Letters

Smokes and Violence

Yes, I'm a smoker. As such, I have a much different perspective than the conventional anti-smokers and the holier-than-thou former smokers. I'm also a social drinker. In his well-written article ("Why You Can Hate Drugs and Still Want to Legalize Them," October 1995), Joshua Wolf Shenk makes many valid points, which clearly indicate that U.S. policies, although well-intentioned, are continually leading us in the wrong direction, and a dangerously counterproductive one at that.

My primary disagreement stems from these two points:

(1) "It is high time to begin a massive campaign of negative advertising against both cigarettes and alcohol."

(2) "At the same time, the government could clamp down on the alcohol and cigarette behemoths, and make sure that such they never get their hands on now-illegal drugs by controlling distribution through package stores...."

Seems as if he's almost ready to jump into bed with some temperance-driven members of the "Christian Right" (which is neither). Lumping cigarettes and alcohol with heroin and cocaine is somewhat unrealistic; in fact it's damn unrealistic. When did Shenk see someone commit murder to obtain a cigarette or a cool beer? Apples to apples and oranges to oranges.

William Bradshaw
Oakland, CA

Joshua Wolf Shenk replies: If all nicotine products were banned tomorrow and prices went through the roof, there is little doubt that some addicts would steal to get a fix—and some of those crimes would end in violence.

Shalala's High

I hope you sent a copy of Joshua Wolf Shenk's article to Health and Human Services Secretary Donna Shalala. The Secretary apparently is addicted to the cult classic "Reefer Madness," or so it would seem from my reading of her recent *Wall Street Journal* article attacking the legalization of marijuana.

William M. Burke
San Francisco, CA

More on Wealth Inequality

Paul Krugman rightly pointed out the misconceptions which flow from concentrating on income changes among quintiles in recent years. The real scandal involves the upper one percent—both in income and wealth.

Krugman could have made a much stronger case had he brought these facts to readers' attention:

The top one percent own as much wealth as the lower 90 percent of U.S. households (Federal Reserve Board, 1992). Krugman notes that in the past generation the top one percent has doubled its after-tax income. Actually, this occurred during the 1980s alone. The situation has worsened in the 1990s. National net worth has risen about $6.5 trillion since 1983 and almost $4 trillion of this has gone to the top one-half of one percent (*Time*, Jan. 30, 1995). Whereas top level CEOs made about 40 times as much as their average employee in 1972, that has risen to about 140 times as much today. Finally, the gap between the rich and the rest of us is wider after all taxes (federal, state, and local) have been paid.

That Republicans are seeking to cut taxes for the wealthy in light of the above has to be the most obscene political spectacle of our times. Historians will surely take note.

Reo M. Christenson
Oxford, OH

Loan Rangers

Jonathan Cohn's discussion of student loan repayments ("Student Loans: The Wrong Cuts," October) is flatly wrong to say that "the bottom line is that pay-as-you-can loans simply aren't feasible without direct lending." A simpler system could retain the current fixed-repayment schedule, allowing decelerated paybacks only when an applicant submits prior-year income tax returns verifying low income. Payback rates could then be cut by, say, 50 percent, for two years. Allowing only one rate of loan reduction would vastly simplify repayment paperwork; there's no need to make payroll deductions for such a system to work.

Using a simplified pay-as-you-can system would also allow total repayments to vary as a function of career incomes. For example, a graduate going to Wall Street and pulling down $200,000 eight years after graduation could be required to pay back 120 percent of the loan amount, while a graduate going into public interest law pulling down $20,000 could be required to pay back only 80 percent of the loan amount. This would reduce the problem that such low-paying careers are unfeasible for those with sizeable student loans. This system also wouldn't require a dime of new government spending.

Thomas O'Brien
Charlottesville, VA

Jonathan Cohn replies: In theory, O'Brien is right: the private sector could offer pay-as-you-can loans. The problem, as explained in the article, is *that the private lenders won't do it on their own. Income-contingent payback isn't as profitable as regular payback plans, and it creates added administrative hassles. With the government in the loan business, on the other hand, offering income-contingent payback options, private lenders are doing the same just to stay competitive. The scheme O'Brien outlines isn't really income-contingent so much as income-sensitive. The 50 percent discount and other steps he proposes still would cost some students more than pay-as-you-can loans under the Clinton program. It's not a bad proxy, mind you, but it's not perfect either.*

One last point: It remains to be seen whether private lenders could effectively administer income-contingent loans anyway. As Steven Waldman writes in The Bill, *many experts who have studied the scheme have determined that unless the IRS handles actual collections—something it does not do even under the Clinton plan—the system is likely to fail.*

The Numbers Game

Daniel Franklin's September article, "Act Now—There's Still Time to Stop the Revolution," said that "half of the benefits of the GOP tax cut will go to families earning more than $100,000, while only 5 percent will go to those with incomes less than $30,000."

I used Franklin's figures in a letter to my congressman, Charlie Norwood, in which I asked how Rep. Norwood could condone a tax cut for the wealthy when one of his campaign pledges had been to balance the budget. Rep. Norwood replied that "Frankly, the numbers cited in *The Washington Monthly* are simply wrong and such talk threatens to derail efforts to provide much needed tax relief to the people who need it most."

The tax-cut bill, he said, "directed at the working and middle classes" that "75%" of the $500-per-child tax credit "will go to the lower and middle classes" and that it provides "tax credits for adults to take care of their elderly parents. Despite the rhetoric, this tax cut goes to everyone."

Could you explain the differences between the numbers in Franklin's article and Rep. Norwood's response?

Richard Zimdars
Athens, GA

The editors reply: Franklin's numbers come from the tax cut as a whole, which include not just a child credit but a reduction in the capital gains rate and the expansion of tax-free Individual Retirement Accounts (which, under the House plan, would be available to all, with no income limit), among other giveaways to the wealthy. In fact, 46 percent (48 percent in the Senate plan) of tax cuts taken as a whole will go to those earning $100,000 or more. Those earning under $30,000 would get 1 percent of the benefits. And the working poor earning less than $10,000 would see their taxes increase, due to a reduction in the Earned Income Tax Credit. The source for these numbers, which are not in dispute, is the Treasury Department's Office of Tax Policy Analysis.

Correction

An October article ("The Not So Merry Wives of Washington") reported that Judy Fazio, a lobbyist with Arter & Hadden, is listed in *Washington Representatives* as the wife of Congressman Vic Fazio. Judy Fazio is listed that way in the 1994 issue of *Washington Representatives*; at the time she was employed by the Democratic Congressional Campaign Committee as finance director. When Ms. Fazio entered the private sector in 1995 as a consultant with Arter & Hadden, the reference to her marital status was removed from the 1995 *Washington Representatives*. We apologize for any implication that Ms. Fazio has attempted to capitalize on her marital status since her employment with Arter & Hadden.

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Tilting at Windmills

Have you heard about "Murder One"—what *TV Guide* calls the "best new show of the year"? Here's the premise: Lawyers lie and cheat to get clients acquitted. It reminds me of a recent *New Yorker* cartoon, in which the guy on the bottom bunk of a prison cell says to the guy on the top bunk: "I had a pretty sleazy lawyer, but evidently not sleazy enough."...

Those of us who thought NAFTA was a nifty idea have had to endure a stream of news that suggests otherwise, beginning with the devaluation of the Mexican peso. The latest is the announcement from Fruit of the Loom that, because of lower-priced competition from abroad, it is closing six domestic plants and cutting back operations at two others, laying off about 3,200 workers and accelerating what *The New York Times* calls "the company's drive to move a higher percentage of its operations to cheaper plants abroad."...

We have just heard news that is heart-breaking confirmation of the point made by our October article, "The Not So Merry Wives of Washington." Clay McPherson, who was one of the wives we said had dropped off Washington's radar screen after her divorce from the prominent lawyer Harry McPherson, died this summer while our article was in preparation. But none of the people we talked to, those who were her friends when she was married, knew she was dead....

As you probably know, state governments have been raising speed limits in the last few years. The result: Traffic deaths, which had been dropping for 20 years, started rising in 1993 and rose again in 1994. Despite this evidence, Congress has decided to lift the federal speed limit, leaving the matter entirely in the hands of the states....

Even though the Clintons' health bill failed to pass, one major goal of the reformers is being attained. Since discussion of the various factors contributing to escalating health-care costs began during the 1992 campaign, the percentage of medical school graduates who intend to go into family practice instead of specializing has almost doubled, rising steadily from a low of 14.6 percent to the present figure of 27.6 percent. Since specialists are more expensive than family doctors and since they are much more likely to order costly tests and procedures, this could ultimately be very good news for the nation's health-care bill....

Fifteen years ago, Congress gave authority over regulating and disposing of radioactive waste to the states. Here is an experiment in devolution that began long enough ago to see how well it really works. What have the states done with the authority that Congress gave them?

"In that time, we have spent over $300 million nationwide in disposal planning money and have yet to turn a single shovel of dirt," Michael Munger, a political scientist at the University of North Carolina, recently told *The New York Times*. "It's been great for the lawyers, consultants, and geologists, but that's about all."...

The women's movement has, of course, provided much needed reform, but occasionally its adherents get a bit carried away. Consider the Russian woman who made a speech on the Trans-Siberian train to the Beijing conference in which she declared, "If any men try to bother you, you must strangle them."

Another example comes from Connie Fletcher, the author of a book about women cops. When asked if recent evidence of corruption by female officers was a setback for the movement, she replied: "Some women said it might be a good sign that women are being accepted if they're allowed to be part of the corruption."...

The pilot who was at the controls of the American Eagle turboplane that crashed at Raleigh-Durham misinterpreted an engine light on the instrument panel, wrongly concluding that an engine had failed. He didn't