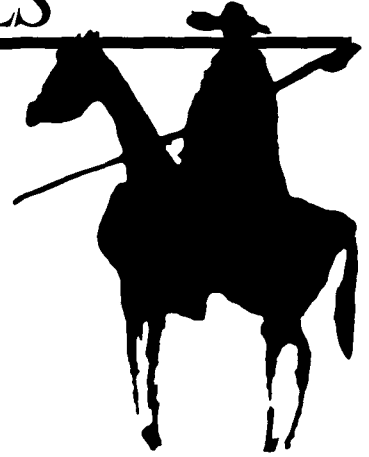


TILTING AT WINDMILLS



The war against discrimination must be waged on all fronts. That, at any rate, seems to be the conviction of the Huntington Beach (California) Union School District Board, which has adopted a new policy forbidding the selection of cheerleaders based on the size and shape of their breasts. The board has also ordered school district employees not to recommend breast reduction or enlargement surgery to students. Only in California....

Have you noticed a pattern in our relations with Japan? Whenever the heat is on in the U.S. Congress or press about one of Japan's unfair trade practices, the Japanese will promise reform, the story will fade from the front page, and, once it has, the reform will never happen. Here's an example, told in a new report by Stuart Auerbach that was buried in a recent edition of

The Washington Post:

"Japan refused today to open its major government-funded public works projects to foreign construction and engineering companies, backing away from a commitment that outgoing Prime Minister Yasuhiro Nakasone made to President Reagan last month," administration officials said....

What most of us have suspected as one of the great truths of the Reagan administration is confirmed in a new book by Terrel H. Bell, the secretary of education during Reagan's first term. Bell writes that he heard "mid-level, right-wing staffers" in the administration make racial slurs, one of the more elegant of which was to refer to the slain civil rights leader as "Martin Luther Coon." Many of the Reaganites are bigots who talk this way in

private if not in public. Many others may not be as vulgar about it, but their bias is no less real. I'm glad someone from the inside has finally had the courage to tell the truth about both groups. The irony is that few of them have known more than a handful of blacks in their entire lives....

When Dean Rusk recently revealed that John Kennedy was willing to go public with his offer to Khrushchev to withdraw our missiles from Turkey if Russia withdrew its from Cuba in 1962, I suspect most people didn't even know the offer had been made at all. In fact, it was made secretly. That was first made known in Robert Kennedy's *Thirteen Days*, which appeared after his death, and, however many copies may have been sold, actually must have been read by almost no one. So it was still news when we published

it in an article by Graham Allison in October 1972. Among those to whom it was news was Charles Bartlett, who, along with the late Stewart Alsop, had written a famous article in *The Saturday Evening Post* in November 1962 that said John Kennedy was incensed at Adlai Stevenson for being a sissy for recommending we take the missiles out of Turkey. When I was editing the Allison article, I called Bartlett to tell him Kennedy had criticized Stevenson for suggesting exactly what Kennedy had done. Bartlett was shocked.

The fact that so many people—including Bartlett, who was a close friend—did not know about Kennedy's true position was a tragedy of the sixties. Many officials in charge of Vietnam policy thought the Cuban missile crisis had been a triumph of machismo instead of reasonable negotiation, and proceeded to be tough instead of smart during the crucial stages of that war.

It is to Kennedy's great credit that he was reasonable in agreeing to withdraw our missiles from Turkey. It is to his lasting discredit that he let the world think otherwise—that he had simply been tougher than Khrushchev....

Thirteen months ago, John J. Davin, an assistant postmaster general, was assigned to slash the red tape from the U.S. Postal Service's 1,327-page purchasing manual. The recently unveiled product of his labor was called "one of the deepest reductions in red tape Washington has seen" by *The*

Washington Post. You may get a faint glimmer of the dimensions of the bureaucratic problem on the banks of the Potomac when you learn that Davin's triumph still takes up two volumes and totals 460 pages....

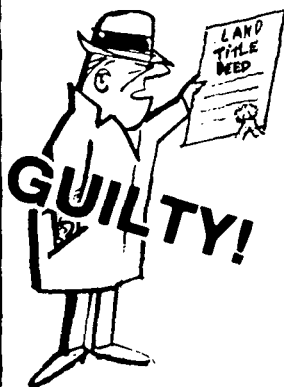
Here's another glimmer. According to a recent report from the General Accounting Office, more than four million Social Security recipients were paid the wrong amount between 1981 and 1986. Underpayments averaged \$591, overpayments, \$1,069....

One-hundred-twenty foreign service officers were involuntarily retired at the end of September. This is a

sad event in their lives, and I regret that my observations about it cannot be appropriately charitable. Two items caught my eye in a story *The New York Times* did about them, and neither reflects very well on the Foreign Service.

One concerns the Office of Career Transition that the State Department has set up to help the retirees, who are mostly in their forties. Will the office's five professional staff members find outside jobs for the retirees? No. With a justice that is a poetic tribute to the run-around bureaucrats give the rest of us when we need practical help finding Aunt Mary's lost Social Security check, its spokesman told the *Times*: "We don't find jobs and place people—they have to place themselves. We act as a

Let's Not Dodge the Truth—the Moral Truth



Labor and capital produce our entire GNP. Labor gets wages and capital gets interest. Fine, no quarrel: labor and capital are entitled to all they produce.

But they must share at least 24% of what they produce with a non-producer—the landowner! (Substantiation of the 24% figure upon request.) Landowners **as landowners** produce nothing nor do they offer to the productive process anything they or anyone else have produced. Their earned income is pure robbery, even if the victims are unaware of it.

The solution is to tax land, not labor; tax land, not capital (factories, retail sales, etc.). If you're interested in real reform, write us for more information—

COMMON GROUND

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facilitator, a support group."

The other item that struck me was a statement about the group by a State Department official: "Psychologically it is hard to realize that your fluency in Twi or Tagalog is totally worthless after years of effort in producing these polished skills." The *Times* reporter swallowed this pitch without blinking an eye. The truth is that it is almost totally fraudulent. Few FSOs are fluent in Third World languages. This has been a constant problem, much bemoaned over the years, and much unchanged after the bemoaning. Just think back to the hostages who were taken at the American embassy in Tehran in 1979. Fewer than one in ten spoke Farsi....

Since we're on the bureaucracy, we might as well hand out a few more demerits. These are awarded to the Federal Asset Disposition Association. It is one of those semi-autonomous agencies like the Postal Service, the prototypes

of which were spawned in the thirties by the late Robert Moses in the belief that they would be above politics and be able to attract higher-caliber employees because they paid higher salaries. Thus at FADA—have you ever heard of it?—we have Roslyn B. Payne, its president, making \$250,000 a year and Robert Axley, its chief counsel, getting \$145,000, whereas the top pay for regular civil servants is about \$70,000.

What does the government get for the extra pay? Decisions like this: to hire private detectives to investigate a critic of the agency; and to hire Robert Strauss's law firm "on how best to deal" with a congressional inquiry into the agency's affairs. Axley, by the way, was associated with Strauss's son in some real estate deals that helped push several Texas S&Ls to the brink of bankruptcy. The salaries for Payne and Axley and the detectives' and lawyers' fees and the bail-out money for the S&Ls all came from federal deposit insurance funds....

Southern mothers have long been fond of giving their sons names that will make them eligible for careers in the clergy, academic administration, or literature. The name usually has three parts, as in John Mason Brown or Robert Penn Warren. If there are only two, you can be sure they will both be last names. The latest example is Pinckney Benedict, a promising young writer from West Virginia....

I do not want to risk hurting the feelings of the recently bereaved, so I have changed the names in the following announcement that recently appeared in the business section of *The New York Times*, but otherwise it's word-for-word as it appeared:

*In memory of our longtime
Friend and Associate
Sam Smith
Known to the
Wall Street Community
As a Pioneer
in Options Strategies
We extend our deepest
sympathies to his family
Shearson, Paine, Hutton,
Inc....*

Speaking of Wall Street, Steven Waldman, a former editor of the *Monthly*, deserves a pat on the back for the article that appeared in these pages in March of this year warning of what stock index futures could do to the Republic and to your pocketbook. He wrote, "The combination of stock index futures and computerized program trading has created a souped-up market.... which could turn a minor downturn into a major one," which is exactly what happened in October. While you have to put up half the amount you invest in stocks, you can buy these futures with as little as 20 percent cash. Doesn't that sound suspiciously like 1929—and could you believe it when the stock exchange permitted a resumption of computerized program trading on November 9?...

If you paid your fire chief \$75,000 annually, would you want him to take an average of more than ten weeks off a

**SAVE
\$1,000 ***

**ON GIFT FOR
CHRISTMAS**

**—
SEE DETAILS
ON PAGE 58**

*** NO COMPUTER PURCHASE
NECESSARY**

year? If not, don't move to Fairfax County, Virginia, because that's where Chief Warren E. Isman is pulling down that salary and averaging that much leave over the past four years. He says he delegates "a great deal." Delegating permits him to make speeches in cities like Singapore, Rotterdam, Tokyo, and Jerusalem and to make repeated visits to England, Australia, and New Zealand, where his oratory seems to go over especially well.

The people of Fairfax County can at least content themselves with the fact that Isman's travels are paid for by his hosts. We who live in the District of Columbia have our own globe-trotter, only she sticks *us* with the bill. Cora Wilds is the chairman of the District's Boxing Commission. Her dedication to the advancement of boxing has taken her to Bangkok, Aruba, Montreal, Dearborn, New Orleans, Reno, and Atlantic City. She billed these trips to the city. She also billed many of them to an international boxing organization. . . .

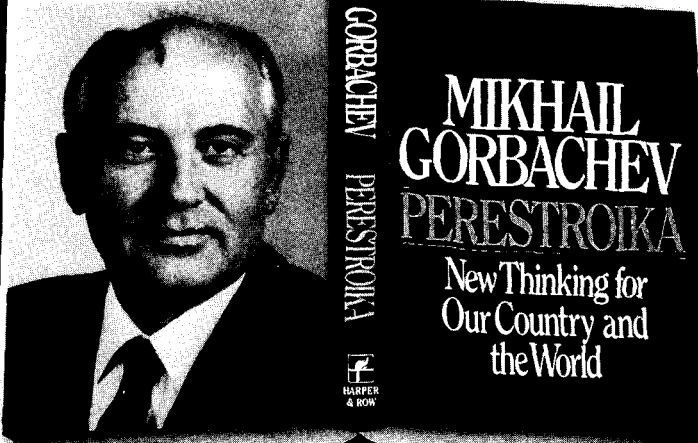
There's more white-knuckled news from our deregulated airlines. First this headline from *The Washington Times*: "FAA study discovers Eastern to be worst in meeting repairs." Then, according to *The Washington Post*, Eastern pilots testifying at a congressional hearing said the airline suspended a dozen pilots for refusing to fly aircraft they considered unsafe. According to *Newsday*, one of the pilots

was suspended for refusing to fly a plane with a broken altitude alert system, which federal regulations require be fixed as soon as the plane reaches an airport "where the plane can be fixed." Eastern's excuse was that it didn't have to replace the part until the plane reached an airport where the part was *available*. That could mean days or weeks, of course.

Another Eastern pilot told the congressmen this about airlines' practices: "They reduce spare parts inventories to bare bones; they schedule aircraft so tightly there is no time for proper maintenance." And *The Wall Street Journal* told of "a Delta captain reporting for an early-morning flight from Bangor to Boston, smelling of alcohol, slurring his speech, and needing assistance in walking". . .

Did you see that the Department of Transportation has approved the merger of USAir and Piedmont? We're going to end up with seven giant airlines that gouge their customers, cheat on safety, and cut out service to small cities. That's what deregulation does for you. And don't forget what it's done for your phone bill. . . .

Want to know the secret of the Mafia's success? To a large extent, real estate developers, contractors, and suppliers accept the mob, according to a recent report by New York State's Organized Crime Task Force, "in some instances as a necessary evil, providing stability and predictability, in other instances as an organization which can provide valuable services."



GORBACHEV PERESTROIKA

MIKHAIL GORBACHEV

PERESTROIKA

New Thinking for
Our Country and
the World

**The Book of the Year
By the Statesman of the Year.**

A Cornelia & Michael Bessie Book

Harper & Row

What, pray tell, are those valuable services? "By controlling the activities of disparate groups of racketeers preying on the industry," the commission explains, "syndicates can assure contractors that they will only have to pay off once for a specified result."...

In Santa Clara County, California, two private law firms hired to defend the county in a jail-overcrowding case have been paid more than \$70,000 for only two months of their time. This is the tip of a vast national iceberg. It used to be that the legal affairs of a county or a city were handled by a salaried employee, just as a state's legal work would be performed by the attorney general's staff. But increasingly such work is handed out to law firms. The catch for the taxpayer is that he is being stuck with those \$35,000-a-month bills. As recently as the 1960s, my father was paid only \$8,000 a year to handle the legal problems of his county. It was considered a part-time job, and he was able to get the work done by devoting his mornings to it. But once you have private firms involved, the great run-the-meter imperative of American law comes into play and every task is transformed into a major production that of course entails a major billing....

Did you know that the CIA appoints its own inspector general? In other major agencies, this official is named by the president because his loyalty should be

to the country, not to his agency. What can happen when the agency chooses is indicated by the fact that the CIA chose as its inspector general a man who had been responsible for the illegal mining of Nicaraguan harbors in 1984....

Congress has failed to take the two most sensible steps to cut the deficit. It should have made Social Security benefits fully taxable, and it should have maintained the 38 percent top rate on income taxes instead of lowering it in 1988. Neither would hurt the poor, and combined they would have produced about \$18 billion in the first year and much, much more thereafter. The villains on the Senate Finance Committee who led the opposition to these sensible steps were Bill Bradley and Lloyd Bentsen on income taxes and George Mitchell, Don Riegle and Barbara Mikulski on Social Security. I'm especially disappointed that Bill Bradley, whom I have admired so much, has become a protector of the rich....

How are we to explain Mario Cuomo's behavior in a fee dispute with his former student and law partner, Michael Nicholson?

Here are the facts:

Perini Corp., a construction company, had retained the Cuomo-Nicholson firm in 1973 to file a claim against New York City. Cuomo left the firm in 1975, giving up his interest in the firm for \$100,000. The Perini claim was settled for \$7.5 million in 1979. In 1980, Cuomo told

Perini to withhold \$600,000 of the \$1,466,000 fee it owed his former firm, saying he wanted a share of the fee. The trouble was, not only had Cuomo left the firm four years before the claim was settled, he was lieutenant governor of New York when he told Perini to withhold the fee, and Perini at that time was doing over \$20 million in business with the state. "It's hard to see," Geoffrey Hazard, a Yale Law School professor who helped draft rules of conduct for the American Bar Association, told *The Wall Street Journal's* Stanley Penn, "how the contractor could disregard that (Mr. Cuomo) is a high state official." It is also hard to see how Cuomo, after accepting that \$100,000 for his interest in the firm, could justify claiming more than a third of a fee for work that almost all seems to have been done after he left....

"Four years after the Navy discovered that it had purchased defective fire hose nozzles from a disreputable firm, 52 of the nozzles were still aboard aircraft carriers, destroyers, and other combat vessels," *The Washington Post* recently revealed. Another *Post* article revealed that four of the Navy's most modern missiles—the Sparrow, the Harpoon, the Phoenix, and the HARM—have been purchased over the past 16 months despite knowledge of potential defects that could cause them to fail in combat. Some are deployed with U.S. forces in the Persian Gulf.

One reason for a military draft that would take the rich

and poor alike is that if the sons of the powerful were in the service, their parents would not permit outrages like these to continue. Those who remember when we had such a draft during World War II know, for example, how quickly inadequate fighter planes, like the P-40, were replaced by P-47s and P-51s, which gave the enemy fits. . . .

Restaurants are catching on to the Frequent Flyer con. Here's the headline from a recent ad for the Columbia Steak House in Louisville, Kentucky:

Have Lunch On
Your Expense Account,
And Keep The Free
Bonus for Yourself

The game is the same. The bonus goes to the frequent flying or lunching employee of an organization with expense accounts. The bill goes to the employer. The employee's conscience is not troubled because the employer usually is a large corporation with lots of money to burn. The catch, of course, is this: because of tax deductibility, the rest of us pay for 80 percent or more of the original flights and lunches, and for the freebies, because the prices are inflated to cover them. . . .

I used to practice law before I decided to go straight. What I enjoyed most about it was trying cases. There are few greater challenges to one's intellectual and empathetic skills than figuring out what the judge and the jury and the opposing counsel and the witnesses are thinking and

feeling as you try to frame your next question. And if you have some room left over in your mental computer, you should also be considering how the members of the courts who might hear the case on appeal would react. Your adrenalin pump goes into high gear as all these thoughts flash through your mind while you attempt to maintain an appearance of outward calm and control to mask what is often inner desperation.

If you would like to get an idea of courtroom reality, two recent books—*Outlaws* by George V. Higgins and *Presumed Innocent* by Scott Turow—do a remarkable job of providing an insider's feel. . . .

The Iran-contra hearings ended without answering the question that has nagged at me the most. Which of the geniuses in charge of our national security affairs recommended that Ronald Reagan send the Ayatollah an inscribed Bible? . . .

I congratulate New York City for its new policy on hand-cuffing prisoners. This had not been a front-burner issue for me until I was arrested a couple of years ago for standing in front of the South African embassy in Washington with a placard protesting apartheid. My hands were cuffed behind my back. This affects one's balance, so, as I tried to step up into the paddy wagon and at the same time bend my head to avoid the low door, I fell. It was a humiliating feeling. There is no need to subject nonviolent prisoners to it, and that is the policy New York has adopted. . . .

I know that our readers, as keen students of what is truly important in this world, have been waiting for my comments on the NFL players' strike. First, the players were dumb to focus originally on free agency when they should have concentrated more on just and reasonable issues like protection against injury and guaranteed contracts.

The latter is a little-understood matter about which the player's concern is justified. As things stand now, he is asked to sign a contract for, say, three years, meaning he has to play for his team for three years if it wants him to. But the team can fire him anytime. Assuming he makes a bona fide effort to play to the best of his abilities, the team should have no right to drop him without paying off his contract.

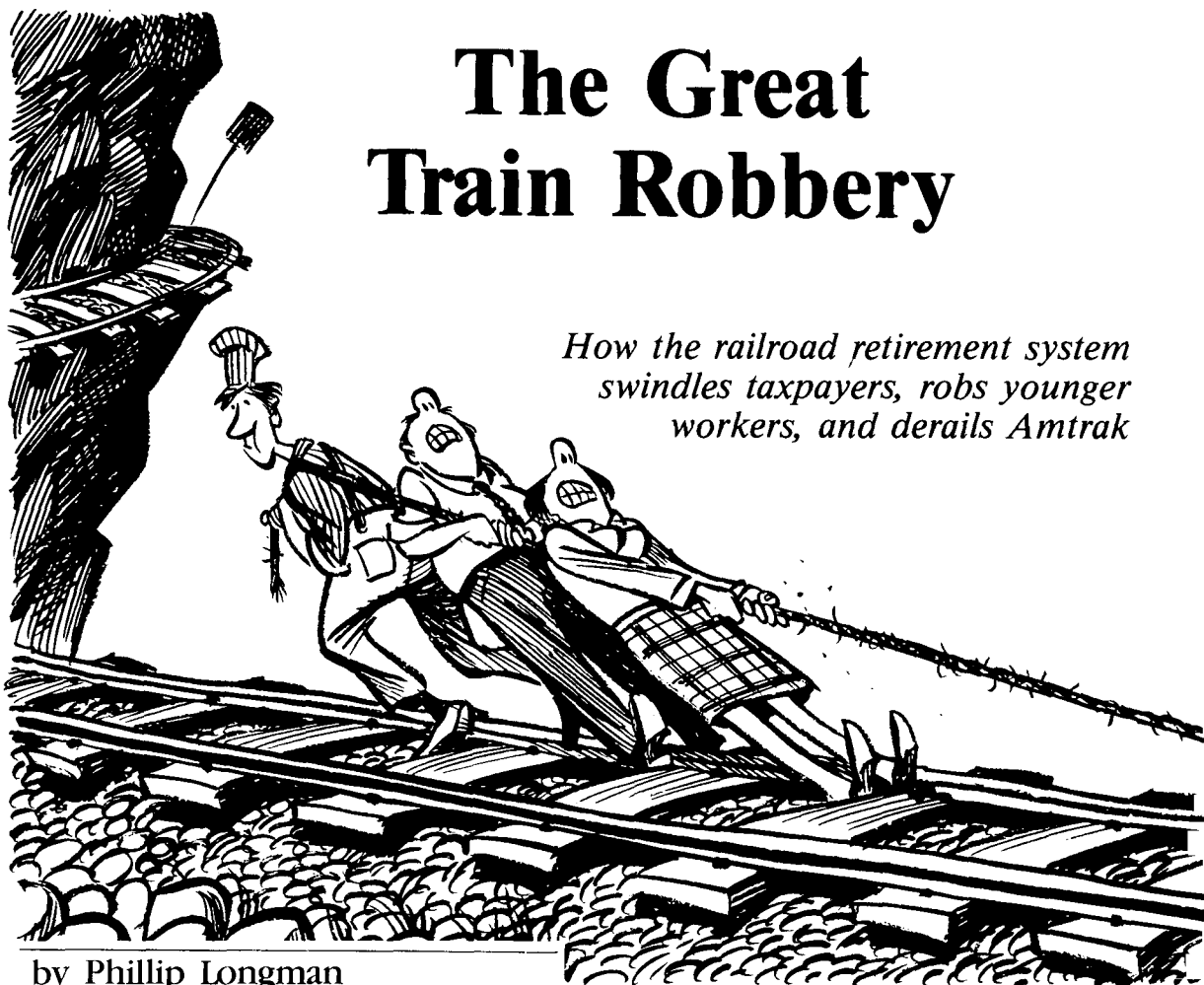
The owners, who kept saying they would settle all issues rapidly if the players dropped the free agency demand, showed what terrible people they really are when the players dropped that demand and the owners then refused to negotiate seriously. The owners saw the players were weakening and, in the great tradition of rich people everywhere, decided to stomp on them.

The replacement players, at least in Washington, were a joy to watch. They played for the love of playing and for a chance to have a future in football. They showed absolutely no sign of the spoiled-childism that is characteristic of most of the stars. I miss them. . . .

—Charles Peters

The Great Train Robbery

How the railroad retirement system swindles taxpayers, robs younger workers, and derails Amtrak



by Phillip Longman

In America, the railroads have often been first: the nation's first \$1 billion industry, and the first way to get from New York to San Francisco without a horse. While many don't realize it, the railroads also led the way for a great liberal cause: old-age pensions. In the 19th century, the railroad industry initiated the nation's first widespread private pension plans, offering workers some semblance of security in their old age.

During the Great Depression, the railroads were again at the center of innovation. Congress took over the patchwork of private railroad pensions in 1934, a year before it established Social Security to protect the elderly nationwide. During congressional debate, one supporter promised that the railroad retirement system would become "a trail blazer." Now, sadly, it's blazing a trail to bankruptcy.

Phillip Longman, a frequent contributor to The Washington Monthly, is the author of Born to Pay: The New Politics of Aging in America. Houghton Mifflin, 1987.

To this day, railroad workers are not covered by Social Security but by this separate retirement system. This year, the federal government is pumping in \$2.8 billion to keep railroad retirement afloat. In addition, railroad companies and their employees shoulder staggering payroll taxes. While workers covered by Social Security pay 7.15 percent of their income, railroad workers contribute 11.4 percent. The combined employer-employee payroll tax is 14.3 percent for workers covered by Social Security, compared to a mammoth 33.3 percent for the railroads. Even with this heavy taxation, the railroad retirement system's own actuary, in his most optimistic projection, predicts bankruptcy in 20 years. More likely, it's just a recession away.

These crippling payments are surely hastening the decline of America's railroads. With only one current employee for every three retirees, roughly one-sixth of the cost of moving freight by rail in this country now goes to pay benefits to those