

OPINIONJOURNAL'S POLITICAL DIARY

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Now Playing on WSJ.com: [Opinionjournal.com's John Fund talks](http://Opinionjournal.com's%20John%20Fund%20talks) with Ed Crane about Rudolph Giuliani's bid, why so many candidates are jumping in the race now and why Ralph Nader and Dick Morris could be stirring up trouble for Hillary Clinton.

February 8, 2007

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Landed Gentry

Harry Reid has put down a \$25,000 retainer to hire a most unusual lawyer to represent him amid questions raised by an Associated Press story concerning the Majority Leader's \$700,000 profit on a parcel of Las Vegas real estate after it was rezoned. The AP reported that Mr. Reid had not disclosed the transaction on his financial disclosure forms, a charge Mr. Reid vigorously denies.

Marty Singer is known as Hollywood's Uberlitigator and a take-no-prisoners libel lawyer. He has represented Britney Spears, Bruce Willis and, most famously, Arnold Schwarzenegger in aggressively combating negative media stories. In 2001, Premiere Magazine ran an infamous profile of Mr. Schwarzenegger accusing him of moral turpitude and sexual harassment. A flurry of threatening letters from Mr. Singer wound up cowing most media outlets from pursuing similar stories until just a few days before the 2003 recall election. Then, a Los Angeles Times exposé looked as if it was part of a last-minute political attack, and Mr. Schwarzenegger went on to win the recall election easily.



Harry Reid

The hiring of Mr. Singer is the surest indication yet that the Associated Press story has had an impact on Mr. Reid and that he plans to pursue his complaint with the AP aggressively. Watch for some legal fireworks soon.

-- John Fund

Who Will Be the GOP Supply-Side Candidate?

The early (but much accelerated) race for president on the Republican side has coalesced around the "Big Three" of Senator John McCain, former New York Mayor Rudy Giuliani and former Massachusetts Governor Mitt Romney. Messrs. McCain and Giuliani have commanding leads in the early polls: The latest RealClearPolitics Average gives Mr. Giuliani a small five-point lead over Mr. McCain nationally, 31.4% to 26.4%.

Mr. Romney trails the other two substantially, logging in at only 6.4%. But with George Allen's surprise loss to Senator Jim Webb in November, Mr. Romney is thought to be the most likely



candidate to emerge as the conservative option for Republican voters not enthused about either Mr. Giuliani or Mr. McCain.

Mr. Romney recently appeared to be reaching out to social conservatives with his high-profile fight against gay marriage in Massachusetts. However, a very damaging YouTube video of his 1994 debate with Senator Ted Kennedy opened him up to charges that his recent focus on social issues was little more than presidential political opportunism. With his campaign noticeably stalled in the last few months, Mr. Romney turned attention to the economy with a high-profile speech yesterday to the Detroit Economic Club, in which he promoted his vision of a tax-cutting administration that reduces entitlements, promotes free trade and lessens business regulation.

In a post-speech interview on CNBC with Larry Kudlow, Mr. Romney strongly played up his supply-side beliefs: "Raising taxes well above 18% of GDP would cause a slowdown of the growth in the economy, would reduce our employment and would reduce the wages and salaries of people in this country. It is a bad idea. Ronald Reagan, and before him John F. Kennedy, proved that by keeping tax rates low you create more jobs and innovation in this country."

Unlike 28 years ago when George H.W. Bush dismissed Reaganomics as "voodoo economics," supply-side economics is a well-accepted view in the Republican Party today and it is doubtful that either Mr. McCain or Mr. Giuliani would disagree with any of the Governor's broad points.

While Iraq has dominated the political oxygen for the last six months, as the 2008 Presidential campaign heats up there is likely to be a battle among the "Big Three" of Messrs. Giuliani, McCain and Romney to lay claim as the pro-growth, supply-side candidate in the GOP field. With the rapidly shrinking deficit and booming U.S. economy providing validation for the Bush tax cuts, this competition among the leading GOP contenders may lead the eventual Republican nominee to get behind a solid and perhaps bold supply side, pro-growth agenda -- including radical tax simplification, a flat tax and private retirement accounts.

At the same time, the Democratic Party will likely be turning away from the Clinton/Rubin economic approach of the 1990's to a more Jim Webb/John Edwards style populist, anti-trade, progressive approach to the economy. Though Iraq gets most of the airtime, the 2008 race could be a crucial turning point for the future of economic policy.

-- John McIntyre, managing editor of RealClearPolitics.com

Quote of the Day I

"If the conservative movement and Republicans don't understand how massive the Clinton coalition is, she will be the next president" -- former House Majority Leader Tom DeLay, in an interview with Politico.com, after a meeting with Republican lawmakers in which Mr. DeLay warned them privately about the wealth and clout of the Clinton fundraising network.

Quote of the Day II

"Sen. Hillary Rodham Clinton had a party at her house the other night for an elite group: about 70 fundraisers who agreed to raise at least \$250,000 -- and some as much as \$1 million -- for her presidential campaign.... Will she meet the standard of disclosure set by President Bush and every 2004 Democratic presidential contender except John Edwards and make the fundraisers' identities available? So far -- though we've been putting this question to the Clinton campaign since last Friday by telephone and by e-mail -- we haven't gotten an answer" -- editorial in today's Washington Post.

The Sanford Primary

COLUMBIA, S.C. -- Gov. Mark Sanford greeted a visitor at the State House dressed in shirtsleeves and wearing a baby-blue tie. "Come on back," he says, carrying a couple chairs to a quiet spot in the hall outside his office, which was occupied by a meeting that was dragging on. At 46 and a few weeks into a second term that he won by an impressive margin, the Republican Mr. Sanford can afford to be patient.

Over the past four years, he has instituted dramatic reforms in the state's Medicaid system, creating a model for employing a "private-accounts" approach to reforming other large entitlement programs. He overhauled the state's tax code to shift more of the burden from property taxes to sales taxes. Mr. Sanford's next target for bureaucratic reform: The state's public education system.



With a dropout rate of about 50% and a gaping achievement gap between black and white students, the old public education model is failing, he says. It still serves those who can buy a house in the right neighborhood or who have the political connections to get their child transferred to a high-quality public school. But large numbers of students are being cheated of a decent education. Taxpayer money is being wasted. Any political party or candidate, the governor adds pointedly, who doesn't join the battle for school reform can't remain politically relevant for long.

That last part might have been aimed at John McCain, Rudy Giuliani and Mitt Romney, all of whom have hopes of winning Mr. Sanford's endorsement in the all-important South Carolina primary next year, which may outstrip New Hampshire and Iowa in setting the 2008 field. At least one candidate seems to have gotten the message: At a campaign stop in the state on Saturday, Mr. Giuliani, who made a name for himself by challenging entrenched public-sector bureaucracies in New York City, spoke strongly in favor of school choice as a way to reform public education.

Mr. Sanford kept his counsel in our interview about whom he might endorse -- or even whether he might endorse someone. He was a John McCain supporter six years ago, and last week the Arizona senator was endorsed by a majority of the state's GOP legislators. But handicappers say Mr. Giuliani increasingly looks to be the national GOP front-runner, though the former New York mayor might need lots of help to get past local doubts about his liberal positions on gay marriage and abortion -- exactly the kinds of concerns that led to Sen. McCain's stinging defeat by George Bush in the 2000 South Carolina primary.

-- *Brendan Miniter*

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