ROOTING FOR QUAYLE

by Kent Owen

Once you get there, you wonder how much of Huntington, Indiana you ought to take at face value. This perplexity is akin to what you may think about the town's foremost citizen, Senator James Danforth Quayle III, the Republican nominee for the vice presidency of the United States. There may be more here than meets the jaundiced eye. Then again, maybe not.

As Indiana's county seats go, Huntington isn't so instantly presentable as Madison, Crawfordsville, Bloomington, or Columbus. The Wabash River, forking nearby like a green-stick fracture, withholds its sentimental charm until it gets downstream past Andrews. Yet it makes possible a quasi-Venetian effect of tottery buildings squatting across the stream on the South Jefferson Street bridge. Vivaldi and the Gabrielis would not have felt inspired.

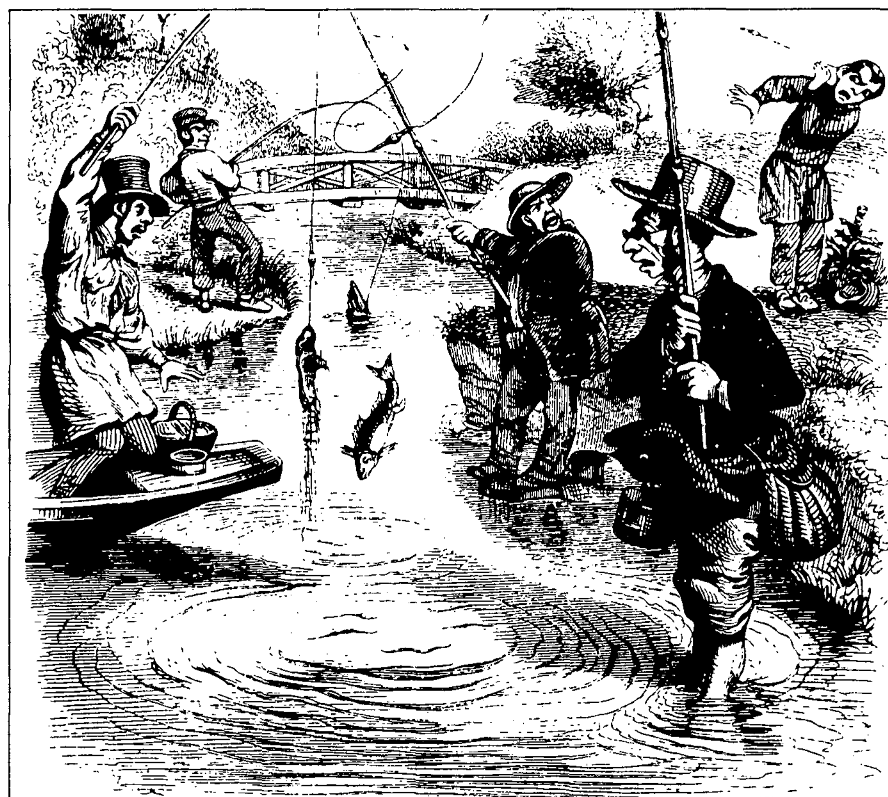
Huntington's points of interest don't end at the bridge: Neo-Jacobean and Neo-Romanesque houses, fancy if ungainly survivors of the Gilded Age, make a stately progress up the slope of North Jefferson, and the Hotel LaFontaine, years ago worth two and a half stars and a detour in the *Guide Michelin*, is again open, this time as housing for the elderly. While the hostelry's service was somewhat less than Swiss, and its cuisine about on a par with Fort Wayne's, its pre-Franco Castilian decor made it pretty swank. The Shakespeare sunken rock garden, a beautified worked-out quarry, is recommended by the Chamber of Commerce, and *Our Sunday Visitor*, America's pre-eminent multi-diocesan Roman Catholic newspaper, thrives, thanks in part to a spiffy new look designed by a Suabo-Hoosier, Rolf F. Rehe.

To the displeasure of low Protestants, Huntington remains one of Holy Mother Church's strongholds in northern Indiana: two parishes (St. Mary's for the Irish, SS. Peter and Paul's for the Germans) with grade schools attached, for many years a high school, the Victory Noll novitiate, and, formerly, St. Felix's Friary, a Capuchin establishment out on the Flaxmill Road. On a hazy midsummer day the red tile roofs and the sand-colored walls, seen across the tassled cornfields of the old Kriegbaum farm, evoked the drowsy serenity of a medieval hilltown in Tuscany, whenever the friary's bell pealed out the angelus. At such a moment The Thirty Years War, which the citizens of Huntington County revived and waged into the twentieth century, relented as if to observe the Truce of God.

For the most part, there was nothing personal about the animus Protestants and Catholics enjoyed toward one another; it was simply a matter of whose souls were hell-bent for eternal damnation. Hence the clashing of the faiths prepared Huntingtonians for the higher struggles of politics and basketball (until the early fifties the county of about 28,000 supported fifteen high schools and, moreover, fifteen varsity teams, including the Banquo Ghosts).

Also, it was boasted that Huntington possessed one of the world's most prodigious infrastructures, namely a main sewer with a diameter big enough to drive through a team of horses hitched six across, second only to the *cloaca maxima* of Paris, France. Why this drain should have been needed was one of Huntington's beguiling mysteries. But, then, the town fathers tended to dream big, even if they often thought small.

As with so many of Indiana's towns, if you come looking for the grandeur of high culture, you're apt to go away disappointed. The best advice is: don't get your hopes up too high; don't raise your expectations beyond what you can leap in a single bound. Even if the county courthouse resembles a municipal mausoleum for township trustees, the historical society's museum may well contain the death mask of Lambdin P. Milligan, the Grand Knight of the Golden Circle. Or the bones of the last woolly mammoth to roam the moraines. Or the most extensive pickle jar collection this side of eastern Kansas. In short, if you're not counting on wonders to happen, it's worth taking the chance.



Which is to say that Dan Quayle, like the small town he hails from, has more to offer America than is readily apparent. This does not seem so to the governor of Massachusetts who has let it be known that Senator Quayle doesn't understand America. Or, what Michael Dukakis means, that the young man's background is too restricted to help him grasp the needs of ordinary Americans. Or that he has shown little natural aptitude for national leadership. From the suburban perspective of Brookline, Massachusetts, he must seem woefully deficient in those virtues of statecraft and political economy required to over-regulate Pittsfield, Holyoke, Gloucester, and New Bedford.

Of course, the senator's outlook can scarcely be attributed to Huntington alone. Several years of his childhood were spent in Phoenix, Arizona, where his father, Jim Quayle, worked for his own father-in-law's newspapers. Hoosiers excuse this lapse because the junior Quayle had not yet reached the age of consent. Besides that, the ambient mentality fostered by Central Newspapers, Inc. can tide over an impressionable youth, no matter how removed he may be from the true source of Pulliamism. For if there be a main influence on Dan Quayle to take into account, it is that of his maternal grandfather, the late Eugene Collins Pulliam, for thirty years the owner and publisher of the *Indianapolis Star*, the state's predominant paper, as well as of the *Indianapolis News*, the capital's real hometown paper, and others in Muncie, Vincennes, Huntington, and Arizona.

In ECP's heyday, the papers were engines of anti-Communism, anti-liberal quasi-conservatism, right-wing populism, small business capitalism, and reactionary virtuosity. In some ways ECP never got over the Bull Moose vagaries of his young man-

Kent Owen, Indiana editor of The American Spectator, *grew up in Huntington during World War II and the innocent years of its aftermath. He is now living in exile, although he returns for reunions and funerals.*

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hood—he backed Eisenhower against Taft for the GOP nomination in 1952 and, even more astonishing, Johnson against Goldwater for the presidency in 1964, acts of apostasy that many could not forgive.

But what Pulliam the elder was advocating forty years ago is in large measure what Ronald Reagan brought to pass. If you leave out the more abstruse passages of Reagan economics and stick to lowering taxes, you get at the bottom elemental Pulliamism—although ECP himself would surely have lambasted those responsible for the foreign trade deficit, the deficit spending, and the swelling national debt. And would have done so in a series of harsh-voiced editorials placed squarely in the middle of the front page.

Another of ECP's grandsons, Russell Pulliam, an editorial writer on the *News*, produced a balanced account in *Publisher: Gene Pulliam, Last of the Newspaper Titans* (Jameson Books, Ottawa, Illinois, 1984). Scratch Dan Quayle on nearly any issue, and ECP's attitudes come back to life overbold, full of feistiness, but with a sheen of manly glamour. The old man was one hell of a guy, compared with the media moguls intent on corporational profit-maximizing and trimming their way to the top of the masthead. In Indiana he was damned up one side and down the other, and not without reason because his brusque opinions could exasperate even readers who largely agreed with his brand of politics.

Under his son, Eugene Smith Pulliam, the papers are less strident and abrasive in tone—and more scrupulous about keeping the news columns free of gratuitous comment—but still ready to give a licking to whoever or whatever irks the boss and his editors. Just as Russell Pulliam dealt with his grandfather's life and career in an admirably even-handed manner, so have the Pulliam papers covered the campaign troubles of Dan Quayle with appropriate rigor. In point of fact, it was the *News* that broke the story about his enlistment in the Indiana National Guard and the involvement of that paper's retired managing editor, Wendell Phillippi, a former commanding general of the Guard, in securing a place for him. There is no doubt which ticket the Pulliam papers will endorse; at the same time it is clear that Pulliam reporters are not stooging for the senator.

Which brings up the larger question of the media's treatment of Dan Quayle's shortcomings. Ordinarily, the folks of Huntington, Indiana don't intentionally give offense to wayfaring strangers. The fine old custom of Hoosier hospitality is not often breached, except when interloping bullies gang up on a fellow townsman. The day after the Republican Convention in New Orleans, the party's nominees descended upon Huntington, carrying on the agreeable tradition of visiting the vice presidential candidate's hometown at the start of the campaign. There'd been nothing like it since the palmy days of the VFW Street Fairs or late March of 1964 when the Huntington Vikings went to the final game of the state basketball tourney. More than that, nobody had ever seen so many dark-blue pinstripe suits in downtown Huntington on a weekday.

The sight of marksmen atop the Evangelical United Brethren Publishing building and elsewhere around the courthouse square came as a jolt: this wasn't going to be just another festive homecoming for the junior senator from Indiana; this was going to be about as big-time as it gets for an American town of 16,000. It was going to be Huntington's moment in the sun, its one time to shine, its chance to show itself off to the whole world as a good place to grow up and live and work in, a nice, quiet town where one of the neighbors could get himself elected to the U.S. Senate and, wonder of wonders, maybe to the vice presidency.

After the band music, the singing, the entertainment, the introductions (Senator Dick Lugar did the honors), and the speeches—after the enthusiasm, the fervor, and the pride—Dan Quayle marched out on the courthouse lawn to face the press. And it was there, with the public address system turned on and up, that the ladies and gentlemen of the nation's media crowded round like a swarm of midges pestering the daylights out of him. Boom microphones and cameras thrust at him every which way; sharp questions—edged with a trace of malice—flew at his face; push came to shove as reporters jostled and clambered and pressed ever harder. In plain view and clear hearing, this demonstration of the media's incivility got to the bystanding townspeople and they shouted and heckled and jeered, giving the media a strong dose of their own medicine.

As a notable event in the history of journalism, the repulse at Huntington was not singularly heroic, but it did mark the occasion on which a public gathering saw the media at work, disliked what they saw because of how it was being done, and voiced their objections. There was no howling mob, no riot, no physical violence. However, there was indignation aplenty over the fact that a U.S. senator and vice presidential nominee was roughed up in his own hometown by members of a profession whose ranks include three generations of his own family.

Since then, mediacrats have kept it up with sound-bites-sense words that render Dan Quayle an instantly knowable object: light-weight, mediocrity, inconsequential, overrated, provincial, bumptious, and so on down the list of dismissive pejoratives. Even a Hoosier loyalist will admit that the selection of Quayle came as a surprise, and that if the vice presidency were awarded on a meritocratic basis, there would probably be a more deserving nominee. But an absolute standard in politics, especially for a Vice President, is beside the point. What is needed in such a one is whatever the presidential nominee thinks and feels he needs and wants. Nothing more, nothing less. To the Pecksniffian charge that Quayle doesn't have whatever it takes to be President when he is "only a heart-beat away," the proper response is he may well have what he needs to be Vice President, which is, lest one forget, the office he's running for. First things first. Let's also give thanks that George Bush has a strong, steady heart and an excellent constitution.

So what then does Quayle bring to the Republican ticket that can help elect Bush? His apparent qualities are engaging: he's personable, spirited, dutiful, and winning. Despite his wayward academic record, he's conscientious about his legislative responsibilities and, on the report of several observers, a rather quick study on issues that require skillful attention. Although not one of the leading members of the Senate, he has grown into a competent legislator of better than fair-to-middling talents and accomplishments. As a public speaker, he will not erase the memory of Daniel Voorhees, "The Tall Sycamore of the Wabash," or Albert Jeremiah Beveridge or James E. Watson, as the greatest orators that DePauw University has prepared for the U.S. Senate. Truth to tell, his delivery involves too much random arm-waving, throaty emphasis, and unsteady trains of thought. All the same, the general effect he induces is one of purposefulness and sincerity at the service of public policy.

Restrained, if not faint, praise, you say. Well then, so be it. There's a wearisome tendency either to overpraise or to overblame. Dan Quayle may not be a heroic statesman, but neither is he a stupendous rascal or a dolt. What he is, is an increasingly able young man of superb political instincts who has made his share of mistakes, suffered a few failures, gained a few successes, and, little by little, worked through the heaping up of experiences toward an understanding of how he can most usefully serve his country. What Dan Quayle can bring to the ticket is a certain humility, an awareness of his own inadequacies, a self-knowledge that he is not naturally among "the best and the brightest," a conviction that he must prove himself more economical and persevering in the use of his resources of character and ability if he is to make the most of them. Self-knowledge of that kind, centered in humility, is what enables other Americans to overcome the limitations imposed by modest gifts. This is how and why democracy at its best works.

When Indiana's last Vice President, Thomas Riley Marshall, took office 75 years ago, it was said, perhaps by William Allen White, that Indiana produces bumper crops of first-class, second-rate men. And, mind you, in a kindly, well-meant way. There's nothing inherently shameful about flourishing at a lesser order of magnitude. Thus Indiana, with its tradition of penultimate leadership, stands ready to add the name of Dan Quayle of Huntington to those of Schuyler Colfax of South Bend, Thomas A. Hendricks of Shelbyville, Charles Warren Fairbanks of Indianapolis, and Marshall of North Manchester and Columbia City. Better yet, it should encourage Huntington North High School (there are no other high schools of any direction in the county) to rechristen itself Huntington Quayle. The closest the school came to being honored was when the name of the town's only Civil War general, a fellow called Slack, was proposed for it. It dawned on somebody that the school's athletic teams were liable to be nicknamed the Slackers, and the matter was dropped. The same problem came up later in the twenties when a courtly local attorney was elected president of Rotary International, meriting local recognition; his name was Arthur Sapp, an infelicity that prompted no end of mirth from H. L. Mencken, Heywood Broun, and Sinclair Lewis.

Finally, no account of Huntington's place in the scheme of fame would be adequate without a mention of a movie that is based on a novel written about a scandalous episode in the town's genteel past. *That Hagen Girl* came out in the late forties, starring Shirley Temple (a California delegate at the New Orleans convention), who got her first romantic, on-screen kiss from a fading leading man, Ronald Reagan. In spite of the cunning depiction of what was meant to be Huntington, the film is now regarded by cineastes as one of the ten worst ever made. Such an indignity can mean but one thing: America owes Huntington a Vice President, and it had better take Dan Quayle because the town may not get another chance. □

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THE SEC VS. DREXEL BURNHAM MILKEN

by Irwin M. Stelzer

There is more to the story about Drexel Burnham Lambert's problems with the Securities and Exchange Commission, U.S. Attorney Rudolph Giuliani, and various congressional committees than can be gleaned from the daily and financial press. Reporters in those media have concentrated on the legal battles just beginning. This is not surprising, since Drexel is facing the most concentrated legal assault the government has ever leveled against an investment bank.

The SEC has charged Drexel and some of its principals with insider trading, stock manipulation, false filings, fraud, and just about anything else it could fit into an almost 200-page indictment. On top of this civil complaint will come a criminal indictment (not filed at the time of this writing, but expected momentarily), soon to be handed up by a grand jury being guided to that conclusion by Giuliani, until now more famous for making spectacular arrests of Wall Street figures than for subsequently proving his charges against them. The criminal charge will take precedence in the courts over the SEC's case, and is potentially far more dangerous, since it might permit the government to freeze a large portion of Drexel's assets and eventually seize the assets of Michael Milken, the firm's superstar and creator of the junk bond market.

If all this were not bad enough for Drexel Burnham, more charges may be in the offing. John Dingell, the powerful chairman of the House Energy and Commerce Committee, has forwarded to the SEC the results of his committee's own investigation of Drexel's dealings, which suggest that key Drexel employees invested in a firm being underwritten by Drexel, before that stock was offered to the investing public, in violation of SEC Rule 10b-6. "We cannot have investment bankers secretly taking the juiciest parts of the best deals themselves," says Dingell. SEC Chairman David Ruder has promised to file an additional complaint if Drexel's defense—that the stock offering in question was a private, rather than a public offering, and therefore not subject to Rule 10b-6—is unconvincing. (The sums involved in the transaction are indicative of the stakes in this game of high finance: the Drexel groups paid $5.7 million in 1986 for the rights to stock now alleged to be worth more than $500 million.)

But Drexel can at least console itself with the fact that it will finally have its day in court. Until now, it has faced a series of headline-making leaks, hinting that it would soon be accused of something, but providing it with no opportunity for a systematic response.

Now that it has that opportunity, Drexel can be expected to use it. For one thing, it has the resources—more than $2 billion in capital—and it remains highly profitable. There is no doubt the fight will prove costly. Drexel reportedly has already paid accountants Arthur Anderson & Company $46 million to copy and organize the 1.5 million pages of documents the government has requested. And its army of top lawyers and public relations consultants will end up costing it well over $100 million.

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Drexel has shown the same creativity in mounting its defense as it showed in developing the junk bond market. Fred Joseph, its chief executive officer, regularly announces the latest developments to the firm's 10,000 employees over Drexel's internal communications systems. Clients are kept informed. And the public quickly receives Drexel's position on all developments: when the SEC filed its laundry list of charges, Mr. Joseph immediately videotaped a 30-second response, which was beamed by satellite to all major TV news outlets.

The charges leveled against Drexel are far from trivial. If the firm did indeed use information it gathered from its investment banking clients to enrich Drexel partners, and if it allowed Milken to pierce the Chinese Wall that is supposed to separate its banking and trading functions, it should pay whatever price the law demands. And the SEC is not alone in claiming that Drexel did just that. Connie Bruck, in her highly readable *The Predators' Ball*[1] (the title is taken from the name given to the Beverly Hills bash thrown annually by Milken for his clients), argues that Milken's very brilliance in all aspects of the securities business made a mockery of the Chinese Wall concept. Milken, she argues, was the firm's, if not the industry's, best trader, salesman, deal creator, credit analyst, and underwriter. "While it was indeed marvelous for Drexel to have one man who embodied all those attributes, whose talents ran from trading and sales to corporate finance and M&A [mergers and acquisitions], Milken was a walking contradiction of the Chinese Wall principle," she writes.

But those charges are far from airtight. All but two of the SEC's accusations rest heavily (although, the Commission argues, not solely) on the testimony of Ivan Boesky, a convicted felon now serving a jail sentence for insider trading. His sentence was reduced in return for the information he gave against Drexel, a fact that might lead a judge and jury to wonder whether he wouldn't say anything prosecutors ask him to say, in order to get out of jail sooner.

In any event, it is now up to the courts to decide whether Drexel is guilty, as charged. What the courts can't decide, and the press has largely ignored, is the even more important policy and economic issues raised by the entire affair. Why has the government devoted such massive resources to this prosecution? Is this an intelligent use of those resources? And what will be the consequences of the government's action?

[1]Simon and Schuster, $19.95.

To answer these questions we must understand the peculiar role Drexel has played in the takeover movement of the 1970s and 1980s. As Bruck—no Drexel apologist—concedes, Milken "did more to shape it [the M&A movement] than any other individual. And he did that by trampling on two pillars of the establishment—the commercial banks and America's largest corporations." Milken created a market for bonds of less-than-investment grade, sneeringly referred to as "junk bonds" by old-line financial and industrial firms.

In fact, junk bonds are not typically securities of companies that have fallen on hard times, although there are some such. Rather, they are generally IOUs of companies too small or too new to receive a technical "investment grade rating" by rating agencies.

As Drexel Burnham has pointed out, "Over 95 percent of all U.S. corporations with assets of more than $25 million, if they were to apply for a bond rating, would be rated below investment grade." This "junk" rating would be due to small size or lack of credit history, not to a lack of future prospects. Indeed, these companies are often the most rapidly growing and innovative, and have been responsible for most of the new jobs created in America in the past decade. Long ignored by underwriters, they were forced to borrow from commercial banks, often at high rates. Drexel's junk bonds gave them a competitive alternative to the banks, prompting the latter to join their establishment brethren in the industrial sector in seeking restrictions on the use of such debt instruments.

Milken/Drexel-haters among America's corporocrats at least equalled in number those in the commercial banks. As Bruck points out, "Milken has long professed contempt for the corporate establishment, portraying many of its members as fat, poorly managed behemoths who squandered their excess capital . . ." By raising money for a group of eager but under-financed "predators," Milken made it possible for these outsiders to take over firms

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