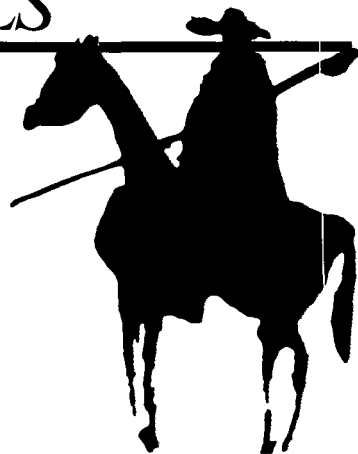


# TILTING AT WINDMILLS



**T**he president has a \$149 million jet aircraft that will serve as his command post in a nuclear war. It is designed to fly above the holocaust so that the president and his top commanders will be sure to survive a nuclear attack. While on a recent test flight, the plane was forced to return to its base. The hazard that kept it from remaining airborne was geese that were sucked into the plane's engines.

Although this event may have inspired anxiety at the White House and the Pentagon, I take great comfort in it. I have always thought that next to the possibility of some fool pushing the wrong button accidentally or some similar foul-up, the greatest danger of nuclear war lay in our leaders thinking they could survive it. Now they know that even if they escape the

blasts below, they still may be done in by a gaggle of geese. . . .

American Brands has one subsidiary, the American Tobacco Company, that sells cigarettes. It has another, Franklin Life Insurance Company, that gives discounts to nonsmokers. . . .

New York City's population has declined since the 1940s, but the same cannot be said of the number of its public employees. It has increased and now stands at a record 447,000.

By the way, did you know that the United States, with one government employee for every 15 citizens, now has as many government workers per capita as the Soviet Union? . . .

Our brethren at the bar, as this column has often noted, include in their number some

of the greatest scoundrels to be found outside the walls of penal institutions. The files of the Client's Security Fund of New York, which compensates victims of legal malfeasance, include the following examples:

A Nassau County lawyer who took \$167,000 in pension money from a widow. An attorney from upstate who stole \$71,000 from an elderly woman and made off with her piano for good measure. And a father-and-son firm in Rockland County that took \$75,000 from an orphaned boy and \$150,000 from a fund that was to pay for the training of seeing-eye dogs.

My favorite is the Otsego County lawyer who created a fictitious heiress to inherit his client's estate. To establish her existence, according to *The New York Times*, he "dressed up as a woman and checked into the Best Western

motel in Little Falls, New York, under her name.” . .

**S**peaking of New York lawyers, it used to be that the state's classier firms avoided matrimonial law. Divorce cases, they said, were “messy,” the implication being clear that such matters were beneath their dignity. But suddenly we find that the most distinguished firms are displaying a keen interest in matrimonial law.

Why have they abandoned their fastidiousness? Why does dignity no longer matter? Well, it seems that in 1980 New York law changed so that the breakup of a wealthy couple was, in the words of a Manhattan lawyer, “transformed into something like the breakup of a business partnership, requiring expertise in real estate, tax, and corporate law and commanding six-figure fees.” In the case of *Karp v. Karp*, for example, the legal fees amounted to more than \$1 million. . . .

Just in case you thought it couldn't be done, my friend Donovan McClure has come up with a reason to vote for Gary Hart: if Hart's no-frills campaign wins, it will be a devastating blow to the vast industry of pollsters, consultants, and advertising agencies, raising money for which has become the principal occupation of modern candidates, diverting them from the issues and awarding victory all too often to those who can best afford it.

There is, I must concede grudgingly because I've come

to so dislike his arrogance, another reason to vote for Hart—or I should say Hart or Gore. Their careers and interests have involved them much more substantially in national security issues than have those of the other Democratic candidates. On issues of war and peace, they are simply better prepared.

Although I am convinced that Bruce Babbitt must show evidence of giving more thought to these security issues as the campaign progresses, I continue to think that he is the best candidate overall (see David Osborne's article, page 12). I hope he doesn't give up even if he is badly beaten in the early primaries. Lack of money may compel him to run a campaign that has even fewer frills than Hart's, but he should hang in there

because the voters could awaken to his merit at any time. . . .

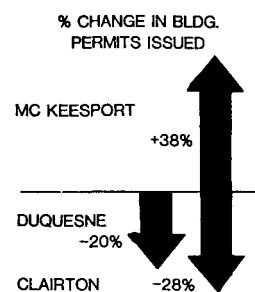
For all those internists out there who are suffering from the winter blahs and would like to get away but don't want to pay for their vacation, I have glad tidings. There's still time to sign up for Advances in Internal Medicine and Cross Country Skiing. It will be held at that great center of medical learning, Yellowstone Park, from February 21 through 27. The days are free for skiing. All but one of the “meetings,” the only part of the program that threatens to distract the mind with professional concerns, are scheduled for 4:00 or 4:30 p.m. and offer the solace of “hot drinks and snacks.” Best of all, the vacation is

## If It Works in McKeesport, Pa. Why Can't It Work in Your Town?

In 1980, McKeesport raised its property tax rate on land and reduced it on buildings. The new construction in the 3-year period was up 38%, while in the neighboring and comparable steel towns of Duquesne and Clairton, new construction was off 20% and 28% (see diagram). Duquesne has since switched some tax off buildings and onto land, with good result.

It shouldn't surprise that down-taxing buildings encourages new construction, and so does up-taxing land.

What would happen if many cities started to shift a lot of tax off buildings (also off wages and retail sales) onto land values? Wouldn't our economy take a quantum leap upward, dispelling unemployment and poverty? Write today for more information —



### COMMON GROUND

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tax deductible; it's all on the rest of us. . . .

The Whitby is going co-op. For most people the question will be "so what?" But for anyone who has been involved at the more impecunious levels of the arts in New York, as I was in the late forties and early fifties, it is terrible news. The Whitby was an apartment hotel on West 45th street that musicians, dancers, and actors could afford. Now it will become expensive, like most housing in Manhattan.

I have a theory that the greed of the seventies and eighties had its roots in the disappearance of affordable housing in Manhattan. All those bright writers and media people who mold the opinions of the rest of us had to make a lot of money just to pay the rent. So their values had to change to justify their greed, and they proceeded to brainwash the rest of the country with their new morality.

The only New Yorkers who escaped the new passion for money were those who had rent-controlled apartments. Unfortunately, that involved them in another sin—the defense of rent controls, the persistence of which has caused the short supply of housing that makes other apartments so dear. . . .

As they learned what their brokers had done to them on October 19, thousands of small investors also found out what a big favor the Rehnquist court had done for them last June when it ruled that the arbitration clause in

forms they signed when they opened their brokerage accounts kept them from suing the Wall Street firms that had treated them so shabbily. The arbitration process provided for by those forms is, in the words of *Money* magazine, "stacked against the investor." He doesn't have the same rights to discover facts that he would have in court, sometimes even being unable to compel the firms to produce relevant documents. The supposedly impartial members of the arbitration panel can include Wall Street spouses or retired brokerage industry officials. They seldom give the victim the full amount of his loss, and, according to *Money*, "almost never add punitive damages." . . .

Wilmer, Cutler, and Pickering has invested \$750,000 worth of its time in the defense of Theodore Robert Bundy. Why? You don't have to be very smart to realize that Bundy, who specialized in killing young girls, is a monster and guilty beyond a shadow of doubt. Surely there must be thousands or at least hundreds of possibly innocent people who are caught in our criminal justice system without adequate representation. Why not help them instead of Bundy? . . .

Bureaucracy has been a major concern of this magazine since we began publishing 19 years ago. There are two reasons for this concern. One is that bureaucratic ineptitude can

cost money. More importantly, it can hurt human beings.

An example of the former comes from a recent General Accounting Office report that reveals that the government pays about one-fourth of its bills too early and one-fourth too late, thereby forfeiting hundreds of millions of dollars in either interest income or interest penalties.

As for the human impact, consider the story of Billy and Lilly Ross, a young couple living in Ohley, West Virginia. Billy had a job, but it paid so little that he, his wife, and ailing young son qualified for food stamps. Then it turned out that what he thought was an ear infection was in fact inoperable cancer, requiring chemotherapy and radiation. He had to quit work early last fall.

What did the government do to help this man who was down on his luck? When he applied for welfare in October, his papers were lost. His sick child was rejected for medical help. His food stamps were revoked. Four caseworkers ignored his pleas for help. Last month Martha Hodel of Associated Press reported his story, and finally the caseworkers responded—which helps explain why we hope more of the press will join us in covering the bureaucracy. . . .

The 65-mile-per-hour speed limit does not seem to be a great winner. In states that have adopted it, traffic fatalities have increased by more than 50 percent. The problem is that under the old limit, everyone was really going 60, so that the new

limit is viewed as a license to do 70, a point at which a good many cars become difficult to control and a good many drivers discover that their skills and reaction time have become inadequate as their vehicle plows into another or sails off the road and into a tree. . . .

Have your ears been assaulted by those new leaf blowers? Unfortunately mine have, and I can tell you they are a real menace. A few enlightened city councils have banned them, and one splendid soul, John Miller of Palo Alto, is fighting for an initiative that would outlaw them throughout California. . . .

Government is organized to meet problems of the past. A position or an office or a department that was established to deal with a problem—e.g., a shortage of energy—may find that the problem no longer exists. But the old job and institutional framework persists. New problems that don't fit tend to be ignored. That is why the Congress has such a hard time getting the military services to deal with the problem of terrorism, an effective response to which would cut across the old bureaucratic lines. It is also why the State Department should be congratulated for rising above these tendencies to deal with a new environmental problem through an international protocol to protect the earth's ozone shield that it negotiated last fall. . . .

If an individual has been convicted of smuggling dope,

the Bureau of Customs wants that fact stamped on his passport as a warning to customs agents to give his luggage special attention. But the State Department refuses, saying the stamping might interfere with the "integrity of the document." This foot-dragging negativism in the face of a new and good idea is, I fear, far more typical of State's bureaucracy than the laudable response to the ozone problem. . . .

**"S**enator, we'd love to have you speak at our convention in Honolulu. Nothing you have to prepare, of course, I'm sure our members will be grateful for just a few off-the-cuff remarks and the chance to get to know you informally. There'll be an honorarium of \$2,000 [the legal limit], and we'll take care of all your travel expenses, and Mrs. Senator's—what a lovely lady—as well. A limousine will be at your disposal throughout your stay and another will take care of your transportation to and from the airport in Washington."

This, as you have probably guessed, is a typical lobbyist offering a subtle bribe to a typical senator. Among the organizations that indulge in this practice and the honoraria they paid last year are the National Association of Broadcasters (\$96,000), the Tobacco Institute (\$75,000), the American Trucking Association (\$85,750), and Paine Webber (\$122,200). These figures do not include the amounts these organizations shelled out for expenses, which were often

more than the honorarium. . . .

Did you think the tax return law of 1986 was going to simplify the preparation of your returns? That's not what your accountant thinks. Under the new law "the amount of information needed now to prepare a tax return is shocking," Roxanne Coady, national director of taxation at the accounting firm of Seidman and Seidman told *The Wall Street Journal*. The *Journal* goes on to report that accountants say they will spend 20 to 50 percent more time preparing 1987 returns than they've spent in previous years.

Accountants, like other professionals, are highly skilled at finding excuses to run the meter. But the general consensus of tax experts seems to be that the new law has made things simple for lower-income people but more complex for those in the middle brackets and above who don't use the standard deduction. The rich are going to save plenty, but it may be that some people in the middle will end up paying their accountant whatever savings they were supposed to realize from the reforms. . . .

If I were black, the most maddening of the prejudices I would have to face would be the assumption that I am stupid. Yet this is exactly what many whites think. The problem is that they don't know black people or that they assume that the bad attitudes and values that they see in some blacks, especially in the ghetto, are caused by intellectual deficiencies. At

least one group of whites should know better—the sports fans. Any student of post-game interviews has to concede that the blacks are just as insightful as the whites. And they are not a group of elite blacks specially selected to do well against average whites. Both the whites and blacks are interviewed because of their athletic accomplishments. As for intelligence, the selection of each group is equally random, meaning that comparing the two is a valid exercise. . . .

Speaking of sports, there has just been a change in the baseball rules that has to be welcomed by every boy whose faith in his power of observation was shaken by the strikes that were called balls by the umpire. Having asked your father what a strike was and being told it was a pitch that crossed the plate between the batter's knees and armpits, you would then see every pitch above the belt buckle be called a ball. Were you blind or were the umpires determined to undermine your respect for the rule of law? Either way it was not good. So I am happy to report that the strike zone is now officially what it always seemed to be in fact. . . .

One of the more fascinating developments in American culture in my lifetime has been that the average guy has stopped identifying with other average guys, as he did when I was growing up. Instead, by the eighties, he was watching "Lifestyles of the Rich and Famous," "Dallas,"

"Dynasty," and now "L.A. Law," identifying with those who lead glitzier lives than he does.

When did the change begin? I think it was the late forties, and I offer the following evidence from the works of Rodgers and Hammerstein. In the early forties they had written two musicals, *Oklahoma* and *Carousel*, in which the hero was an average guy. But by 1949, with *South Pacific*, he was a wealthy French planter. In the fifties, in *The Sound of Music*, he was a baron, and you don't have to guess what he was in *The King and I*. . . .

Evidence of the extent to which Americans are conned by credentials was furnished by the introduction given the soprano, Kathleen Battle, at the beginning of a recent televised concert with the New York Philharmonic. The announcer listed the degrees she had been awarded. What do they have to do with her ability to sing? . . .

Front porches and town squares are coming back, according to a recent article in *The New York Times*. I hope the *Times* is right. Having grown up in a town where almost every house had a front porch, I know how they encouraged neighborliness. People talked with one another instead of watching television.

We didn't have a town square in Charleston, West Virginia, but in my travels I have seen and envied hundreds of them, most of all those in Latin countries,

where the *paseo* (nightly walks around the square) brings the community together and provides the young with an easy way to flirt.

The square and the porch can help restore humanity to our towns and cities, which is why I'm in favor of both. But I should warn of one hazard to the one I know best, the front porch.

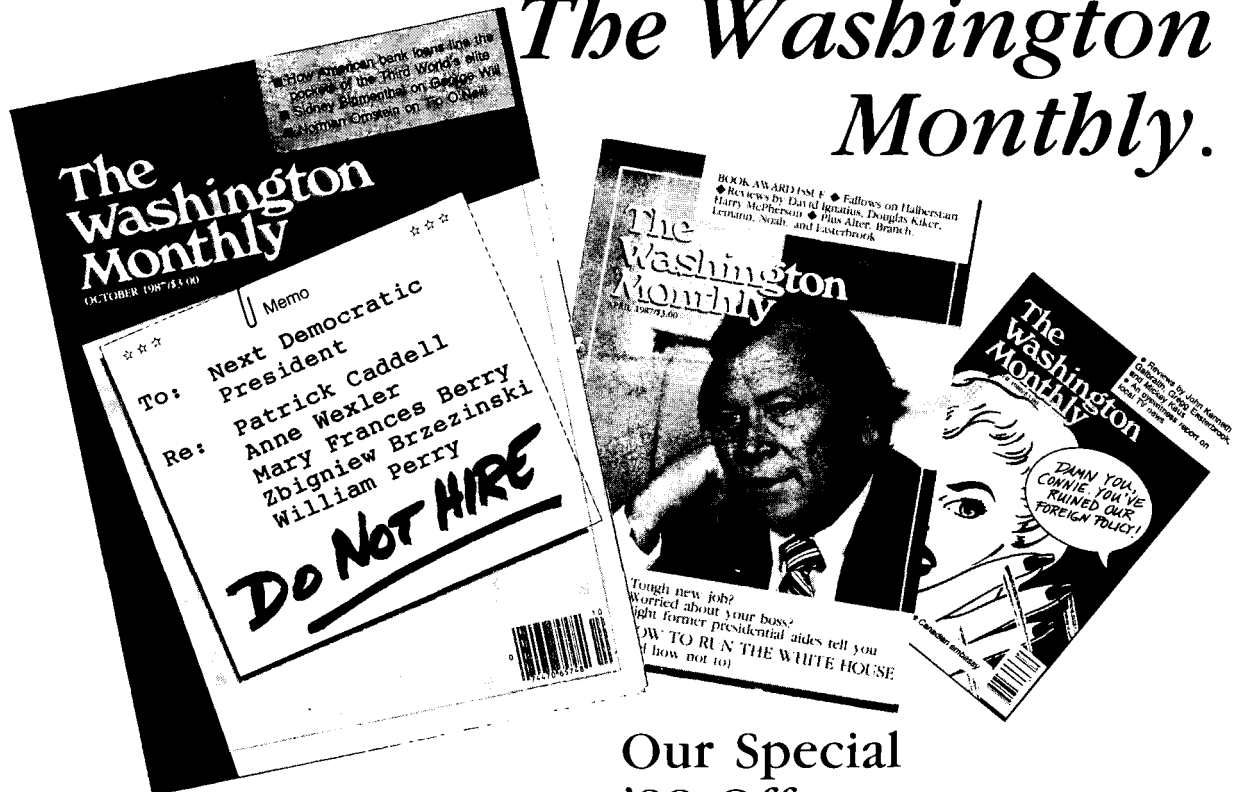
The neighborhood bore might hesitate to knock on your front door and invite himself in, but if you're sitting on the porch you can be sure that he will interpret the slightest acknowledgement of his wave as a warm invitation to join you on the porch, where he can be counted on to studiously ignore the yawns that strained courtesy can only half suppress. My father became expert at detecting the first faint sound of the bore's approaching footsteps, dashing inside if there was still time, or slumping in his wicker chair, trying to disappear below the porch railing.

But today, as I sit stupefied by a typical evening of television, I realize that the bore was no worse and that, unlike the oversimplified characters that dominate the tube, he and the other neighbors who joined us on the porch were real human beings with problems and experiences to tell us about, people from whom I learned about life, not the imitations of it that appear on the screen. And the bore was more than made up for by the other guests, who were usually interesting or entertaining or both. . . .

—Charles Peters



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# The Poker Player

*As a governor,  
Bruce Babbitt was  
not only smart, he  
was effective*

by David Osborne

Bruce Babbitt has made his name nationally with a series of unique and politically risky stands on issues. But in Arizona where he was governor for nine years, he is known for making such ideas reality. Because he has trouble communicating on television, however, Babbitt has been unable to project his greatest asset: his capacity to lead in office.

In Arizona, the name Bruce Babbitt is virtually synonymous with the word leadership. A look at Babbitt's years as governor tells a remarkable—and remarkably unknown—story. In the most conservative state in the union, in the face of a Republican legislature and a fiercely anti-government business community, Bruce Babbitt transformed the very nature of the governorship. In the process, he forced Arizona to come to grips with the most basic issues clouding its future: its fragile environment, its substandard education system, and its inadequate social services.

To understand the Babbitt story, one must understand the context. When Babbitt assumed office in 1978, Arizona still embraced the frontier ethos in which the old Arizona had taken such pride. Arizona was the last of the contiguous 48 states to join the union, in 1912. By 1940 it had only 500,000 people, spread out in small, desert towns and over vast Indian reservations. But World War II brought military bases and defense plants, and the postwar boom brought air conditioning and air travel. Defense contractors and aerospace and electronics companies poured in, bringing an army of young engineers and technicians with their wives and their children. With their crew cuts and their conservatism, they transformed Arizona into a bastion of Sunbelt Republicanism.

But even as the Republicans cemented their control in the 1960s, rural legislators held onto the reins of seniority—and thus power. In the 1950s Arizona declined to participate in the federal Interstate Highway System; in the 1960s it turned down Medicaid. State government was tiny, the governor a figurehead. And Arizonans had little truck with Washington.

The task of dragging Arizona into the modern era fell to Babbitt. He is a lanky, scholarly type whose habitual slouch, thoughtful manner, and awkward style of speech hide an enormous drive. He has sandy hair, a lined face that has begun to sag, and large pale eyes. On a dais, when he

*David Osborne writes about political and economic affairs. This article is adapted from his book, Laboratories of Democracy, which will be published in May by Harvard Business School Press. © 1988 by David Osborne.*