

# Myth Information

*How an unwitting press  
gets policy wrong*

by Jon Meacham

It was the first Sunday in June, and Daniel Patrick Moynihan was on a roll. Buoyant and sporting a red bow tie, the New York senator played the avuncular elder statesman on ABC's "This Week With David Brinkley," discoursing on politics and philosophy with Sam Donaldson and George Will. Near the end of the interview, Moynihan was asked where Senate Democrats, who were taking up the budget in the coming week, might find "more spending reductions."

Pulling a sheet of paper from his suit pocket, Moynihan suggested that \$35 billion could come out of Medicare. The remark kicked off a week of ominous news reports. On the CBS "Evening News," correspondent Eric Enberg intoned, ". . . [T]he administration is looking at the part of the budget that includes Medicare and Social Security" while running a video clip of a nurse lifting an elderly man in a polka-dotted hospital gown from a wheelchair.

Later in the week, CNN used footage of a patient on his way to surgery to illustrate this point: "To make up the shortfall in the energy tax, the President may be forced to go ahead with proposals to increase spending cuts by another \$50 billion, some \$35 billion of which would come from Medicare."

The elderly con was on. "Senior citizens, who vote more in larger numbers than any other segment of the population, will not forget, nor will they forgive you," the Council of Senior Citizens' Larry Smedley warned on ABC. But there are a hundred other questions involved: Do the rich pay enough? Why aren't costs controlled, anyway? Is slowing Medicare down good policy?

The truth is that Moynihan was talking about possibly slowing the *growth* of Medicare over the next five years. Medicare will

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cost \$170 billion in 1994, and, even if the Senate had enacted the \$35 billion figure, Medicare would have hit \$235 billion by 1998 instead of \$262 billion. So while the Senate considered the five-year budget plan, much of the media failed to explain what the dramatic talk about Medicare would mean for the people on Medicare.

As it happened, the Senate decided \$10 billion would be enough. The savings would come from reducing how much the government pays doctors and hospitals for Medicare patients—nothing would actually be taken away from the feeble old people on television.

That's because providers routinely shift costs not covered by Medicare to privately insured patients. Until after the Senate vote, no major story that dealt with Medicare and the budget explained that, or the fact that Moynihan had (unwisely) ruled out raising premiums on the well-off.

To do pieces like that requires a level of sophistication about government that many reporters simply don't have. For most run-of-the-mill journalists, taxes, spending, and the bureaucracy form a huge blind spot, and that blindness has important consequences: Half-baked reporting becomes conventional wisdom, which in turn affects major policy decisions. Imagine a senior citizen watching the news: *A Medicare cut! Jesus, they're beating up on the elderly! I'm calling my congressman!* Those calls are made all the time, and the result is a Congress that carries water for very particular groups of constituents.

To get what they want, people with a special stake in how the government spends money—seniors and bureaucrats in particular—can gull the media into shilling a party line, especially when the issue is complicated or obscure. After all, reporters think the romance in journalism is in

horsetrading politics, not in government, and they tend to suspend their disbelief when it comes to the details of policy.

Here are three other cons the media habitually fall for when they cover the federal establishment—a world where cuts aren't cuts, statistics can be cooked, and interested parties can fool reporters who don't have a feel for the inside game.

**► *Federal employees make 30 percent less than they would at comparable jobs in the private sector.***

This factoid is like the October Surprise: enduring yet wrong. A familiar statistic when bureaucratic salaries come up for review, it has worked its way into the culture since 1969, when salaries were supposed to be tied to what a federal worker could bring down in the private sector. After Clinton targeted the 2 million-strong federal workforce in February for a freeze on new raises, the employees' unions and members of Congress from bureaucrat-rich areas like Virginia and Maryland began playing the pay gap con.

On March 11, after a House Post Office and Civil Service subcommittee hearing, *The Washington Post* reported, "Rep. Leslie L. Byrne (D-Va.) pointed out that federal wages lag about 29 percent behind comparable private sector pay. 'It's awfully hard to shine when the world is wearing you down,' she told [Alice] Rivlin." States News Service, in its wire copy to subscriber papers, routinely repeats the figure. And on the April 26 edition of ABC's "World News Tonight," correspondent John Martin used the statistic in an otherwise tough report on federal pensioners: "Federal workers say they deserve the [retirement] COLA [cost of living adjustment] because government salaries are 20 to 30 percent below private industry."

One problem: The statistic is bogus. Where does it come from? The federal government, with its \$107 billion payroll, is the nation's largest single employer. To set those salaries, the Bureau of Labor Statistics (BLS) conducts a national survey in which private sector personnel managers read federal job descriptions and say what a comparable job with them would pay. The results of these surveys yield the 29 percent average gap. That gap is being used to justify healthy pay raises—about \$1.8 billion worth—for federal employees across the country in the next few years.

So what's wrong with that? "The chief suspect in all of this is that federal job descriptions are inflated," says Alan Krueger, a Princeton University economist who studies government wages. That means bureaucrats are being paid for work it only sounds as if they're doing. With minimal literary flair, for example, fairly routine responsibilities can begin to sound a lot like Julius Caesar's. Consider these excerpts from the description of a GS-12 (a basically low level) engineer: "... requires the use of advanced techniques and the modification and extension of theories, precepts, and practices of the field and related sciences and disciplines ... carries out complex or novel assignments requiring the development of new or improvised techniques and procedures ... work is expected to result in the development of new or refined equipment, materials, processes, products, and/or scientific methods."

How many private engineers are performing at such levels or higher? In Boston, 16 percent; in Atlanta, 27 percent. But according to the government, 91 percent of federal engineers are engaged in such groundbreaking, Galilean research. (Not incidentally, it's the feds who write the descriptions.)

The Office of Management and Budget has challenged the pay survey's accuracy, and at least one analysis of federal-versus-private wages from 1948 to 1990 by Krueger and Lawrence Katz of Harvard (Katz is now the chief economist of the Department of Labor) found average pay actually *higher* for federal workers. The average fed makes \$36,279 (\$45,000 in Washington); 30 percent of government employees make over \$40,000 just in

salary, which can go as high as \$85,000. (Some top bureaucrats hit six figures-plus in wages alone.) Meanwhile, the average private sector worker makes \$26,758, and only 10 percent make salaries in the government's top range.

Let's pretend, though, that federal employees are getting the financial shaft. (Leave aside the fact that, in 1992, the federal quit rate was about 6 percent, and there's no shortage of applicants for jobs.) Simple market economics tells us there's got to be *some* reason people want to work for the government. And that reason must be ... the benefits.

Job security—it's virtually impossible to fire a federal employee—is one huge advantage. And civil servants, for instance, can retire at age 55 after 30 years on the job with generous pensions tied to the Consumer Price Index. According to the Hay Group, a compensation consulting firm, federal employees making from \$20,000 up to \$125,000 receive total benefits ranging in value from \$12,000 at the bottom end to \$55,000 at the top, besting corporate America by about \$2,500 at each step. The holiday time alone is lavish and can be cleverly cloaked. Where private sector workers generally get two weeks of paid vacation a year, the most junior federal employees get what the government refers to as "13 days." Sounds fair enough—until you realize that it means 13 *work* days, which is, counting weekends, two-and-a-half weeks. As a fed rises in seniority, he gets 20 days—in effect, four weeks. And don't forget the 13 available days of sick leave, the 10 federal holidays, and the comp time.

Even those feds who argue that there was a genuine pay gap when they came on the job in the sixties—and for some jobs that was true then and is true now—are retiring well. And in the intervening years, annual COLAs on the order of 9 percent in 1980 to 4 percent in recent years still outstripped private raises. Nevertheless, the gap myth endures. Why? Mainly because of the reportorial tendency to depend on authoritative voices instead of asking independent questions. It's easier to quote a spokesman with a statistic than to dig around to see if it has the virtue of being true.

► ***Government employees are unfairly limited in their political rights by the Hatch Act.***

Hatch Act reform is not exactly up there with middle-class tax relief or abortion as a hot-button, focus-group kind of issue, but it has enormous implications for how Washington—and the rest of the federal establishment—works. Since 1939, the Hatch Act has barred federal employees from active electioneering. They can still contribute money to campaigns and sport yard signs or bumperstickers. But a Hatched employee—there are about 3 million—can't be more involved than that in campaigns.

Congress is about to send Clinton a bill, which he says he supports, to weaken the Hatch Act. (Bush and Ford both vetoed similar measures.) On the day Senator John Glenn's Government Operations committee passed its version of Hatch Act reform in May (it had already quietly passed the House), a Gannett wire service report said this, relying heavily on a Glenn press release:

A federal employee can give a candidate up to \$1,000 per election, but can't volunteer to stuff envelopes or answer telephones at that candidate's headquarters.

The employee can put a political poster in his or her yard or car, but can't wave it at a political rally. The worker can express political opinions, but can't give a speech even in a party caucus.

For those reasons and others, a bipartisan group of House members and senators want to overhaul the 1938 Hatch Act, which restricts political activity by federal workers.

By emphasizing the little-old-lady-in-tennis-shoes aspect of campaign work, the reporter has accepted Glenn's con that Hatch is only about benign volunteer work. Heck, you might think, why not let the GS-11 go down to Senator X's headquarters if he wants to? Note, though, what is allowed now: essentially *passive* activity—the giving of money, the display of a sign, and obvious free speech guarantees. While the Gannett reporter does note that Senator William Roth, a Republican, opposes the repeal on the ground

that it “will lead to a politicization of federal employees,” that objection is quickly passed over.

In covering the bill's progress, it's become routine *not* to explore its potential impact; States News Service, for instance, took the Gannett route and stenographically reported the story. *The New York Times* has drily recorded the bill's progress; none of the networks has covered the repeal; and only a handful of editorials, such as *The Atlanta Constitution's* “Hatch Act Changes Mean Return of the Spoils System,” has raised the alarm over introducing overt partisanship into the civil service.

## **Down the Hatch**

Of course, political patronage is not a bad thing. If a civil servant wants to be political, then he ought to be political and tie his job fortunes to the party in power. That way, if the voters hate the level of service they're getting, they can vote out not only their lawmaker or president but the employees who have helped contribute to the dissatisfaction. This magazine, for example, has long advocated just such a system to keep government accountable and encourage short-term stays in public service. Leaving, say, about half the work force as nonpolitical employees would ensure enough continuity between one administration and another.

But a repeal of the act, instead of moving toward that sensible solution, would make things even worse than they are now. Federal employees are asking for—and are very close to getting—the best of both worlds. They want the advantage of politics, the right to campaign for a candidate who will be favorably disposed to pay raises, COLAs, generous pensions, and all the rest.

But while civil servants want to be able to elect such politicians, they are unwilling to go the whole distance and put themselves on the line by giving up their tenure-protected jobs if their party loses. No major report, however, has noted this inconsistency or the price to the public of emasculating the Hatch Act without simultaneously doing away with federal sinecures. The press, when it's bothered to

pay attention, has blithely ignored that and lazily overlooked the real effects on the bureaucracy.

Think of it this way: There are federal employees in every congressional district in the country. That's a massive political army ready to march. A congressman or a senator or a president elected with a network of organized civil service support is going to have debts to pay off—and you can bet those debts won't get paid on the backs of the civil service by cutting salaries or streamlining regulation. This is a big issue, worth billions in federal benefits, but unless Cristophe gets involved somehow, it's probably not going to be covered.

► ***Taxing Social Security benefits is like jamming a broomstick in retirees' wheelchair spokes.***

The day after Clinton's economic package passed the House in May, CNN's "Early Prime" news show went to Florida, the Arcadia of American retirees, to assess how senior citizens felt about changes in Social Security taxation. From the Washington anchor desk, Lou Waters set the scene: "President Clinton's economic plan would hit many older Americans who receive Social Security benefits with their own special tax," he said. "Now that tax is supposed to target recipients who don't depend on Social Security in order to live . . . [But] some older Americans don't think they should have to pay more for benefits they earned long ago."

"Here's how the proposed tax hike would work," the report said. "Add other income, plus half your Social Security benefits. If your total exceeds \$25,000 a year for individuals or \$32,000 for couples, you'd be subject to a new tax rate of 85 percent." If that were on the mark, then older folks could be excused for taking an extra dose of Geritol to calm down. But it's way off the mark. The reporter meant to say that 85 percent of benefits would be subject to the regular income tax rate you pay on your other income—nobody's going to be paying an 85 percent tax rate.

That means people near the cutoff probably will be paying a 15, 28, or 31 percent rate; the better-off elderly will pay a 36 percent rate if

their combined income is over \$200,000 on up to 40 percent at the highest levels. The increase is expected to bring in \$32 billion over five years, but the cost to the 60 percent of Social Security recipients who make less than \$25,000 a year is zero. In the \$25,000 to \$30,000 range, it's \$42 a year.

## Old gold

According to Congressional Budget Office data analyzed by Phillip Longman and Neil Howe for *The Atlantic* in 1992, a quarter of all entitlements—\$200 billion—went to households with incomes over \$50,000 in 1991. Social Security, Medicare, and federal pension benefits to households making over \$200,000 fully doubled from 1980 to 1991. Meanwhile, households with incomes less than \$10,000 lost 7 percent of their federal benefits.

In this context, the case for tying benefits and benefit taxation to income levels is clear. Today, more than 60 percent of all federal benefit spending flows to the 12 percent of Americans who are 65 or older. In 1990, for example, every American over 65 collected an average of \$11,400 in federal benefits—tax-sheltered Social Security and Medicare among them, while 3.7 million senior citizens lived below the poverty line. Thirty-seven percent of America's retirees manage to slip from their cold-water flats and tuna fish diets to go on overseas vacations every year, while 40 percent are too poor to owe any income tax. The upshot is that while June and Ward Cleaver are doing well in retirement, the truly needy are out of luck.

Entitlement spending is complicated, but this is an issue where the media's learning curve has been enormous. Ten years ago, respectable opinion held that Social Security was rightly beyond the political pale; now, most reporters understand that there are some economic distinctions among the elderly. Still, there's a temptation, because Social Security affects old people, to overdramatize with widows-and-orphans stories instead of pointing out the inequities in the system.

On the weekend after the House voted on Clinton's budget, *The Washington Post* weighed in with a front-page Sunday story: "Capital's Caps May Be Heartland's Cuts;



Millions on Fixed Incomes Watch Deficit Fight—and Their Budgets.” Datelined from Streator, Illinois, a “quintessentially Heartland America community of 15,000,” the piece plays on readers’ emotions by highlighting the plight of two 80-year-old widows. For good measure, one of them is legally blind and just had shoulder replacement surgery. Yet even the worst possibility—that Senator David Boren’s plan might limit Social Security COLAs—didn’t apply to the \$600-a-month widow the *Post* story describes. (The paper clarified that three days later.)

But the people who are going to be taxed by the new plan don’t make very good copy: They’re silver-haired Rotarians and cruise ship aficionados, not the at-risk elderly. It’s easier to find a widow who, understandably confused by the Washington give-and-take, will say this of an ill-defined “entitlement cap”: “I think it means that if everything keeps going up the way it is, I won’t be able to afford to live.”

While reducing COLAs for people at the bottom of the ladder is unfair, means testing is not, especially considering what the middle class is getting from the government. Another generic con is that beneficiaries are only “getting back what they paid in.” Social Security pensioners are getting twice to 10 times as much back as they would if their Social Security contributions, plus interest, had been invested otherwise. At this point in the national debate over government spending, reporters who rely on interest group spokesmen or the grizzled poor are helping turn the inviolability of entitlements into a self-fulfilling prophecy. And that makes even modest changes more difficult than they need to be.

## Dear federal diary

Can you fool all of the press all of the time? Not often, except in spectacular cases like the savings and loan collapse or the Reagan HUD

scandals. Of course, there is a large technical press that caters to specific audiences. But most Americans don’t pore over the pages of *Governing* magazine or even the mainstream financial press. They watch the news or scan newspapers.

“There’s no question that we’re not serious about covering government,” says Hodding Carter, a journalist and a former Carter State Department official. “To put something across clearly and simply and correctly, you’ve first got to understand it yourself—and understand it well.” Yet things are not uniformly bleak. For

example, the Federal Page in the *Post* is much improved over its past incarnations, and Mike Causey’s “Federal Diary,” read with a knowing eye, is generally on the mark about the civil service. ABC is poking around the bureaucracy more, especially on government waste. These are good signs.

Overall, press gullibility is not inevitable. Richard Harwood has called journalism “the last refuge of the vaguely talented,” and as a member of that

vaguely talented craft myself, I know that boneheaded things get through from time to time. Instead of accepting that reporters are congenitally given to boneheadedness, though, why not think of a way to break out of it and turn the cons around on lobbyists and bureaucrats? Problems of sophistication don’t come up when somebody who understands bureaucratic culture from first-hand experience is writing about it. William Safire is one example of a journalist who spent time in government and who has lived to tell about it with great wisdom.

But the Safires of the world are few and far between. The alternative is hard work from the outside. “If a reporter isn’t calling on his set of agencies pretty much every day and staying on top of them,” says Gene Roberts, the former editor of the *Philadelphia Inquirer*, “it means that whatever stories do come along are going to be done on a crash-diet basis, and that’s almost always unsatisfactory.” □

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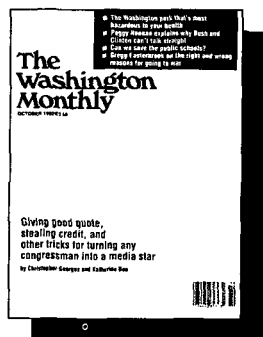
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## Inside Washington:

Georges, Christopher and Boo, Katherine. "Capitol Hill 20510," October 1992.

*Giving good quote, stealing credit, and other tricks for turning any congressman into a media darling.*



Peters, Charles. "How Washington Really Works," January/February 1993.  
*The simple equation that explains life in the Capital.*

Segal, David. "Lemon Laws," January/February 1993.  
*Five stupid statutes and how we got them.*

Meacham, Jon. "Hill Climbers," June 1993.  
*For staffers on the make, government is a game that even the best-intentioned get sucked into playing.*

## On Health Care:

Watzman, Nancy. "Socialized Medicine Now—Without the Wait," October 1991.  
*So what if the Canadian health care system isn't perfect? Let's fix it—and bring it home.*

Dolan, Michael. "Cardiologists' Arrest," December 1992.

*We won't lower health care costs until med schools stop turning out so many specialists.*

Monfils, Greg. "What Clinton Could Learn from the Catastrophic Health Care Catastrophe," March 1993.  
*In the debris of a failed bill, some pivotal pointers for making national health care happen.*

Segal, David. "Mr. Break-It," May 1993.  
*The not very reassuring past of Ira Magaziner, the brains behind the Health Care Task Force.*

## On Education:

Shuger, Scott. "The Academic Side-step," April 1990.  
*Academic freedom is supposed to foster debate. So why do college presidents use it to avoid tough issues?*

Boo, Katherine. "Beyond Beauty Schools," March 1991.  
*There are lots of things the government should train the poor to do. Sculpting nails isn't one of them.*

Townsend, Kathleen Kennedy. "Why Johnny Can't Tell Right From Wrong," December 1992.  
*The most important lesson our schools don't teach.*

Kean, Patricia. "Blowing up the Tracks," January/February 1993.  
*Separating school children by ability doesn't just reflect differences; it causes them.*

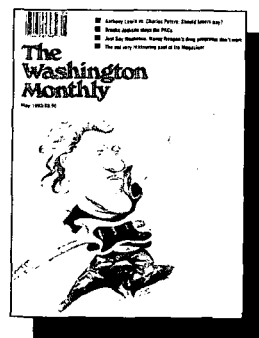
Meacham, Jon. "Class Dismissed," May 1993.  
*Universities should start caring about how well—and how much—teachers teach.*

Schorr, Jonathan. "Class Action," June 1993.  
*What Clinton's national service program could learn from Teach for America.*

## On the Media:

Georges, Christopher. "Confessions of an Investigative Reporter," March 1992.  
*Why "PrimeTime," "60 Minutes," The New York Times—and I—keep missing the big ones.*

Boo, Katherine. "The New Writers' Bloc," November 1992.  
*Their aim is true when it comes to capturing character. But why shouldn't Maureen Dowd and her imitators shoot for substance, too?*



Georges, Christopher. "Mock the Vote," May 1993.  
*What's wrong with MTV's hot new political coverage.*

# TIDBITS & OUTRAGES

## **"REMEMBER THE PART WHERE MICKEY WEARS MINNIE'S EVENING GOWN AND HIGH HEELS? WELL, MR. HOOVER JUST DOESN'T THINK THAT'S FUNNY."**

A new book, *Walt Disney: Hollywood's Dark Prince* by Marc Eliot, reveals that Disney, in return for being granted permission by the Federal Bureau of Investigation to film inside FBI headquarters, allowed J. Edgar Hoover to make some changes in Disney movie scripts and in an episode of "The Mickey Mouse Club."

## **"AND HE'S HIRING COMMANDOS TO FIND ALL OUR MISSING SOCKS."**

A woman recently wrote to Ann Landers complaining that since the last presidential campaign her husband has become such a devotee of Ross Perot that he won't lend tools to neighbors unless they put up collateral, and in all discussions of the household budget, he uses pie charts and bar graphs.

## **AND OSHA IS LOOKING INTO THAT HIT-BY-PITCH THING**

The FCC fined a Norfolk, Virginia, minor league baseball team \$8,000 for using an unlicensed radar gun to clock the speed of pitches.

## **FOR SALE: IVORY TOWER, 4 RMS, TNS CRT, PL, GRT VU**

The University of California at Los Angeles responded to complaints from faculty about the scarcity of affordable housing by creating a housing project at the Santa Monica marina in which the homes sell for between \$438,000 and \$659,000. When no homes in the development were sold, the university made them available to its administrators.

## **"I WAS ASKING ON BEHALF OF THE LITTLE PEOPLE."**

The San Diego *Union Tribune* revealed that the businessman who asked President Clinton at a local "town hall" meeting what had happened to the middle-class tax cut and who said that Californians could not afford new taxes had been delinquent on or had not paid his federal income taxes for eight years.

—Scott Stuger