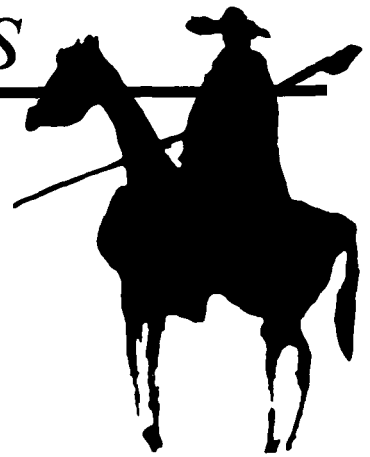


# TILTING AT WINDMILLS

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Senator John Stennis recently explained how the atmosphere of the Senate cloakroom has changed during his 38 years on Capitol Hill:

"Well, we used to be back there quite a bit and talk to each other, ask each other questions, and we would train and educate each other. Well, I was in there not long ago and there were about 14 senators in there. And there wasn't a soul talking to each other. They were all looking at the television". . .

There is a new game called GATO that you can play on your office computer. Its distinctive feature is, if the boss happens to walk in while you're playing, you can press the delete key. This freezes the game and turns the screen into a financial spread sheet that you can appear to

be earnestly perusing. . . .

Is it possible that we have been premature in painting the U.N. General Assembly pink? Or that if this were once the correct political color, things are changing for the better? The hopeful evidence comes in the form of the assembly's approval in November of a resolution calling for immediate withdrawal of foreign troops from Afghanistan. A similar resolution has been adopted annually since 1980. But the interesting thing is that support for it has increased each year. The November vote, 122-19, was the widest margin yet.

Incidentally, I recently had an opportunity to talk to the foreign minister of a small Western European country. He is a social democrat, to the left of most Americans. But he said it was his

opinion that the Soviet invasion of Afghanistan had killed communism in Western Europe, that its impact was similar to—but greater than—the events in Czechoslovakia in 1948 and 1968 and the erection of the Berlin Wall in 1961. . . .

Recently, Senator David Pryor, while flying tourist, happened to see Senator David Boren seated in first class. Pryor then, according to *The New York Times*, wrote a note to Boren saying that he was a constituent who lived on Social Security and had long admired Senator Boren but now that he had seen him waste the taxpayers' money on first-class luxury, he could never support him again. Pryor had a stewardess deliver the note to Boren, who became visibly agitated and asked the stewardess to make sure that

the man knew he was seated in first class as a courtesy of the airline.

What the *Times* doesn't observe is that the unusual fact in the story is that Pryor was not in first class himself. Airlines often seat senators and congressmen with tourist tickets in first class. The airlines and the politicians call it a courtesy. It's a little more than that—not quite enough to call a bribe but certainly a tangible favor designed to induce good will for the airlines from people whose good will can have very practical value. . . .

**A**s veteran readers know, I am a devoted admirer of the advertisements of the American Association of Financial Professionals. The copy subtly appeals to our self-pity and our desire to deny that we are motivated by selfishness:

"This year take a vacation break that's also a tax break.

"Come to Los Angeles, Phoenix, Orlando, San Jose, Costa Rica; Panama City, Panama; Interlaken, Switzerland; or London, England with the American Association of Financial Professionals and you'll be able to write off the cost of your airfare on Eastern Airlines, your hotel bill and just about everything else but the suntan lotion.

"You'll also learn how to write off a lot more than your vacation.

"After all, you've given the IRS plenty over the years. Isn't it time they gave you something in return?"

As a matter of fact, it isn't, unless you've paid more tax than you owed. But the

ad correctly assumes that most of us think we've overpaid even if we haven't. The ad is also clever in saying that it is the IRS that should give us something in return. We won't mind taking money from a faceless bureaucracy. In fact it will be fun. It will keep us from realizing that it is our neighbors, real people next door and across the street, who will be picking up the bill for our vacation—and for that matter, for all the other write-offs brought to you by the American Association of Financial Professionals. . . .

Who was the last person to successfully run for president while serving as

vice president? Martin Van Buren in 1836. The reason is that the vice president is inevitably cast in the role of a wimp. He has to lead the cheering for the president, or like John Nance Garner, he'll be dropped from the ticket next time. And constant cheerleading makes him seem mindlessly uncritical. This was a significant factor in Hubert Humphrey's defeat in 1968, and I think it will play a similar role in George Bush's in 1988. . . .

A truly revealing discussion about the preoccupation of managers with short-term results was buried deep within N.R. Kleinfeld's "What it Takes: The Life of a CEO" in the December 1 *New York Times Magazine*. Here it is for those of you who may have missed it:

"There is a fixation," Waldron [the CEO of Avon Products] tells me one day.

"And I think it's terribly unhealthy. I have the sickness, too." He pins the

blame on securities analysts, who, he says, "you can't get to think ahead more than six months. Some you can't get past the present quarter. Now, why is that the case? . . . Companies, like our own, have money managers. . . . We bring these money managers in and put them through terrible torture once or twice a year. How's our money doing? And if they say it's gone *phsssst*, then we say, 'O.K., you've got one more quarter or we replace you with someone else.' And they scamper out and say, 'We've got to find some stocks that are going to go up.' So I think that's what's driving American business. . . ."

What are the effects of the fixation?

"Well you make some pretty stupid judgments," Waldron says. "Clearly, it's highly possible to manage earnings. Example: run a quarter-end promotion that will steal money out of the next quarter. . . . Or you raise prices. Or you cut prices. . . . Cut out a research and development item. . . . These are not things that are necessarily good for the long-term health of the company, but you need the short-term profits. . . . It really gets to be a pressure pot."

Has he done these kinds of things?

"Yup."

Done things not in the best interests of the corporation?

"Yup."

This is one of the most serious weaknesses of capitalism. We must correct it. . . .

The American passion for credentials was never better illustrated than in Senator

Claiborne Pell's recent criticism of Edward A. Curran, who has been nominated to head the National Endowment for the Humanities. The senator complained that Curran did not have a doctoral degree, which Pell called "the union card every other chairman has had." A Ph.D., assuming it is in the humanities, might be some evidence that the nominee has the knowledge and understanding required, but it is the knowledge and understanding, not the degree, that are essential....

Business lobbyists are complaining that the dumping of the investment tax credit will discourage industrial expansion. This may be true, but there are certainly ways the credit currently is being used that have little to do with industrial expansion as most of us would understand the term. For example, Sailboats Inc. is selling yachts with the pitch that if they are put into part-time charter service they can be paid for with the investment tax credit. And, according to UPI, Carol Burnett and Joseph Hamilton are seeking \$1.07 million from the IRS, claiming that their production company, Whacko Inc., qualified for that amount in investment tax credits for producing television shows....

I'm indebted to Mike Causey of *The Washington Post* for news of a report from the Congressional Management Foundation that reveals dramatic differences between the personnel practices of the legislative

and executive branches:

- Only 61 percent of all House offices have manuals or written guidelines on personnel practices, although they are required at all other federal agencies.
- Less than half of the congressional offices give their employees the automatic annual pay raises that executive branch employees usually get.
- The average House staff member is paid \$24,132 compared to an average of \$31,000 for federal civil servants.

The result of these differences is not exactly what you would expect. While there are some employees on the Hill who spend their days reading newspapers and chatting with their colleagues, and while there are some truly superb civil servants, the average congressional staff member is a cut above the average civil servant in both ability and willingness to work hard. This is not just my opinion but that of most other observers who know both the Hill and the executive branch. There is, by the way, another interesting difference. Congressional employees, unlike civil servants, can be fired at any time....

The military is indulging in misleading advertising to recruits. The ads practically promise a high-tech career. Yet, according to Toni Joseph of *The Wall Street Journal*, fewer than 18 percent of service jobs could possibly qualify as training for such careers. And even their promise is often illusory because the technical task learned will have little or no relation to outside

employment. The result is that unemployment among post-Vietnam veterans is higher than for the general population—9.7 percent for the veterans compared with 7.2 for the rest of us....

Is "60 Minutes" turning into "Lifestyles of the Rich and Famous"? Certainly you would have thought so if you had tuned in to the November 24 segment on the Palace Hotel in St. Moritz. Harry Reasoner describes its guests as "the Concorde set, a step beyond the jet set." The hotel meets them at the railroad station with a Rolls Royce. They pay between \$25,000 and \$35,000 a month for the privilege of staying in what one American interviewed by Reasoner describes as "a real nice suite."

Usually I find Reasoner engagingly commonsensical, but on this occasion, whatever contact his tongue had with his cheek must have been lost with the first glass of champagne. He is depicted in simpering attendance at a great ball given at the hotel by the American, who says of his guests:

"We're having more Princes and Princesses and more Dukes and Duchesses. And we're having one reigning ruler. Oh...I'd say out of the 185 there must be at least 80 with titles."

Actually, this sort of thing is the dominant trend in the American media today. From public television's absurd preoccupation with classy Brits to the networks' emphasis on rich Americans to the magazines that tell us the wines our betters drink and the restaurants and resorts they frequent, we have

become a nation obsessed with imitating those above us instead of helping those down below. . . .

**W**hile President Reagan worries about Star Wars, I worry about submarines. According to Walter Pincus of *The Washington Post*:

"The Navy has identified two Poseidon missile-launching submarines, the *USS Nathan Hale* and the *USS Andrew Jackson*, for dismantling next year if President Reagan continues his policy of not undercutting the unratified SALT II agreement limits, congressional sources said yesterday.

"That action would be required when the new *USS Nevada*, a Trident submarine with 24 multiwarhead missiles begins sea trials next May. The *Nevada* would push the United States above the SALT II sublimit for multiwarhead missiles by 22 missiles. Since Poseidon subs only carry 16 missiles, the United States will have to take two Poseidons out of service to avoid violating the pact."

What concerns me about this is that we will be turning in two submarines for one. Submarines are our best deterrent because they are our most survivable deterrent. For that reason I want to see their number grow not decrease, as it has been doing in recent years. I would put more money into missile-carrying submarines and less into land-based missiles and the nonsensical buildup of a carrier-centered surface fleet.

I believe in deterrence rather than defense against

nuclear attack because the defense would have to be perfect and I simply don't think perfection is possible. This year marks the 100th anniversary of the invention of the most efficient defensive weapon in history, the machine gun. It was the most efficient, but it seldom, if ever, killed all the attacking troops. Yet such total efficiency is what Reagan assumes Star Wars can achieve. . . .

Defense planners count on inactive reservists being ready for immediate call-up in the event of war. But James H. Webb, assistant defense secretary for reserve affairs, says there are "continuing problems relating to quality, quantity, locatability" in regard to the force.

"According to Mr. Webb," reports Associated Press, "tens of thousands of inactive reservists cannot be located by mail. Moreover, he said, for years the services have used the ready reserves as a catchall for individuals who are being discharged from the active forces for disciplinary reasons, unsuitability or hardship, including pregnancy. Roughly 112,000 of the Army's 249,000 reserve members fall into such categories," he said. . . .

In this month's Letters section there is a suggestion that I oppose methods instruction for people who want to teach. This is not the case at all. What I oppose are bad methods courses as well as the assumption that methods courses are a substitute for mastery of substantive content and the assumption that teaching

aptitude is demonstrated by passing methods courses. What makes a good teacher is knowledge of the material to be taught, the raw talent to communicate with and stimulate young minds, and training in the most effective methods to exercise that talent.

My complaint about most schools of education is that they consistently fail in the combined task of appraisal and training that will determine whether a would-be teacher has all three of these qualities. . . .

**W**hen headlines like "Tax Bill Said Threat to IRA Growth" and "IRA - 401(k) = Less for You" recently appeared in *The Washington Post* you probably assumed that the *Post* was once again crusading to protect the interests of the average man. This was not quite the case.

The "threat" was a proposal by the House Ways and Means Committee to prevent taxpayers from contributing to a tax-deferred individual retirement account if they put more than \$2,000 into a tax-deferred 401(k) plan. If you don't have a 401(k), you can still contribute the full \$2,000 to your IRA. 401(k) plans are for people who, together with their employers, can put aside up to \$30,000 a year for their retirement. If you're an average person who can only put aside \$2,000 or less, the IRA is all you need. Guess where the employees are doing well enough that they can have both IRAs and 401(k)s? *The Washington Post*. That headline should have said not "Less for You,"

but "Less for Us."...

This fall an "Executive Memorandum" from the Heritage Foundation, the conservative think-tank, recommended five principles to guide the administration in Geneva. It may have inadvertently revealed the intellectual right's true regard for the presidential mind when it concluded, "The five principles should be stamped on index cards to be carried by Ronald Reagan."...

**I**n the sixties, I knew something about Central America because during those years I was in Panama, El Salvador, and Guatemala. I haven't been there since, but I can tell you that every bit of my experience at that time confirms this November report by *The Washington Post's* Edward Cody:

"The people of Guatemala successfully held the first round of their presidential election two weeks ago, setting the stage for another Central American version of democratic civilian government replacing military rule. . . . But the men who actually hold power here, and who are likely to continue holding it, were not running for office. They are the generals and colonels who form the Army high command. . . . Voter sentiment expressed at the ballot box has little part in the military's decision. Instead officers decide what is good for the military."

Costa Rica, a democracy without an army, is a glorious exception to this, but otherwise my guess is that it's true of all the rest of Central

America today. Except, of course, for Nicaragua. I must offend my liberal friends by saying that I am absolutely certain the Sandinistas are communists—their rhetoric is of the running dog style that only committed Marxists can stomach. But excluding Nicaragua and Costa Rica, Central America is one case where the nightmare of the conventional left comes true. It may be a slight overstatement to say that the Central American military is vicious, sadistic, and fascist, but it's very slight. Even where there are decent civilian leaders like Duarte in El Salvador, they're powerless compared to the colonels. . . .

Edgar Cahn, a member of this magazine's editorial advisory board and the father of the poverty law movement, has come up with another good idea and has persuaded the Florida legislature to adopt it. It is a program under which older persons who perform volunteer services on behalf of other older persons receive "service credits" that entitle them to volunteer services when they need such help.

In a perfect world we would all volunteer without regard to the reward we might receive, but the idea of community has become so broken down in modern America that I think this kind of incentive is necessary to begin getting us back on the right track. . . .

Life in college dormitories used to be fairly spartan—a bed, a table, a chair, and a goose-neck lamp. Some students still live this way, but according to Ray Richmond of the *Los*

*Angeles Times*, for many others life is considerably more comfortable:

"Custom kitchens are not unheard of in the dormitories, and quite a few rooms are equipped with microwave ovens. A good number have color televisions—complete with remote control—and nearly all boast some sort of stereo (often state-of-the-art and including a compact disc player).

"A not insignificant number also find space for a personal computer (sometimes two), a telephone, an accompanying answering machine, and that most essential of study aids, the video cassette recorder."

A not unrelated development was recently reported from Charlottesville, Virginia by the Associated Press, under the headline "Campus Jobs Go Begging":

"Officials at the University of Virginia, who have several hundred part-time jobs available, say they cannot get students to take jobs despite aggressive advertising, and officials at Virginia Tech and James Madison University said the same thing."

The head of the University of Virginia food services told AP, "Students getting money from their parents is the major reason. They're letting mom and dad pay for it."

As I was pondering these articles, I came across a story by Edward Fiske in *The New York Times* that said that enrollment of blacks and Hispanics and other young people in minority groups is declining. Are we headed back to the old system in which only the affluent go to college?...

—Charles Peters



## WANTED: POVERTY PROGRAMS THAT WORK

In its latest national poll of voter attitudes, the Democratic National Committee found that most middle class respondents equate the idea of economic "fairness" with "giveaways." If, as this survey implies, we are losing our sympathy for the poor and uneducated, President Reagan's mean-spirited anecdotes about welfare mothers living high off their food stamps are probably partially to blame. But as liberals, we must accept our share of responsibility. In the past, many government programs to aid the needy *have* failed; middle-class taxpayers perceive themselves as suckers for having permitted Washington to waste their hard-earned money. Now the question is whether we surrender to those failures—and abandon those who have little hope of getting a decent education or job—or search diligently for poverty programs that have worked and build on those successes.

Occasionally we see newspaper stories that suggest this or that poverty program is working. Some recent examples are:

- Massachusetts achieved a 9.4 percent decrease in its welfare rolls from January 1983 to July 1985, largely, according to officials, a result of its "workfare" program. Workfare requires welfare recipients to seek jobs or job training in order to continue receiving full benefits. Similar efforts are underway in a number of states, and others are considering following Massachusetts, where 86 percent of the program's participants are still off the conventional welfare rolls a year after beginning workfare. The state has saved \$60 million after deducting job training costs.
- The New York Technical College has used both private and public funds to operate a successful program called "Expanding Options for Teen Mothers," aimed at 17- to 21-year-olds. The young mothers attend classes in the morning that prepare them for the state high-school equivalency exam and in the afternoon learn trades such as carpentry, plumbing, and welding. The goal is to give these women the push they need to land jobs that pay more than the minimum wage and provide a positive example for their children.
- The Oakland, California East Bay Conservation Corps relies primarily on customer fees to pay its young inner-city employees, one-fifth of whom are on parole. With additional funds from

foundation and government grants, the corps operates five days a week, planting trees, building playgrounds, and carving out park trails. The participants spend four days working and one day and two nights in class, where they study reading and math. High school dropouts must prepare for the graduate equivalency exam.

- Here in Washington, retailers collaborated with D.C. officials last spring to set up a training program for unemployed students. The participants spend five weeks learning how to operate computer cash registers, how to interview and dress for jobs, and how to deal with problems such as shoplifting. After four weeks of additional on-the-job training, successful students may be offered full-time employment. Half of the original group of 48 students is still working.

- A privately funded job program for welfare recipients started by a former nun in Texas has 88 percent of the participants still working a year after they started. New York City's Volunteer Corps has organized citizens from all walks of life for the past year, to improve the city and gain skills by teaching young children to read, painting ferry boat terminals, and assisting the elderly with domestic chores. Here in Washington, D.C., the Higher Achievement Program celebrated 10 years of volunteer tutoring of outstanding minority students in 1985.

While these stories are heartening, we need to know more about the programs they describe and others throughout the country to establish the basic patterns that create effective programs against poverty. In the coming months, we intend to seek out the programs that work and in a series of articles explain *why* they do. In many ways we rely on the participation of you, our readers, to shape this magazine, and in this project we again call on you to help. Please send us information on successful welfare, health, job, and education programs—small or large, private or public—which you think deserve our attention. We can work together not only to produce stimulating journalism, but also to publicize real solutions to poverty.

Send information to: Poverty Programs That Work, c/o The Washington Monthly, 1711 Connecticut Ave., NW, Washington, DC 20009.

—The Editors

# MUTUALLY ASSURED CORRUPTION

## The Justice Department and Anr.

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by Daniel Benjamin

**D**uring Ronald Reagan's first administration, few developments attracted as much attention as the scandal over the management of the environment. At the center of the controversy were the goings on at EPA in 1982-83, when allegations of sweetheart deals with industry, political manipulation of funds, and gutted regulatory procedures flew wildly. A strange but dramatic constitutional confrontation over a pile of documents and the doctrine of executive privilege brought the affair to its climax, and a rapid denouement followed. Or so it seemed.

It all ended with nearly surgical neatness. On March 9, 1983, the documents were turned over by the executive branch to the congressional committees that wanted them, and Anne Gorsuch Burford, administrator of EPA, resigned from office. In the popular mind, the two events were linked. Burford, like her fellow Coloradan, James Watt, had antagonized many with her undeviating adherence to the Reaganite program of easing the regulatory burden on industry and getting government out of the business of protecting the environment. Her tough, unsympathetic character did not win her many friends, either. In the course of the crisis, she became the subject of the first contempt citation ever issued by Congress to a presidential appointee at that level of government. It was easy to imagine her the culprit, and the bad odor of a Watergate-like cover-up surrounding the affair was widely ascribed to her. Given the stream of bad press she

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brought cascading down upon the administration, few inside the government or out were sorry to see her go. And, with the subsequent resurrection of William Ruckelshaus, first administrator of EPA and shining martyr of Nixon's Saturday Night Massacre, the White House turned a debacle into a modest public relations victory.

The story, however, is far from over. The House Judiciary Committee has just released a 1,300-page report that promises to upset the common understanding of what actually happened during the EPA scandal. It details the fascinating but hitherto unknown machinations of the Department of Justice in the executive privilege confrontation. The evidence presented implicates many top Reagan law enforcement officials and White House staff members in a conspiracy to deceive Congress and obstruct justice. Complementing this summa is Anne Burford's recently released memoir of her years in the administration, *Are You Tough Enough?*\*, which intimates and conjectures about many of the topics of the House Judiciary report. The appearance of these two publications has renewed press interest in the EPA scandal; the Judiciary Committee, meanwhile, has recommended the appointment of a special prosecutor.

To be sure, the wrongdoing that's been uncovered deserves plenty of attention. But because

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\**Are You Tough Enough? An Insider's View of Washington Politics.* Anne Burford with John Greenya. McGraw-Hill, \$16.95.