

*A member of the U.S. Congress for 20 years, Republican Newt Gingrich was speaker of the House of Representatives from 1995 to 1999. Regarded as the chief architect of the Contract with America, he was also considered a major force behind the 1994 victory that established Congress's first Republican majority in 40 years.*

*In this interview, Gingrich discusses the Reagan revolution, Clinton's economic reforms, the philosophy behind free markets, and the influence of Hayek and Thatcher.*

## **The Libertarian Philosophy of Freedom and Free Markets**

INTERVIEWER: Philosophically speaking, what was the wellspring of your ideas? Were you influenced by people like Friedman or Hayek?

NEWT GINGRICH: No, I think I was influenced more by Adam Smith and by the founding fathers—Jefferson, Adams, Madison, Hamilton, Washington—and to some extent by the Whig historians of the 19th century. I was very much influenced by Goldwater's "Conscience of a Conservative" and by Reagan's speeches, starting with "A Time for Choosing" in October of 1964. I actually came to Hayek backwards through Reagan, rather than the other way. In my mind, at least, what you had was a clear over-development of the state in the 20th century as a vehicle for humans to organize their lives, so you needed a party of freedom that was committed, almost in the British 19th-century liberal tradition, to argue for personal choice for markets, for private property rights, and for taking Bismarck's insurance state and transferring it into a personal insurance system, as we're trying to do now on social security.

What I saw was a deviation from the long 18th- and 19th-century rise of freedom in the Whig tradition with four different patterns: the regulatory state in response to industrialization, where Theodore Roosevelt is probably the leading American developer of it; Fabian socialism with its British class warfare style, which never fit America, but the underlying anti-wealth, anti-achievement patterns did, [such as the] distrust of private property and private activity; third was Bismarck's insurance state, which gradually spread across the industrial world and which is essentially right if you can organize it so that people are insuring themselves rather than as a paternalistic bureaucracy trying to take care of you; and then finally, with Ludendorff's war economy in Germany in 1917, you really get what shapes John Kenneth Galbraith and a whole generation of younger economists, including Keynes, and that is the

power of the state for a very short time to mobilize power and wealth remarkably. What they didn't realize was that while you can do that for about the length of the second world war, which in the American experience is not quite four years, if you do it much longer than that, it creates its own internal distortions. [This] is exactly what Hayek writes about it and what Smith understood: that a combination of politics, bureaucracy, [and] the distortion of power in the long run is radically less effective than the market as a place to allocate resources. So you had, from 1917, compounded by Leninism and then by Maoism, this affection of the left for the state as an organizing system, which when I was a young person in the late '50s was really close to its peak. There was a sense [that] this is the intelligent, sophisticated future, and those of you who favor free markets and private property represent this obsolete past. What all of us who believed in freedom felt was that in the long run centralized commanding control systems decay and collapse, and that's a historic pattern. You have to concede at least that Reagan was far more right than most of his left-wing critics in his understanding of the Soviet empire and the fact that in the end it just couldn't keep functioning.

INTERVIEWER: Do you make a connection between free markets and personal freedom, personal liberty?

NEWT GINGRICH: Absolutely. In fact, so did all the founding fathers. That goes back to the English Civil War, which is really the wellspring from which the American model of freedom emerges. It is the English Civil War and the effort of people to protect themselves from judges who are instruments of the state, not instruments of justice, to protect themselves from troops in their houses, to protect themselves from the king's right to kill you. And it's out of that English Civil War that you begin to have the rise of what we now call freedom, [the] first truly mass democratic societies in history, even more than the Roman republic. I think it's inextricable if you read Locke, if you read Jefferson, if you read the founding fathers, it is inextricable that if you don't have the right to private property, if you don't have the right to trial by jury, if you don't have the right to vote and fire the people to whom you loan power, you don't have freedom. The idea of a socialist free society in the long run, as Hayek points out, is an impossibility.

**The Economic Weaknesses in Socialist Bureaucracies**

INTERVIEWER: What's the connection between free markets and free people? It seems a necessary condition in the eyes of a true free market.

NEWT GINGRICH: Start with a simple fact: If you earn resources, you should have the right to spend them. Now how are you going to know what to spend them on without a market? How are you going to know what the prices are without a market? Hayek's great insight, which, interestingly, mathematics only caught up with about 50 years after he wrote, is essentially the understanding of chaos theory. Hayek's intuitive understanding was that the sheer number of decisions made daily by humans is beyond the capacity of any bureaucracy or any computer to organize centrally. We now have in chaos theory, which is the most elegant current form of mathematics, a scientific explanation of Hayek having been intuitively right and of socialist bureaucracies scientifically incapable of exercising that kind of detailed control.

INTERVIEWER: Explain how socialist bureaucracies or overweening state bureaucracies encroach on personal freedom.

NEWT GINGRICH: Start with a notion that they may tell you whether or not you can build a house on your own property, they may tell you whether or not you can own a dog, they may tell you whether or not you can play music above a certain level in the evening, they may tell you whether or not you can drink on Sundays or Saturdays, depending on which state you're in. If you look at the Taliban, they exercise the right to tell women they can have no job, they can drive no car, and they can get no education beyond sixth grade. That's a pretty overweening level of power. Inexorably, if you look at the German system or if you look at the more expensive American states—New York would be, probably, the archetype—the more unionized you are and the more bureaucratic you are, the more likely you are to export your young somewhere else to get a better job. You have better growth rates in places that have fewer obstacles to freedom.

INTERVIEWER: The idea of Americans being less than free sounds pretty grotesque, however overweening the regulated capitalism was here.

NEWT GINGRICH: If you were to go interview a small-business person and ask them how many hours a month do they have to spend on government forms, how many restrictions do they have on who they can hire, what they can ask them, who they can fire, what kind of benefits they have to give them, what their occupational safety and health rules are, what their environmental protection rules may be, what the fire marshal will tell them, I think you'd be startled. In our bigger cities it's worse because you have to stand in line. There's a brilliant study by Hernando de Soto, a Peruvian economist, called *The Other Path*, in which he actually went and calculated how many hours in a Third World big city you had to stand in line to get licenses to be truly legal. Well, you go to Miami, New York, Atlanta, it is absurd how much the city government costs you for the privilege of creating jobs. You'd find, even in American cities, that we are, compared to the 19th century, dramatically more bureaucratic and dramatically more governmental.

INTERVIEWER: ... [So on the] relation between free markets and freedom, it's one thing America's been doing forever, trying to push democracy and freedom. But I think most people see there is a necessary connection between that and the free markets. Is that what Clinton and company were doing [in pushing trade liberalization]?

NEWT GINGRICH: I don't think Americans push freedom. I think Americans define what we believe to be a fact much like the Earth is round. We go around the sun. Humans are born with inalienable rights. It is every human's right to live in freedom. Let's start with that. We don't say that because we're pushing something; we believe that because we're so deeply inside ourselves that we're incapable of functioning otherwise. There may be very sophisticated Americans who can manage complexity and go and deal with dictators, but they're a distinct minority in this country. If you talk about freedom the great lesson being the Civil War, is that you have to have private property rights. You have to have the right to trial by jury. If you have private property rights, by definition in order to set the price on your property there has to be a market, otherwise the state can say, "You own your property, but by the way, I will decide what you sell it for." Then you don't own the property. The great problem in Russia for 10 years has that been in order to allow the oligarchs to loot the country, they wrote the law so that Western companies couldn't come in under the rule of law, didn't have private property rights, didn't have access to a true market. I remember talking to a very senior oil company executive at one point and saying, "Wow, it seems to me that this

natural gas business is a real bargain at this price." And he said, "Not if you don't own it." He said, "You just threw \$500 million away if you don't own it." It wasn't that that oligarchs didn't understand this. The oligarchs deliberately wrote the rules so that only the oligarchs could loot the Russian state at the expense of the rest of the Russian people.

### **Gingrich's Mission**

INTERVIEWER: What was your mission? What was the mission you set for yourself in the early '90s?

NEWT GINGRICH: Let me start by saying my dad was a career soldier in the U.S. army. In 1958 when I was a freshman in high school he took me to the battlefield of Verdun—we were stationed first in Orleans, France, and then Stuttgart, Germany—and he convinced me that society's dying. From that point on I was going to be either a zoo director or a vertebrate paleontologist, and I gave those up to try to understand history and the art of leadership and what it would take for America to survive. This was in a period, remember, when the French Fourth Republic had 100 percent inflation, they were fighting a war in Algeria, and, in fact, the paratroopers killed the Fourth Republic and brought de Gaulle back, temporarily as a dictator and then as the founder of the Fifth Republic. I lived through all that as a young American in an American facility....

My missions were always pretty straightforward: I wanted to defeat the Soviet empire because I thought without that, safety was permanently in peril. I thought it was a genuinely hegemonic force trying to find a way to dominate the world, unlike the current Chinese government or the current Russian government. Second, I wanted to significantly reshape the power of the state by a combination of welfare reform, tax cuts, balanced budget, and modernization. The use of computers, I keep telling people—"Look how efficient your automatic teller machine is; look how efficient your self-service gas pump is." How come government can't be that efficient, that accurate? And the gap is wide and widening, because the private sector is bringing new technologies to bear, and if we applied those technologies to health, my guess is we'd save 50,000 lives a year, minimum. But that requires us to really rethink all the government rules, regulations, and structure and so on.

In the early '90s I thought my first mission was to help the first Bush administration, with the singular exception of a fight over raising taxes, which I thought was a disaster for our party and for our case and which I think, tragically, was the major reason we lost in '92. But otherwise, as the Republican whip in the House I was helping them on virtually every vote, except that vote. When he was defeated, my goal was first of all to stop Hillary and Bill Clinton from imposing a West German-style, socialized medicine on the U.S., which was their biggest goal. My second goal was to rally our team, which had not been in power for 40 years, to create an overarching national theme, the Contract with America, to anchor that theme on core values the American people believed in, which included balanced budget, tax cuts, welfare reforms, stronger defense, and then by having the entire team run on these positive ideas. With the backdrop of an increasingly unpopular Clinton administration, we managed to first win control and then, for about three and a half years, to a surprising degree, to really impose our will on a city which just hated it. They didn't want to reform welfare, they didn't want to balance the budget, they didn't want to cut taxes, and they weren't in favor of a stronger defense system. It was a very, very difficult struggle.

## **The Reagan Revolution**

INTERVIEWER: What was the Reagan revolution?

NEWT GINGRICH: The Reagan revolution really was the reaffirmation by the American people that they believed in their own country, that they believed in free markets, and that they were prepared to defeat the Soviet empire. Ronald Reagan was the leader around who they rallied to achieve that. But it's the interaction between Reagan and the American people that made it so amazing, and it's his ability that's come to personify the kind of principal leadership they believed in.

INTERVIEWER: Why was Reagan so underestimated by so many people?

NEWT GINGRICH: I think for two reasons. One is, much like George W. Bush and Dwight David Eisenhower, he had a style of delivery being underestimated. He wanted to be underestimated. He worked at it very hard, and I think that he thought it was a great advantage as a leader to have people always surprised at how good he was rather than disappointed at how good he wasn't. That was a personal trait he developed. The other was

Reagan was so far outside the elite mainstream of ideas that it was inconceivable to the elites that Reagan could be a serious man. They knew he was a dangerous man. He might win the presidency, but they couldn't imagine that there was coherence and an intellectual rationality driving this system, so it was an enormous shock to them after he left office to suddenly realize that he had relaunched the American economy. He had rebuilt the moral of the American civic culture, and he had defeated the Soviet empire, which disappeared, a fairly conclusive evidence of victory.

INTERVIEWER: I think it was Gary Hart [who] might have described Reagan as a con. An old girlfriend described him as a nice but dopey guy, and there's a lot of people on the center left who regard him as a figurehead and not really as an intellect.

NEWT GINGRICH: If you are a left-winger committed to the belief ... that the United States does not have a unique system of freedom, committed to the belief that free markets are phony and everything is manipulated and rigged, the Hollywood model [of] business, committed to the idea that conservative values can't really have any core rationality to them, then you have to find a new explanation for Reagan. On the other hand, if you look at the evidence, the Soviet empire in 1980 was on our fence; by 1989 it was collapsing. The United States economy in 1980 had 13 percent inflation, 22 percent interest rates, and was going into the worst recession since the Great Depression; by 1988 we were in early stages of what has now been almost 20 years of economic growth. In 1980 Jimmy Carter could talk about malaise, the weakness of the American people, gasoline rationing, and the Iranians holding us helpless with hostages; by 1988 we were the dominant power on the planet. Now maybe Reagan was just this nice, goofy guy who pleasantly presided over all this, but if so, he may be the luckiest single leader in the history of the human race.

INTERVIEWER: And you think he wasn't just lucky?

NEWT GINGRICH: I think he was a man who understood underlying principles of human nature precisely as the founding fathers did, who thought about things very deeply but who understood that most of the time simple truths can be said in simple ways, and yet it's the repetition that gets you there, not the elegance of an [Adlai] Stevenson or the sophisticated Ivy League model of communication.

INTERVIEWER: Was it intuitive or intellectual in Reagan's case?

NEWT GINGRICH: It was both. Reagan was a genuine [intellectual] if by intellectual you mean person who believes in ideas. This is a man who read books for his entire adult life. He used to remind people in private that when you were on movie sets you could either play cards, which he didn't, or you could read. But you had long stretches of waiting for them to set up the next shot. When he worked for General Electric he learned a lot about labor management. He learned a lot about the economy. He learned a lot about science and technology, and on those long train trips—because Reagan didn't like to fly prior to his political career; he wouldn't fly prior to his political career—on those long train trips he read a lot of books. Mike Deaver in his new book about Reagan talks about how they'd get on airplanes and Reagan would promptly dive into reading. There's a new book out called *Reagan: In His Own Hand* which clearly indicates that Reagan wrote in his own longhand every radio address he gave from 1975 to 1979, and edited [them] himself. Now you read those and you can't help but say to yourself this is a very serious man who read widely, thought deeply, and who had the ability to communicate in a clear and simple language, and that led intellectuals of the left to assume that simple language meant a simple mind.

INTERVIEWER: Had he internalized people like Hayek?

NEWT GINGRICH: Absolutely. Reagan is the only president to have actually studied *The Road to Serfdom* and thought about [it]. He knew Hayek personally, [Peter] Diamond, he knew Milton Friedman personally. As governor of California he was deeply into these kinds of conversations. It's a little bit like learning how to cook eggs. Once you learn that there's a stove, there's a pan, there's water, you boil it, you put the egg in, that's a profound thing if you've never done it before. But once you've learned that you don't have to learn 700 permutations, you've learned it. Reagan's technique was for going for the basics—learning why freedom worked, why military strength worked, why American civic culture worked, and then communicating that over and over from different angles. But he had thought profoundly about the basics of what worked.

INTERVIEWER: You yourself had a dinner with Hayek, didn't you, during the Reagan years?

NEWT GINGRICH: There were a group of us, younger members of Congress, activists around the city. Hayek had come to the city to visit Reagan at the White House and we had the very good fortune—I think the Heritage Foundation sponsored it—to have it that evening with us listening to him. And it was intriguing to me to realize that there were men who had by force of intellect, and I would certainly say Hayek and Friedman are two of them, [they] moved the entire debate and began to change what had been for almost 70 years the dominant intellectual assumptions about how the world worked. You could see it happening, and Reagan was in a sense their popularizer. So he was this person who could take these people who were very profound but not very easy to communicate. I don't think you'd ever get Hayek on the *Today Show*, but you could get Reagan explaining the core of Hayek with better examples and in a more understandable language. It was a great thrill for me as a history professor by background to really see right in front of my eyes that a person could dedicate their life to ideas and have a very deep, very profound impact on history through people of action who read them and studied them.

Here was a man who had intellectually changed the world without really ever leaving the university. It was the power of his books, the power of his ideas as then captured by Ronald Reagan and Margaret Thatcher, that had changed things. And I really did feel like I was having dinner with a historic figure.... He was this very unprepossessing person who was very self-defined as an intellectual and had zero interest in politics, and he had helped change the world.

He came across as low key and pleasant but very self-defined. He knew what he believed. He wasn't particularly interested in worrying about people who were wrong. He was pretty cheerful about being pleasant and saying this is where the world's going. This was still at the peak of the Soviet empire, so it was a remarkable act of optimism on his part to be as confident as he was that freedom would win.

INTERVIEWER: What is your impression of the historical importance of Margaret Thatcher?

NEWT GINGRICH: Margaret Thatcher was the forerunner who made Reagan possible. The 1979 campaign was the direct model from which we took much of the 1980 Republican campaign. Reagan drew great strength from Thatcher, and her courage and toughness in

living through that first recession and toughness in the Falklands Wars rallied Americans in a remarkable way.

INTERVIEWER: What did she say to you? She gave you some courage about her first three years, [which] were very tough?

NEWT GINGRICH: She came by early on, and she said to me, "Never read the newspapers. They'll just confuse you. If they're positive your morale will be too high. If they're negative you'll be too low." She said never read biographies—you know yourself better than the biographer does.

INTERVIEWER: And her impact around the world?

NEWT GINGRICH: I think Thatcher and Reagan were the duo that defeated the Soviet empire, relaunched the legitimacy of freedom and free markets, and created the intellectual framework for the modern pro-freedom movement. In a lot of ways Tony Blair is Margaret Thatcher's adopted son. He has actually been running a fairly Thatcherite Labor government.

INTERVIEWER: Would there be a Clinton without a Reagan?

NEWT GINGRICH: Who knows?

## **The Contract with America**

INTERVIEWER: Remind our audience what the Contract with America was.

NEWT GINGRICH: The Contract with America was a set of principles for both reforming the House and for passing legislation to reform the government which all but three of the members of the 1994 Republican candidate class signed onto. [It] became both our campaign document that fall and the management document for the first 100 days of the new Congress, as we actually passed the things we promised we would pass. It included welfare reform, balancing the budget, cutting taxes, strengthening defense, and it was extraordinarily popular with the American people. We had the largest single one-party increase in voter turnout in history in 1994, an off year.

INTERVIEWER: What did the Contract with America spell out economically?

NEWT GINGRICH: Contract with America spelled out both an economic principle of lower taxes for more entrepreneurial job creation and the cultural principle that the work ethic mattered by having welfare reform and to force people to confront the need to go to work or go to school rather than be passive dependents on the state, and finally, to conclude the economic principle of hard money but insisting on balancing the budget, which we've not done consecutively for a number of years, and [we had not] done it consecutively since the 1920s. It set the stage for us to then do what George W. Bush was moving towards, and that is creating a personal social security account for everybody in America, which will be the individualization of Bismarck's insurance state.

INTERVIEWER: Were you surprised by the 1994 election? What would it feel like to suddenly find yourself the speaker in front of the [president] of the United States?

NEWT GINGRICH: First of all, we tried every two years from 1978, so we had lost in '80, '82, '84, '86, '88, '90, and '92. It wasn't like we woke up one morning merrily winning. We had spent an enormous amount of energy on actually building the momentum. We knew by mid-September that we probably would win control, and all of our planning from September on was for the speakership. The real reaction was quiet satisfaction, a sense that the system works, that standing on principle and arguing for really big changes could move things. [There was] a real sense of excitement that for the first time in 40 years our team was going to actually run the House. I mean it literally. Not since I was an early teenager had we had control of the House, and it was very, very satisfying and at the same time a very humbling moment.

INTERVIEWER: You're talking about big change in the air here, and I think it's symbolic [for you] to have hung a *Tyrannosaurus rex* in your office.

NEWT GINGRICH: Yes, we did.

INTERVIEWER: Why did you hang it up? What does it represent?

NEWT GINGRICH: We didn't hang it. It's actually on a large platform because a *Tyrannosaurus rex* skull is very big. I always wanted to be a dinosaur collector or a zookeeper, and [when] I had a chance to decorate my office like I wanted to, since I was speaker, I really wanted it there to break things up. I wanted it there to say, "Let's not take ourselves too seriously. Let's not assume that what we're doing is life and death." We decided it was a female because the brain cavity was too big to be male, so we called it "T. Rex Anne." Eighty-five million years ago Rex Anne was out there feeling very important, looking for something to eat, and so I just wanted to remind my members, "Let's not get too full of ourselves here. This is a long democracy. We'll have our innings, but there'll be other people who will get their innings, too."

INTERVIEWER: So change is inevitable?

NEWT GINGRICH: Well, not inevitable. Change is healthy and useful. It has to be fought for most of the time. It's not inevitable. It takes real leadership and real effort. But I think it's really important not to take yourself too seriously. Dwight Eisenhower used to have a rule that you should always take your job seriously but not yourself. I was trying to get across to my own members who arrived with this overwhelming sense of "Here we are, and we're in charge, and we want to do things," I was trying to remind them that this country's had 200 years of people showing up [with that attitude]. The next group will think they're in charge, too.

## **Contrasting Clinton and Reagan**

INTERVIEWER: Strangely enough, Clinton was in a way moving in your direction more than you realized at the time.

NEWT GINGRICH: I don't think he started moving until the summer of '95.

INTERVIEWER: What about the meeting he had with Jimmy Carter before he was president?

NEWT GINGRICH: When he was campaigning in 1992, according to the story he told me when we were working on NAFTA in 1993, President Carter flew up to see him in North Carolina during the campaign and talked to him passionately about the importance of the North American Free Trade Agreement and the importance of him being able to take on the unions on that issue. To his credit, that was [one of the] most courageous acts of his presidency, and

we worked with him very hard [on it]. The Republicans in the House provided a much bigger percentage of the votes than the Democrats did, and I found myself being the whip for Bill Clinton for that particular issue. We worked, we delivered, and it was very good sense of the future to think that we could reach out to Mexico and Canada and create a much bigger free trade area than we'd ever had before. It was, by the way, a proposal first articulated by Ronald Reagan when he launched his campaign in 1979. So as a Reagan Republican I felt a real pleasure at working with a Democratic president to make it come true.

INTERVIEWER: What argument from Carter convinced Clinton that this was the way to go?

NEWT GINGRICH: I think two things. One is that the larger the market, the greater the expanse of freedom and that, therefore, was really important. The other was that we have to be good neighbors with Mexico because it is too large a country to have the gap in income that we have today. We have to find a way to help Mexico grow economically so that we can be truly good neighbors.

INTERVIEWER: Even before he became president, Clinton was reaching out to Wall Street as well. Were you aware of this? What did you make of it?

NEWT GINGRICH: I was very aware of what Clinton was doing, and I always thought that Clinton was a very complex figure, a little bit like John F. Kennedy in that in some ways he can be very far to the left; in other areas—health care, for example, I think his proposal was impossible—in other areas he would actually be a centrist or even a center-right figure. He'd get tax increases in a way that was left wing, and then you'd get a Bob Rubin to come in and run economic policy in a way that was much more center right than it was left. I found Clinton to always be this turmoil of internal contradictions, but, unlike Reagan, there was no coherence intellectually to Clinton's worldview. It was a purely opportunistic—this piece will work, and that piece will work, and this will piece will work, and then we keep it all juggled and somehow we'll get something out.

INTERVIEWER: But Reagan had a point of view?

NEWT GINGRICH: Reagan was the opposite. The way I explain it to audiences, having studied this a long time, is that there's a biological principle that lions cannot eat chipmunks because they'll starve to death. Lions have to hunt antelope and zebras. Reagan understood that as leader of the United States and leader of the free world he was a lion. He got up every morning and had three antelope he was hunting: [to defeat] the Soviet empire, to rebuild the American economy, to restore faith in American civil culture. Then there were hundreds of chipmunks, because if you go in the Oval Office they all show up. He listened patiently; he'd smile and say, "You know, you need to meet Jim Baker," and Jim Baker became the largest chipmunk collector in American history. Reagan was very comfortable with that because he knew that if he just got his three [tasks] done, that would be a historic achievement. Clinton came in and he couldn't distinguish between chipmunks, antelopes, gazelles, giraffes. In the case of health care he took an elephant that was not doable, and so he had this turmoil. Bush is a reversion to the antelope-zebra model. He's got six things he's trying to get done. He used to have five, but he's added free-trade area of the Americas. He's going to be at those six things until he gets them, and he's very comfortable being almost slightly boring, which was the Reagan technique: to be personally so pleasant that you didn't mind hearing the same speech for the fifth time.

INTERVIEWER: What was it like to discuss economics with President Clinton? Did you actually see eye to eye?

NEWT GINGRICH: Clinton is probably the best graduate student to occupy the White House since Theodore Roosevelt. In a sense, Roosevelt was a genuine intellectual. Teddy Roosevelt wrote what is still in some ways the classic naval history of the War of 1812, for example, and [he] wrote very widely. I suspect talking to Teddy Roosevelt would have been like talking to Clinton. Clinton knew an immense amount; he just couldn't sort it. So if you wanted to talk to him, he would know a lot about Friedman; he would know a lot about Keynes; he would know a lot about various theories. There's no question in my mind that he would have read *Commanding Heights*. He would have read *The Prize*. He was omnivorous in his capacity to absorb information, but then what you'd find is that he found it really hard to remember what decisions he was making. So you had this wonderfully insightful graduate student bull session, and you'd leave, and you'd think, "Well, what did we agree to?" And you'd call back down there, and he'd say well, he didn't quite agree with that. What he said was if you see three

rainbows on Thursday without any rain and it's a day where the Delta flight is 12 minutes late then it is likely he will probably do this, so if he doesn't do it, he didn't lie. You missed some of the neurons of the conversation, which is your fault, because you should listen carefully. Reagan was the opposite. Reagan would not give his commitment very easily because he'd been for six terms the head of the Screen Actors Guild and he was a labor union negotiator. Reagan was very good at negotiating. Once he gave his commitment, Reagan was unbelievably tough in sticking with it.

### **Gingrich on Clinton and the Policies of His Presidency**

INTERVIEWER: When the battle began between you and Clinton, what was the big issue as far as you saw it?

NEWT GINGRICH: To start with, the tax increase of 1993 and the effort to expand welfare in the wrong direction, towards a more welfare state, more welfare workers, more welfare money to keep the poor dependent on the state. I would [also] say his approach to health care, which we thought would be a total disaster, moving away from personal choice towards a government bureaucratized system in the European model. So we had very head-on disagreements in 1993-94. Then when we got elected we were really serious about balancing the budget, cutting taxes, and reforming welfare. If you read Dick Morris's book about the White House to 1995, they are arguing internally up through June of 1995. Finally Clinton overrules them. Every liberal in the White House staff said, "You cannot be for a balanced budget," and finally Clinton just said, "Guys, we're going to lose. We don't have any choice. The country's decided." In that sense I would say the Contract with America was a lot like Reaganism in that the big things we picked were the nation's things, they weren't ours. After Clinton had vetoed welfare reform twice we passed it a third time in 1996, and the country in the *New York Times* poll by 92 percent favored welfare reform. Eighty-eight percent of the people on welfare favored welfare reform. At that point this is not a Republican idea; this is a Republican advocacy of an American idea. The balanced budget was a core value for 85 percent of the country for years, but nobody thought you could do it. So we said, "Look, if 85 percent of the democracy want something, why don't we just fight it... out in this line?" And what you found was over a year-long period they couldn't stand where they were. They couldn't stay with the left. What we didn't count on, which was a grand irony, was that in the process the left would come to fear us so much, and maybe to some extent me personally so

much, that Clinton could sell them out every morning. [...] So he signed welfare—"Say, we understand; you didn't have any choice." He'd sign a balance of budget—"Well, you're still our hero because at least you're not them." In a sense we gave him more maneuvering room on the left by the very specter of the world we were creating, which was a much smaller government, lower tax, more freedom, more entrepreneurship kind of world.

INTERVIEWER: According to Larry Summers [secretary of the Treasury, 1999-2001], you told Clinton that presidential veto was like a gun at your head. What gun did you have to hold to his head?

NEWT GINGRICH: The biggest advantage we had was public opinion. We were consistently allied with the American people on the big issues. He was consistently able to outmaneuver us on the little issues. So he could make flood relief to North Dakota look really bad and like we didn't care because we were in the middle of some complicated fight and he had the power of the White House to communicate, "Boy, those guys aren't being very nice." We really had to go to the country and say, "Balance the budget, cut taxes, strengthen defense, reform welfare," and what happened was you had this crushing power of the American people, so when Democrats went back home and when the president's pollsters did polls at night—and they did polls every night—they suddenly said, "Gee, we'd better co-op these because they are so big." It's a little bit like trying to canoe from New Orleans up to Minnesota. You physically cannot canoe that way. [It would] be very difficult to do. We were trying to come down from Minnesota to New Orleans, flowing with the river of public opinion, and over time they just decided they couldn't survive unless they co-opted this. I wrote in a paper which was actually released during one of the fights [that] we had an investigation, and we released a million pages of documents that showed people how [the party] did this you know. Drove the liberal Democrats nuts because in one of the papers we'd written in 1994 we said, "If the president decides to co-opt this, we can't stop it. He's the president; he'll get away with it. But in the process he will betray all the core values of his party." And when we went through a hearing at one point, they asked me [about it], and I said, "I don't know why you're mad at me. We were describing reality here. Bill Clinton saw survival with the right or defeat with the left, and he picked survival." I think that's what happened.

INTERVIEWER: What about the shutdown, though? Was this suddenly the big cannon that you could point at Clinton?

NEWT GINGRICH: We misunderstood how that would work, and I think in retrospect it was one of our two or three biggest misunderstandings. Bob Livingston, who's the chairman of the Appropriations Committee, and John Kasich, who's chairman of the Budget Committee, will both tell you, to this day, that they believed it was unavoidable. It was like the alcoholic going cold turkey. You had to have the shock effect of doing something like that to get this city to take it seriously. They may be right; I certainly thought at the time they were right. What we didn't understand was all through the Reagan and Bush years every time there was a threatened shutdown, it was the president who caved. And what we figured out after it was all over was that people in 1980 to 1992 saw the center of power at the White House. During 1995 they saw the center of power on Capitol Hill. Whoever is at the center of power has the responsibility not to shut the government down, and so we misunderstood literally how much power had shifted for that one year. It was a very temporary period, but there was a period which is almost unmatched except for maybe 1811 with Henry Clay, in which power literally had moved a mile down Pennsylvania Avenue to Capitol Hill.

On the other hand, if you look at the agreements that were cut, when they reopened the government, it's the only the second time in modern history that we actually cut domestic spending, and we cut \$53 billion. Now whether you could have done that without the shock therapy? As you watch the Japanese right now trying to reform their system, you have to ask yourself what kind of shock does it take when you have a system that has, for 10 years, not done something? Remember what we were trying to do. We had a system which had a 61-year federal welfare program. It had a 70-year track record of not balancing a budget. It had not cut taxes in 17 years. So when you talk about those three changes occurring simultaneously, whether or not you could have done that without shock therapy, I don't know. Certainly it hurt us in the short run. Although remember, after the shutdown we retained control of the House for the first time since 1928. We do it while reforming Medicare, we win a majority of senior citizens votes for the House, and we do it while losing the presidency. For the first time in American history, that Republican House survived while a Democrat president was elected.

INTERVIEWER: You don't think it hurt you in the long run?

NEWT GINGRICH: It hurt us in the elite media, but I think the country at large, in the end, was with us. We've now had four consecutive Republican Congresses for the first time since 1922.

INTERVIEWER: The final negotiations were held in a blizzard. Do you remember that?

NEWT GINGRICH: Oh, absolutely, vividly. We spent an amazing number of days in the White House. It was kind of like *Survivor*. You were there day after day after day. Clinton would argue. [Michael] Dolan would argue. It was amazing to watch.

INTERVIEWER: And what was it like with that blizzard?

NEWT GINGRICH: Dolan and I would get in a car, usually a four-wheel drive Suburban, which is what I was using at that time, with the Capitol police. We would trundle down to the White House. The whole city was closed down at one point—literally, the government was shut down. You could barely get through Pennsylvania Avenue. And you'd go into the White House, and they'd have a roaring fire, and you'd have hot chocolate or something, and you'd go to work. It was cold, and then you'd argue for 10 hours and then you'd get back in the car and trundle back up through these streets in a four-wheel drive vehicle to get back to the Capitol. It was a mess, and it was all through Christmas, and it was very difficult. But you also had the sense that this was a little history, that you were in the middle of a negotiation that, if it succeeded, would change permanently the direction of the American government on issues that really mattered.

INTERVIEWER: And they did?

NEWT GINGRICH: Take the 70 years of deficits and look at the current balance budget. Take the fact that you couldn't have dreamed of going to personal social security accounts. You can now afford to put over \$2 trillion into personal social security accounts. Take the fact that we've had a 50 percent decline in welfare in this country as people go to work and go to school. It seems to me that there's no way you can go back and take all the news coverage of

1994 and project the America we are currently in, any more than in 1979 without Reagan you could project 1989. In that sense we had a big impact.

INTERVIEWER: Can you describe how a few weeks later Bill Clinton gave his State of the Union address in which he proclaimed the end of big government and how you felt?

NEWT GINGRICH: Oh, it was just great. It was fun. Again, you have to have a sense of humor. This is part of why I kept the dinosaur around, to remind myself that these things happen. First of all, I'm sitting there as the host. I'm the speaker of the House, [so] I'm sitting behind the president. He is my guest, and you know he's going to give a great speech, and you know that he's one of the best performers of modern times. And you know it'll just be total baloney. He'll say what ever his pollsters told him to say to get reelected, and you know you can't do any thing about it. So you just have to have a sense of humor. I thought that from the left standpoint, having Clinton say the era of the big government is over was in fact intellectually a capitulation that they have never recovered from. So you could argue that Clinton was the best tactician of our period and that I was essentially a strategist but not a tactician. He could always beat me tactically. As president he had the power of the White House, he had the capacity to maneuver, but my interest was that if I didn't get him to say "The era of big government is over," then millions of young Americans out there would go, "Okay." I think he helped set the stage for personal social security accounts because he legitimized the notion that maybe big government is not the answer. If I can get him to sign welfare reform, even if it helps reelect him, it ends the 61-year federal entitlements, the first major rollback of federal government since the New Deal.

INTERVIEWER: Is that really what happened? Who really won? Isn't it the Democrats who got the credit for what were Republican policies?

NEWT GINGRICH: Let me go back to the basics. We've kept the House for four terms; we've kept the Senate for four terms. We won the presidency in 2000. It seems to me that normally you would have to say that we did pretty well. Somehow this is the only city I know where the people who win are described as losers. I would be speaker again, which means they would explain that we didn't win big enough or then he has to become speaker. But somehow that part seems more legitimate in the liberal media, even though Gephardt is now the longest

serving Democratic minority leader since Champ Clark under Woodrow Wilson. You have to say to yourself, "Isn't there a point here where somebody in the media is going to notice we kept winning?"

INTERVIEWER: Isn't it a general trend around the world? You could say Chile, or Britain, for that matter, where you have a central-left government which has appropriated liberal economics but hasn't actually changed anything fundamental?

NEWT GINGRICH: I think it's fair to say that you've seen a pattern for some level of central-left victory over exhausted conservative governments. If you look at the Thatcher/Major cycle, which is the longest cycle in modern British history, they just got tired, and it may take another round for them to begin to recover. If you look at the continent it's a different thing. There is no Hayek, von Mises, Friedman, Reagan, Thatcher, 19th-century liberalization on the continent. There is no tradition of anti-statism on the continent. So if you go to Germany, for example, you have two shadow parties that are images of each other. You don't have the kind of clear change you have in the United States or Britain.

### **The Aims of NAFTA**

INTERVIEWER: How did you deal with conservatives in your party who opposed NAFTA?

NEWT GINGRICH: It wasn't necessarily conservatives. It was more protectionist versus free market. Many of the most conservative members of our party are very free market and were Reaganites, and so they were for it. Our big problem was to try to narrow down the number of folks who [were against it] either because they had textiles or they had something [like] tomatoes in Florida. There were a number of very specific problems, and what we tried to do was either find [a] solution or sweet-talk them. You didn't always win, but we were able to with tremendous help from the business community, an effort that was led by Ken Cole at Allied Signal, there was just a brilliant grassroots effort and really the most effective I'd worked with, frankly, in Congress. We were able to get across the notion that in the long run you were going to have lower prices in the U.S., more jobs in the U.S., and that if you're going to have overseas production, it's better to have it overseas in Mexico than have it overseas in Thailand or China.

INTERVIEWER: Why?

NEWT GINGRICH: Because it increases the wealth of your nearest neighbor, and it's very much to America's interest to have a healthy, productive Mexico with a very high standard of living. Any time you have 100 million people next door, if you have the level of income differential we now have, you have to expect ultimately for a quarter of Mexico to move north. On the other hand, if they are earning a very good living, if they're your customers, if they're enjoying stability and freedom and safety, then you have a natural migration both ways—Americans who may retire to Mexico or may go to work in Mexico, or who may teach in Mexico; Mexicans who come here. But it's a much healthier relationship, just like living in a neighborhood where you'd like to have neighbors who are able to come over for dinner and you're able to go to their place for dinner and the gap isn't so wide that there's any hostility.

INTERVIEWER: Does globalization make that kind of protectionist impulse irrelevant?

NEWT GINGRICH: No, it's not irrelevant. You always have the right to rule in your country, and there are a number of cases in history where countries have been ruined by their political leaders. It's amazing what Perón, for example, did to Argentina—lowered its standard of living dramatically compared to most of the other countries around. Look at Russia: Bad economic policy in Russia [was made] at the expense of every other Russian for a decade. So I wouldn't say that it's inevitable, but I do think the argument for a worldwide market and the argument for the ability to buy and sell worldwide is that more people will be wealthier, the environment will be safer and healthier, and the health of the human race will be better. There is no sound intellectual argument against that.

### **The Mexican Peso Crisis**

INTERVIEWER: The Mexican peso crisis: Rubin says he came to see you and that you were extremely farsighted. You said it was the first crisis of the 21st century. What happened? What did you mean?

NEWT GINGRICH: Actually, he called me first. I was at a restaurant and they came and said the secretary of the Treasury is on the line. I got on the line, and he said, "Greenspan and I have a problem. We believe if we don't move very decisively that the Mexican peso will

implode. If it implodes, the Mexican government will become very unstable, and we believe you could have a wave of five to nine million people walking north to find jobs. It's a very serious immediate problem." And he said, "I have the legal authority to use our currency reserve to bolster the peso, but it will be politically very controversial." I said to him, "This is the first real-time worldwide financial crisis of a kind that will become very normal." And I didn't realize at the time that you get to Thailand and Brazil and Russia and Indonesia and South Korea, but it just seemed to me as somebody who had studied Alvin Toffler and studied the future and spent time looking at these things that this was the beginning of a much more real-time world. You don't have the kind of long conversations that you used to have. So I said instinctively, "I'll back you." I wasn't even sworn in yet. It was in December; it's either November or December of 1994. But I felt that as the newly elected Republican speaker, and partly because I'm an Army brat and we always believed in buying partnership in foreign policy, that you really couldn't undermine the secretary of the Treasury and the chairman of the Federal Reserve in open ground. Now, for some of our members, that made them very angry, but we simply used the power of the speaker. We just didn't bring it to a vote.

INTERVIEWER: At that point, did you foresee contagion, as it's called?

NEWT GINGRICH: No, in 1994 I wasn't so much worried about contagion as I was worried about Mexico. I've had a long and deep concern about the development of Mexico as a free society and a prosperous society and one that has a rule of law. I think it is absolutely the most important American foreign-policy concern in the world because of the size of the Mexican population, because the degree to which we have relationships on both sides of the border. I read Milton Eisenhower's *The Wine Is Bitter*, written in 1958, talking about the absence of an adequate American policy towards Latin America. I read that when I was at high school, so I had a long sense [that] we're not good enough neighbors to Latin America, and there was a directive. Now when you get to the Thailand, Indonesia, South Korea, Russia, Brazil problem, then I was worried about contagion.... I'm just as I'm concerned today with Japan. You've always got to look for a marginal event which could have a triggering effect—dominoes, to go to Vietnam language—and I didn't see that in Mexico, but I did see that when you got to [the] November 1997 problems in Thailand.

INTERVIEWER: Going back to the peso crisis, why couldn't you deliver some of your own Republicans?

NEWT GINGRICH: They didn't believe in it. They didn't trust Clinton; they didn't trust Rubin. They didn't believe the U.S. should intervene. Some of them were free marketers who didn't believe in an intervention as policy. They thought that the secretary of the Treasury is basically bailing out his friends in Wall Street, that they were the ones that would get the money in the end because they'd made all these stupid loans. So we were eliminating moral risk, moral hazard in a way that's bad, and there was a very strong intellectual case for that. From a Hayek/Friedman model you would probably say they're right. The question is whether or not at the very beginning of the first Republican majority in 40 years you want to consciously take on the administration and be the people who are willing to see Mexico collapse, and that struck me as just nuts. There was no rational way to do that. My goal wasn't to convince them; it was to use the power of the speakership to block the vote, and as long as we blocked the vote, Rubin was fine. We didn't have to win a positive victory; we had to win a defensive victory.

INTERVIEWER: Isn't there a permanent tension in America, which means its world role, its dominance in the economy, and its reluctance to become entangled in foreign affairs?

NEWT GINGRICH: No, I think people say it that way, but that's not what happens. We are the most entangled nation on the planet. We have more troops in more countries than anybody else in the world. We have more corporations in more countries than anybody else in the world. We have more tourists in more countries than anybody else in the world. And by the way, we have more people from the world living here, and there's no other country in the world that can say with a straight face virtually every language is spoken in the United States. Virtually every place there's a crisis there are relatives here. We are entangled; that's not the problem. The problem is the legitimate question [of] what can you do effectively and how can you [do it] as opposed to just wasting your energy and wasting your time and throwing away your resources. What do you have to do? We had to defend ourselves in the Soviet Union, that was a big deal. I believe we have to be close to Latin America and particularly close to Mexico. On the other hand, do we really have to be in the middle of dealing with Indonesian government? It's a very important country. It's a big country. We certainly have an interest

there. But whether or not we can effectively influence Indonesia is a question that's legitimate to debate without being an isolationist.

### **The Impact of the Asian Financial Crisis**

INTERVIEWER: What was your reaction to the Asian crisis?

NEWT GINGRICH: I remember we were on vacation over Thanksgiving, and Rubin called me and said, "They've a real problem in Thailand." Here's how it relates. The declining confidence in Third World banking meant that [the crisis in] Thailand was spreading very rapidly to Indonesia, South Korea, and other countries. I said, "Well, I'll try to be helpful," and I'm supporting, and I talked with Ian Allen and with various others at length about it, and they came and visited and we talked about it. Then when Thailand seemed to be doing all right we had the emergence of the Brazilian problem. We spent two long afternoons, in part talking about the impact of emotion on markets, and the old book by [Charles P.] Kindleberger, *Manias, Panics, and Crashes*, and the tulip bubble in Holland, and then agree you had to find a way to ride these emotions but keep a safety net so that the system didn't break. You couldn't stop the emotions. You didn't have enough power in the world to stop money from fleeing, but you could make sure that when it was over the system hadn't broken down.

It was a very interesting challenge, because I think that the free-market parts of the world are growing at a rate radically faster than the governmental parts of the world right now. The relative power of the European Bank and the Bank of Japan and the Federal Reserve is much smaller today than it was in 1980. If you look at the capital flow on an hourly basis today it is a volume of money that the Federal Reserve has a very marginal impact on, and where Greenspan has bridged this is the belief in him personally as a form of currency. Alan Greenspan is probably worth a percentage point in U.S. Treasury bonds right now. The question should be whether or not beyond the Greenspan era we can find mechanisms that enable us to manage the flow, because it was once thought possible for governments to actually directly shape these things. We now know that the 19th-century classical economists were right: The government can have an impact on these things, but it can't really shape them. It has to ride herd on them but it can't stop the herd from moving. We're going to see some very substantial changes over the next 10 or 15 years in how the international economy is managed.

INTERVIEWER: After it was all over Rubin, Summers, and Greenspan were on the cover of *Time* magazine, called "The Committee to Save the World." Did they deserve that accolade?

NEWT GINGRICH: In the sense that if you look at the very legitimate decision to overinflate American currency in 1998 leading to the dot-com bubble and leading then to the pain of the last year because in their judgment that was less risky than the collapse of Thailand, Indonesia, etc., they certainly managed the system much better than the Bank of England and the Federal Reserve did in 1931. I'm not saying we were on the edge of a Great Depression, [but] we could have been on the edge of a very serious long tummyache. They deserve a fair amount of credit. As a team they were remarkably effective.

### **America's Concept of Freedom: Ideology or Identity?**

INTERVIEWER: We've interviewed Lee Kuan Yew [senior minister of Singapore], who says that after the Cold War, Clinton, Rubin, and company were pushing trade liberalization and democracy. They described him as "more ideological than the Communists." Now is that true, and if so, was it a good thing?

NEWT GINGRICH: Well, the senior minister is a remarkable person, and I hesitate to take him head-on. I believe for most Americans a belief in freedom is self-definition. It's the thing the world least understands about us. We don't describe freedom because it's an ideology; we describe freedom because it's who we are. It's who migrated to this continent; it's the myth we tell ourselves. It's the whole sense of the cowboy; it's the whole sense of the entrepreneur; it's the whole sense of the hero as the normal person. Foreigners must just find us very hard to deal with. In the case of the senior minister, he has a very structured society with a very long Confucian tradition. He has been a semi-authoritarian leader who has been very successful. Singapore is one of the great economic success stories. But I think he probably finds the turbulence and chaos of a multiracial society of entrepreneurial openness a little disturbing. Clinton was only always going to be a salesman. There's a difference between Clinton and Summers and Rubin. Clinton was a salesman; it's just a question of what he's going to sell. And he happened to have succeeded Reagan, and so he was selling freedom because it was the right thing to talk about. I happen to think that's right. I don't think that it is particularly ideological to suggest, for example, that the people of China ought to have the right to vote, the right to have free speech, the right to own property, and the right to have a

market. Our Declaration of Independence said, "We hold these truths to be self-evident, that all people are created equal and endowed by their Creator." [...] We don't say "all Americans." It's a quite radical document and was written by the founding fathers as a radical document. It was a statement for the planet.

INTERVIEWER: Was Bill Clinton being a salesman for free trade as well as freedom?

NEWT GINGRICH: I think so. I think he was trying to find ways to open up more and more markets. He believes in that. But interestingly, in terms of where I come from, in terms of the Friedman/Hayek model, where I would give them very bad marks is the advice they gave Japan. They gave them pure Keynesian advice, which was just nuts. The Japanese have tried for a decade to reflate the their economy through public spending, and you can't do it. You have to go through a restructuring of the Japanese capital system, and you've got to get rid of the bad bank loans, and you've got to open the system up to competition, and until they do that, Japan is going to continue in the doldrums. I hope that the new prime minister is going to be successful, but if he is he'll be successful the way we were in 1995. He will knock down his opponents because he will not be able to compromise whether to get anything done.

### **The Need to Bring China into the Global Economy**

INTERVIEWER: Was it a good thing to allow China to become an open trading partner?

NEWT GINGRICH: Absolutely.

INTERVIEWER: Do we hope that the market system will actually bring freedom to China? How will that work?

NEWT GINGRICH: First of all you have one billion, 300 million people, and you're thinking strategically. You have an infinitely better future if they're your friends than if they're your enemies. So any step we can take with the Chinese people, not the Chinese government, to trade, to have student exchanges, to have tourism, to have American businesspeople in China and Chinese people in America, anything we can do to increase the interchange with the Chinese people is to our long-term advantage and the long-term advantage of the human

race. If the Chinese people and the American people end up as friends we will have a safer, freer, and more prosperous planet. If we end up in a new Cold War, it'll be a mess.

Second, the Chinese government is a dictatorship. It is a timid, frightened dictatorship, rigidly holding on to power and engaging in repression at a level that tells you how weak it is. You do not repress people who are having breathing exercises unless you are paranoid and terrified. And that's what they are and the regime is because they have seen the collapse of Russia. They have seen in their own history the Taiping Rebellion [1851-1864], where 70 million people were killed. They've seen the Boxer Rebellion of 1900. They have seen in their own lifetime people take to the streets.... They saw the great leader of modern China sent off to prison for a year. So from that standpoint, losing control could be for them, personally, a life and death decision. I'm not saying that their fear is wrong or their timidity is wrong. We're not the Chinese government. We should be respectful of the Chinese government, encouraging the Chinese people, and quite happy to explain what we think the rights of the Chinese people are.

INTERVIEWER: But why [would] trade make the Chinese like you?

NEWT GINGRICH: Trade increases the likelihood that you and they will engage in win-win activities. The difference between politics and trade is that in politics I may take something from you to give to somebody else, even though you don't want to lose it, so I raise your taxes. I charge you a fee. I confiscate your farm. In a free market you only do the things that make you happy in order for me to get the things that make me happy, and if we're not both happy the trade doesn't occur. So free markets dramatically lower the friction of human relationships and increase the relative pleasure and the relative success of human relationships. The more the Chinese and Americans [sit] down together to create more wealth, the happier they'll be with each other, the less likely we'll have conflict. I've always said that was true in the Palestinian-Israeli conflict, that if you could find a way to launch genuine joint ventures of Palestinian and Israeli entrepreneurs who could only succeed together, you would in a matter of 10 or 15 years have a significant shift in attitudes.

## **The '90s Boom and the Growth of Globalization: Clinton's Legacy?**

INTERVIEWER: Clinton gets a lot of credit for the 1990s boom. Does he deserve it?

NEWT GINGRICH: I think the president deserves 5 percent of the credit and the Congress deserves 5 percent, Greenspan deserves 5 percent, and the American people deserve 85 percent. None of us invented Dell Computing; none of us invented the human genome project; none of us went out and invented high-definition television or you name it. So let's be a little modest here. The nature of Adam Smith's writings and the nature of the Federalist papers is that a limited strong government should create an environment in which people can pursue creating wealth and pursue happiness in a safe way. What the politicians should try to do is minimize the destructiveness of government and then encourage positive behaviors but be realistic about who does the work every morning. It's not the elected official.

INTERVIEWER: How far did Clinton shape globalization as we know it?

NEWT GINGRICH: I think that he helped it with NAFTA and betrayed it tragically in Seattle. I think his speech at Seattle was an absolute disgrace and an act of strategic defeat for him. He left office having failed to get fast track, having failed to move the unions at all, and having lost control of his own party, which repudiated him twice in efforts to get fast track. I would say that Clinton early on was very helpful. You could argue he was somewhat helpful with China and in the World Trade Organization, but on the core issues of expanding the world's understanding of why free trade expands well, improves the environment, increases our capacity for people to live together, I think he was a surprising failure.

INTERVIEWER: How do you explain the Seattle betrayal, as you call it?

NEWT GINGRICH: They were gearing up for the election, and appeasing the unions to elect Gore was more important than standing for free trade. I don't think it's complicated at all.

INTERVIEWER: Why do you feel there's a growing backlash against world trade? Do you feel that, for whatever reasons, the pendulum may have begun to swing the other way?

NEWT GINGRICH: There's a permanent struggle over world trade which goes back at least to the 18th century between the rising trading system that had begun in the West but was now worldwide and a couple of things: Local politicians who want the right to rip off their people. Local industries who want the right to be protected so that they can rip off their people. Cultures that aren't compatible with entrepreneurial hard work. Whether you're talking about tribalism or whether you're talking about some religious values or you're talking about local dictatorships, free trade is an enormous threat to their way of life. But if you're talking about the ability of the average person to create wealth, to live in prosperity, to have safety and freedom, then free trade has been consistently, for almost 300 years, one of the most powerful forces of expanding human life, human freedom, and human quality of life on the planet.

**Predictions for the Future of Globalization: "Riding on a Wild River"**

INTERVIEWER: You mentioned substantial changes ahead in the next 10, 15 years. When you look ahead, what are the big surprises that you see?

NEWT GINGRICH: In a recent study physicists concluded that 5 percent of the universe is light matter, the stuff you and I see—atoms, molecules, stars, galaxies; 30 percent of the universe is dark matter, which we don't know any thing about except it shows up in gravity; and 65 percent of the universe is dark energy, which is apparently driving the universe apart, about which we know less than dark matter, about which we know nothing. So my attitude towards the revolutions of the next 50 years is that we're a little bit like people in Spain the morning that Columbus came back from the first trip. The New World is out there, and it is enormous. Whether it's nanoscience and technology, it is quantum physics, [or] it is the human gene project, the amount we're going to learn in the next 30 years will dwarf all the changes of the 20th century. That means you can't predict; all you can do is look forward. You can anticipate, but you'd better be prepared to ride a canoe on a wild river, because this is not going to be some placid, predictable lake.

INTERVIEWER: What are your big concerns about globalization and the issues of state and market, but particularly about globalization?

NEWT GINGRICH: The biggest concern I have is that much of the world is still [ruled by] dictatorship. The European part, which is free, comes out of a statist tradition which has almost no pro-freedom, pro-individual, pro-private rights model. The number of places that understand the Declaration of Independence and have some really deep feel for freedom are really much smaller than people think. My biggest fear coming out of globalization is that over time the American model of personal liberty, personal rights, and the rule of law will be eroded by a coalition of really bad people with pretty good people who have bad habits with people who just plain resent us. Look at the U.S. defeat in the [UN] Human Rights Commission. There was coalition of really sick people in places like Sudan [and] Cuba with the Europeans who resent us. That's very dangerous. We have to be very aware that globalization may mean you have to be more direct and more assertive about the unique things that provide for freedom and prosperity and safety.

### **In the Clinton-Gingrich Battle, Who Won?**

INTERVIEWER: You touched on [the idea] that the left feared you helped Clinton move to the right. Did you feel like you were demonized? Why did this happen?

NEWT GINGRICH: My dad had been a Korean [War] soldier, and I always believed that your job was to do your duty and not to worry about your own career. My job was to take the most powerful country in the world and move it 10 feet to the right. I knew I had about three years to do it in, because I knew the city would recover its balance after a while, so I assumed almost from day one that I would be the person who got beaten up in the process. It was very encouraging as I read a series of books on Wellington at the very beginning of my speakership. Wellington in the Peninsular campaign was a Tory general, and the Whig newspapers had two headlines. One headline said "Wellington, who's lazy and cowardly, failed to fight a battle today, thereby wasting the money of the British people which is sustaining the army." The other headline said "Wellington, the bloody butcher, today fought a battle killing fine young Britons who shouldn't have been in danger." Those are his two choices. He could fight and there would be a nasty headline, or he could not fight and there would be a nasty headline. But the Whig newspapers weren't going to give him a good headline, and I found that very comforting. If you are determined to change the system, the *New York Times* isn't going to like you because it's their system. The left isn't going to like you. I also think they

were right. I think that they couldn't beat our ideas, so beating me up was a better strategy for them because they couldn't win a fight over the ideas.

INTERVIEWER: Was it personally painful?

NEWT GINGRICH: It was personally painful in the sense that you hated to be demonized, but you have to make a decision early on: Are you in the business to achieve change, or are you in the business to be popular? I thought my job was to be the executor of the American people's will on very specific things—balance the budget, cut taxes, reform welfare, strengthen defense, modernize the House of Representatives.