among the most outspoken critics of the party's failure to adapt. "There's a fight coming," says David Welch, former head of opposition research for the Republican National Committee, who argues Republican leaders have allowed Tea Party activists to dumb down the GOP. "It's a fight of ideas." Leading this fight may be one of its young stars, Governor Bobby Jindal of Louisiana, an Indian-American and potential 2016 presidential aspirant. A few days after the election, he offered this blunt advice at a meeting of fellow governors. To thrive, he said, Republicans have to "stop being the stupid party."

***The bottom line:*** *A growing number of Republicans, including prominent governors, are challenging the conservative orthodoxy of the Tea Party.*