Cato Policy Report

September/October 1993 Volume XV Number 5

The National Press and the Statist Quo

by Warren T. Brookes

On January 28, 1980, President Ronald Reagan completed what President Jimmy Carter had started. He deregulated the price of oil and ended the "oil shortage."

With that single stroke of a pen, he also began the demise of the current career activity of at least 1,000 journalists and writers around the country, and more than a hundred in Washington alone, who were then specializing in the "energy beat."

Within a year, the nation and the world were in a demonstrably developing oil glut, prices were easing down, and OPEC was in such disarray that by 1986 Vice President George Bush was begging the Saudis to keep oil from falling below $10 a barrel.

To put it bluntly, the energy news beat has all but disappeared. If the current Energy secretary were to call a news conference to talk about the nation's energy problems, he'd have trouble getting a quorum in his private office, and the reporters' first question might be to ask his name.

I have cited that example for only one reason: it illustrates something I have observed over the last five years since I moved from Boston to Washington.

The national press is not liberal, per se, so much as it is *statist*. That is, it is committed to the promotion of an ever more intrusive government presence in every aspect of our lives, except, of course, the press and media themselves.

However, contrary to popular opinion, its commitment is not ideological as much as a matter of what Nobel Prize-winning economist James Buchanan has defined for the world, namely, "public choice," the idea that politicians and bureaucrats face a different set of incentives than do actors in the private market. The press shares those public-sector incentives.

It was no accident that when we began the war on poverty, poverty was falling every year by about 5 percent, but within two years that steady progress was stopped and within five years it was reversed. Hundreds of billions of dollars and two decades later, we have permanently institutionalized poverty at a higher and more disastrous and socially debilitating level.

Yet what should we expect when we created a vast institutional system whose very existence depends not on reducing poverty but on keeping it going, and expanding?

Now, just as the bureaucracy is motivated by its institutional prerogatives and incentives, so the press, which covers their activities and programs, is equally motivated by institutional self-interest. The motivations coincide from A to Z.

Government-Media Symbiosis

The press is quite rightly perceived to be the principal watchdog of government, while the market is the principal watchdog of the private economy. Any activity that moves out of the market and into the purview of government exchanges the watchdogs of the market for the watchdogs of the press.

Indeed, government must have a watchdog precisely because it is *not* ruled by the disciplines of the market. Unhappily, just as the government needs the press to watch and cover it, so the press

(Cont. on p. 9)

The late Warren T. Brookes was a columnist for the *Detroit News* and author of *The Economy in Mind.* He delivered this speech to the Cato Institute's Benefactor Summit in April 1989.

In This Issue

Former congressman and cabinet secretary Jack Kemp talked about policy issues with Cato staffers at a lunch on August 6. To Kemp's right is Bruce Bartlett, a former Kemp staffer who is now a visiting fellow at the Cato Institute. A full and frank discussion ensued on such issues as taxes, trade, government spending, and foreign policy.

Government-Managed Medical Care: More for Less or Less for More?

Chairman's Message

What complex activity has our government managed well? The Apollo program and maybe Desert Storm come to mind but are clearly exceptions; NASA has had a string of subsequent failures, and our military had several major prior failures. The Postal Service may be the most efficient routine government activity but would probably not survive the termination of its legal monopoly of first class mail.

President Clinton now proposes that the government manage a much larger and more complex activity—our medical care system—for which expenditures are now about one-seventh of GDP. Moreover, he claims that his proposed reform would give us more medical care for less money. Maybe so, but Clinton should not be surprised if some of us are still skeptical.

The broad outlines of the Clinton plan are now apparent:

- Every legal resident would be guaranteed a comprehensive benefits package, including preventive care. For the elderly, the plan would expand coverage to include prescription drugs and home- or community-based long-term care.
- Employers would be required to provide the comprehensive package to all employees and dependents. Small firms would receive a federal subsidy to cover part of the premium for the comprehensive package. The 100 percent tax deduction for health insurance would be extended to the self-employed.
- Every person would purchase a medical care plan through a "health alliance," which would offer at least three plans that included the comprehensive benefits package. Each plan would be required to accept any applicant, and every person in each plan would pay the same premium.
- Each health alliance, in turn, would contract with medical care groups to provide the comprehensive benefits package at a negotiated price.
- Methods of controlling costs are still quite vague but would probably include total budgets for medical care expenditures and federal controls on premium increases and drug prices.
- The plan would be financed by mandated charges on employers and by federal taxes but apparently without any new broad-based tax.

The details of the Clinton plan have not yet been revealed, and the details will be important. The major features of the plan, however, are sufficient for a tentative evaluation. One outcome is clear: Choice would be reduced. No one would be allowed to buy a health plan less comprehensive than that defined by the federal government or a plan specific to his or her own risk class—restrictions that would increase the amount of medical care demanded and reduce the incentive to stay healthy.

Other outcomes are also quite clear. A mandated comprehensive plan would reduce the employment and real wages of low-skilled labor. Controls on prices of plan premiums would increase nonprice rationing and reduce the supply of medical care. Controls on prices of prescription drugs would reduce the R&D on new drugs. The medical care system would be increasingly bureaucratized. On net, the Clinton plan would be a huge new transfer payment—from those who make little use of medical care to those who make more frequent and expensive use. The probable outcomes are lower quality medical care, higher premiums for most people, and higher taxes of some kind.

Clinton's health plan is not yet complete, but the administration's marketing campaign is already quite ugly. Employers who do not provide health insurance are described as free riders. Insurance companies are criticized for charging different premiums to people in different risk groups. Drug companies are criticized for selling prescription drugs at a higher price in the United States than in other countries. Studies that document the long waiting times for medical care in Canada or estimate the employment effects of mandated health insurance are described as scare tactics by those who profit from the status quo. The administration makes an adequate case for the need for reform, but the Clinton plan is described as the only alternative. The marketing material reflects the arrogance of those who would restructure a major sector of the American economy without correcting the problems of the government's own making, the meanness of those who would do good at other people's expense.

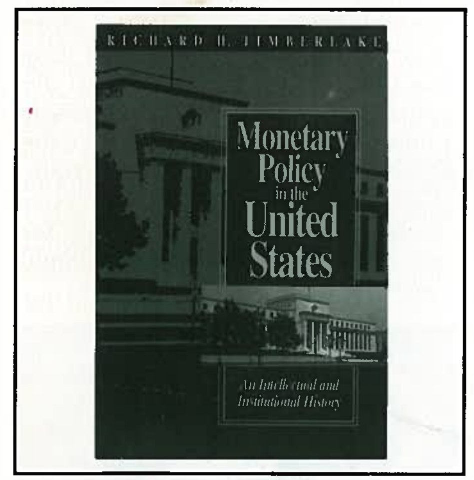
The debate on health care reform promises to be nasty and protracted, with the threat of another ratchet increase in the scope of governmental powers. The debate, however, will also be an opportunity to make the case for market-based reform. This will be the most important domestic policy debate in a generation, in this case with both our health and our liberty at stake.

—William A. Niskanen

"Will Undoubtedly Become a Standard Reference Work"

Timberlake Book Indicts Politicized Central Banking

Central banking in the United States has been largely a series of politically inspired, self-serving actions that have burdened the private economy, concludes economist Richard H. Timberlake of the University of Georgia in his new book, *Monetary Policy in the United States: An Intellectual and Institutional History*, published by the University of Chicago Press and the Cato Institute. Timberlake chronicles the "economic and political circumstances, events, and ideas that have led to the practice of positive, progressive, discretionary governmental control of the U.S. monetary and banking system" in this successor to his highly acclaimed *The Origins of Central Banking in the United States.*

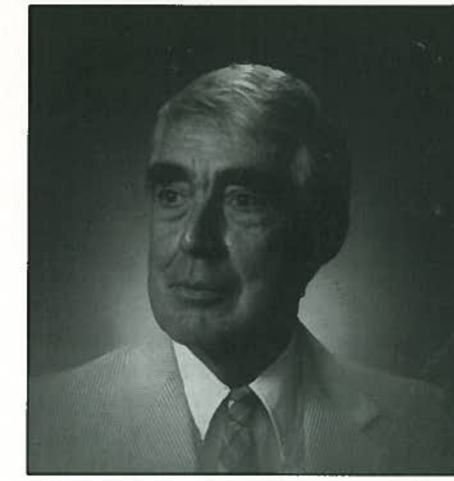


In *Monetary Policy in the United States* Richard H. Timberlake demystifies two centuries of monetary policy.

The earlier work dealt with the era between the elimination of the Bank of the United States in 1836 and the establishment of the Federal Reserve System in 1914. The new book brings the history up to the present and includes chapters on the legal tender issue, which arose during and after the Civil War; the clearinghouse system as a private lender of last resort before 1910; and the various stages of Federal Reserve policies. The book also describes the constitutional principles that the Founding Fathers laid down to prevent both state and federal governments from printing money and shows how the First and Second banks of the United States gradually assumed the central banking powers that were originally denied them. Timberlake draws extensively on congressional debates, government documents, and other primary sources. He completes the history with a study of two laws that fundamentally changed the power and scope of the Federal Reserve System: the Banking Act of 1935 and the Monetary Control Act of 1980.

Writing in nontechnical language, Timberlake demystifies two centuries of monetary policy.

Nobel laureate Milton Friedman said *Monetary Policy in the United States* is "an impressive work of scholarship that will undoubtedly become a standard reference work. It is authoritative and comprehensive in its coverage of governmental measures that have affected the monetary policy of the United States over nearly two centuries."



Richard Timberlake

David I. Meiselman of the Virginia Polytechnic Institute said: "This book sets a new standard for a history and evaluation of U.S. monetary policy. The book's coverage is unique because it spans the entire monetary history of the United States, from the start of the Republic to recent times. Timberlake deals with some of the most important issues in American history, issues typically belittled or misunderstood by historians who often lack sufficient appreciation of monetary and financial economics."

Monetary Policy in the United States is available from Cato Institute Books for $28.95 paper. Call 1-800-767-1241 toll free between noon and 9 p.m. eastern time.

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Representative Hyde Criticizes Forfeiture Abuse

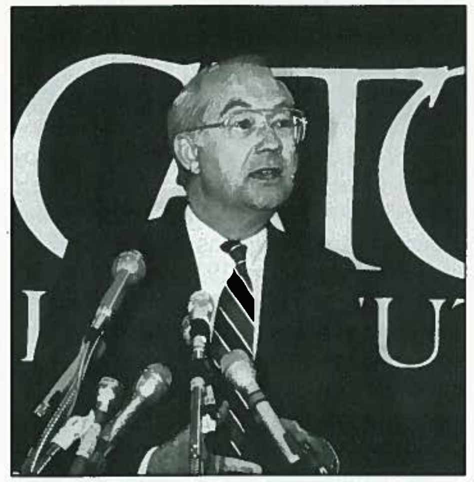
Senators Gramm, Dole, Brown Speak on Taxes, Energy

Cato Events

J*une 7:* A seminar on **"The Btu Tax: Truth & Consequences"** was held at the U.S. Capitol. It featured a keynote speech by Sen. Phil Gramm (R-Tex.) and talks on the macroeconomic, microeconomic, and energy implications by W. David Montgomery, director of energy research at Data Resources, Inc.; Glenn Schleede, president of Energy Market and Policy Analysis, Inc.; Jerry Taylor, Cato's director of natural resource studies; and Sen. Bob Dole (R-Kans.).

June 8: Cato cosponsored a conference in Washington with the Center for the Study of Free Enterprise of Mexico (CISLE) on **"North American Free Trade: Assessing the Challenge."** Examining the pending North American Free Trade Agreement were speakers from the United States, Mexico, and Canada: Rogelio Ramírez de la O of Ecanal Consultants (Mexico), Cato chairman William A. Niskanen, Michael Walker of the Fraser Institute (Canada), Luis Rubio of the Center for Development Research (Mexico), Alan Reynolds of the Hudson Institute, and Roberto Salinas León of CISLE.

June 16: Cato held a conference on **"Religion & Liberty: In Harmony or Conflict?"** Among those examining



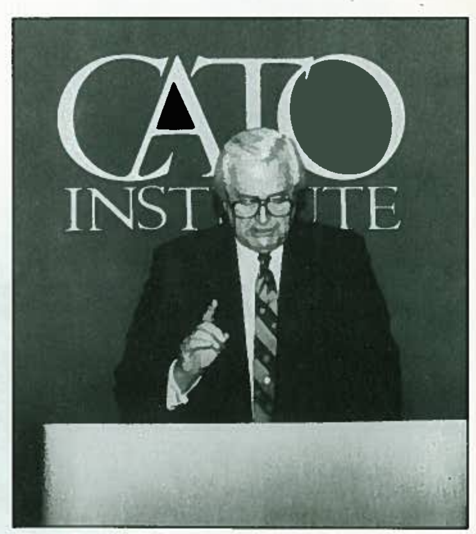
Sen. Phil Gramm decries the economic effects of the Btu tax, one day before President Clinton withdrew his support for the tax.

that question were Doug Bandow, who organized the conference; Rev. Robert Sirico of the Acton Institute; James Gwartney of Florida State University; Alejandro Chafuen and Jo Kwong of the Atlas Foundation; Rev. Richard John Neuhaus, editor of *First Things*; and Walter Block of the College of the Holy Cross.

June 24: Cato held a **"New Perspectives on the Nineties"** conference in Austin, Texas, with keynote speaker John Goodman, coauthor of the Cato book *Patient Power* and president of the National Center for Policy Analysis.

Also speaking were Rob Mosbacher, president of Texans for Term Limitation; Cato president Edward H. Crane; fiscal policy studies director Stephen Moore; and Roger Pilon, director of Cato's Center for Constitutional Studies.

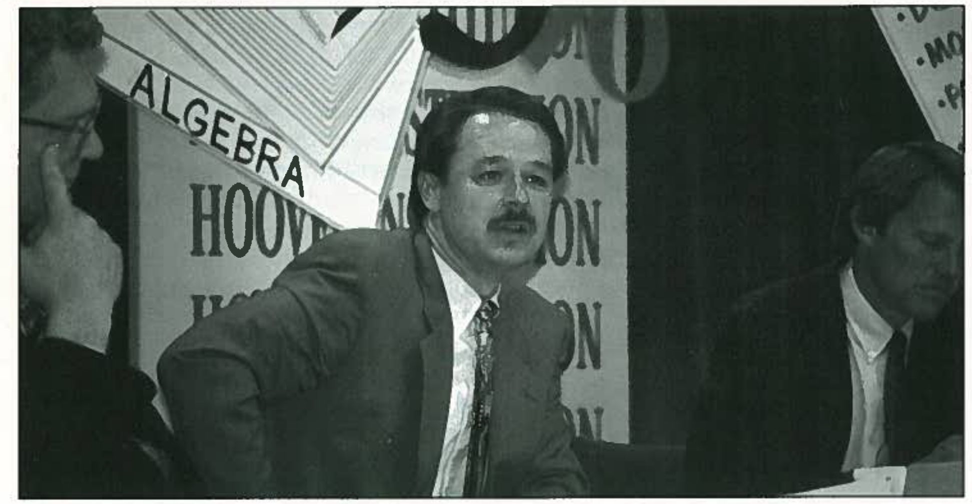
July 12: A Policy Forum entitled **"Forfeiture Law Reform: Too Far or Not Far Enough?"** examined Rep. Henry J. Hyde's (R-Ill.) bill to modify the civil forfeiture law that allows government to confiscate property without charging the owner with a crime. Hyde explained that his bill would raise the government's burden of proof and make it easier for people to recover their property. In opposing Hyde's bill, Terrence P. Farley, of the American Prosecutors' Research Institute's National Drug Prosecution Center, conceded that there have been abuses of the law but defended civil forfeiture as indispensable to deterring crime, particularly drug offenses. Nkechi Taifa, legislative counsel of the American Civil Liberties Union, said the bill does not go far enough because civil forfeiture should be abolished.



Rep. Henry Hyde proposes to make it easier for people to recover their property in civil forfeiture suits.

Roberto Salinas León of CISLE, Nicaraguan journalist Jorge Salaverry, and Mexican economist Rogelio Ramírez de la O discuss the North American Free Trade Agreement at Cato's multinational conference on NAFTA.

July 19: **"Is NAFTA Illegal?"** was the question debated at a Policy Forum held shortly after a federal district judge ordered an environmental impact statement for the proposed North American



Mayor John Norquist of Milwaukee and Terry Moe of Stanford University listen as Cato executive vice president David Boaz discusses school choice at a Hoover Institution conference in May.

Free Trade Agreement. Benedict G. Cohen, a former acting deputy assistant attorney general in the Bush administration, said that Judge Charles Richey's ruling is statutorily and constitutionally flawed and that it threatens the conduct of foreign relations. He also said that it is impossible to assess the environmental impact of free trade. Patti Goldman of the Public Citizen Litigation Group, a plaintiff in the suit, said that the ruling does not interfere with the president's constitutional authority to submit legislation to Congress or Congress's power to pass it. She said it was important, however, to establish the principle that trade agreements need an environmental impact assessment since they affect the environment.

July 21: Author Cathy Young spoke at a **Roundtable Luncheon** on feminist jurisprudence. She recounted recent legal developments that are based on the assumption that women are victims who need special protection, including what amounts to a reversal of the presumption of innocence in rape and sexual harassment cases.

July 21: A Policy Forum critiqued the National Research Council's recent report indicating that children "may" face a cancer risk from pesticide residues on fruits and vegetables. Speaking on **"Pesticides and Children: How Great the Risk?"** were Richard Belzer, staff economist with the Office of Information and Regulatory Affairs, Office of Management and Budget; Elizabeth Whelan, president of the American Council on Science and Health; and George Carlo, chairman of the Health and Environmental Sciences Group. Belzer said that the extrapolation of risk from animals to human beings is problematic. Whelan and Carlo pointed out that concern about pesticides stems from fear of the invisible and the unknown, despite the lack of evidence that pesticides harm children.

Sen. Hank Brown presents his no-new-taxes deficit reduction plan at a Policy Forum in the F. A. Hayek Auditorium.

July 29: Sen. Hank Brown (R-Colo.) spoke about his plan to balance the budget at a Policy Forum entitled **"No New Taxes: An Alternative Budget."** Brown said his budget would cut spending by $679 billion over five years, in contrast to President Clinton's, which Brown said would increase spending by $62 billion next year and by $302 billion in the fifth year. ■

Scale Back the Post-Cold War Navy

Infrastructure "Crisis" Is Statistical Myth, Study Says

The Clinton administration's assumption that the nation's infrastructure (or public capital) is crumbling is based on flawed studies of infrastructure trends and on a faulty view of the benefits of public capital formation. That is the assessment of John A. Tatom, an assistant vice president at the Federal Reserve Bank of St. Louis, in "Paved with Good Intentions: The Mythical National Infrastructure Crisis" (Policy Analysis no. 196).

Tatom points out that the federal government provides little of the nation's infrastructure and that there has been little change in the per capita stock of federal nonmilitary capital since 1947. Although public capital formation slowed in the 1970s, that was a natural result of the completion of the interstate highway system and the end of the need to build schools for the baby boomers. Moreover, the trend reversed in the mid-1980s, and the total stock of public capital per person has grown steadily since 1984.

More important, the statistical basis of the claim that crumbling infrastructure has reduced the nation's productivity is seriously flawed. When the flaws are corrected, there is no evidence that an increase in public capital raises private productivity. There is a meaningful relationship between the two, but it indicates that higher productivity boosts the demand for infrastructure. Tatom also notes that a recent private-sector poll and recent voting behavior show no evidence of an infrastructure crisis.

The mythical infrastructure crisis has diverted national attention from real economic challenges, Tatom says. Infrastructure issues are largely state and local matters determined by voters who receive the benefits and pay the costs or by their representatives who are more closely accountable for their decisions than are federal officials. Thus, Tatom writes, it is unlikely that voters' demands for public capital were ignored over the past 20 years. He adds that "the drive for more infrastructure spending may be based on good intentions, but it will, nonetheless, lead us down the road to bigger government and less money for private capital investment. Ultimately that tradeoff will make America poorer."

Tatom concludes that the purported infrastructure crisis is largely a myth that has distorted the public discussion of the role and determinants of public capital formation. He charges that President Clinton and others "seem more intent on rebuilding government spending than on 'rebuilding America.'"

Navy Should Be Scaled Back

The U.S. Navy should be downsized and reconfigured to play a security role appropriate to the post-Cold War era, writes defense analyst Christopher A. Preble in "The Cold War Navy in the Post-Cold War World" (Policy Analysis no. 195). Preble, a former Navy officer, acknowledges that Navy leaders have responded to some of the dramatic changes that have taken place in the international system but contends that far bolder thinking is required. Above all, he warns, it is important that U.S. policymakers not cut the size of the Navy without also reassessing America's global military commitments and eliminating those that are no longer necessary. Failure to adopt a more realistic U.S. security strategy would risk strategic overextension and the emergence of a "hollow fleet" incapable of performing its missions effectively.

Preble notes that, given the collapse of the Soviet Union, there is no credible naval challenger on the horizon. The United States is therefore afforded the luxury in its long-term planning of maintaining the quality of superior forces already in place and reducing the total number of ships in service by decommissioning aging vessels. He states that the new Navy should deemphasize the role of aircraft carriers, which are relics of a Cold War strategy based on countering Soviet power, and end the expensive and unnecessary doctrine of forward presence around the world. In place of forward presence, Preble recommends that the United States design its naval forces to serve as a "ready fleet"—one based close to home but capable of responding rapidly to crises that might threaten vital American interests.

Washington should also devolve regional security responsibilities to other countries in the international system, Preble writes. For example, Japan and Australia should be expected to play a larger role in the Western Pacific, while Great Britain, France, Germany, and other members of the European Community should be expected to do the same in the Eastern Atlantic, the North Sea, and the Mediterranean.

If the United States adopted a new strategy restricted to the defense of vital American interests, Preble contends, it would be possible to reduce the Navy from 457 to 275 ships, including no more than 6 active aircraft carriers (plus 1 training carrier). Significant reductions in the Navy and other branches of the armed forces are imperative given the federal government's chronic fiscal crisis, according to Preble. He adds that the American public will no longer support an elephantine Cold War era military establishment, nor should it be expected to do so.

Study Urges Armistice in Global Drug War

The Clinton administration should declare an immediate armistice in the international phase of the war on drugs, recommends Ted Galen Carpenter, Cato's director of foreign policy studies. In "Declaring an Armistice in the International Drug War" (Foreign Policy Briefing no. 26), Carpenter contends that

Sen. Bob Dole discusses the Btu tax at a Cato seminar in the Capitol the day before the tax was dropped from the budget bill.

the "supply-side" campaign waged throughout Latin America during the Reagan and Bush years was an exercise in destructive futility. Washington's "Ugly American" tactics caused severe social and economic problems in the drug-source countries, undermined their fragile democratic systems, and created needless diplomatic tensions, writes Carpenter.

He warns that the Clinton administration should avoid the temptation to continue the hemispheric drug war in a more "humane" guise by emphasizing crop-substitution programs instead of eradication and interdiction. Crop substitution has proven to be as ineffective as the other two tactics. Moreover, unless administration officials recognize that Washington's domestic prohibitionist strategy creates the black-market premium that has enabled the illegal drug trade to become a powerful political and economic force in Latin American countries, there will be little chance for lasting improvement. Carpenter urges the United States to end the demeaning practice of alternately bribing and threatening its neighbors to wage a futile war against drugs. ■

Cato Journal Looks at Free-Market Money, Recycling, Credit Bureaus, Constitutionalism in South Africa

A free-market monetary system would end central bank discretion and centralized macroeconomic forecasting, writes James A. Dorn, Cato vice president for academic affairs, in the *Cato Journal* (vol. 12, no. 1). "The implicit assumption and 'fatal conceit' underlying central banking and a government-driven, discretionary fiat money regime is that it is possible to devise macro-forecasting models that are structurally sound and produce forecasts that policymakers can use to fine tune the economy. . . . The poor performance of macro-forecasting calls for a reassessment of the conduct of monetary policy."

With that, Dorn introduces a new issue of the *Cato Journal* that is devoted to such a reassessment. The issue contains papers delivered at the Cato Institute's Ninth Annual Monetary Conference, "Money, Macroeconomics, and Forecasting," held in 1991. The issue is dedicated to the memory of economist Karl Brunner, who died in 1989. Brunner was a participant in Cato's monetary conferences and a member of the *Cato Journal*'s editorial board. Included are articles by Donald N. McCloskey, Leland B. Yeager, Jerry L. Jordan, Paul Craig Roberts, W. Lee Hoskins, Wayne D. Angell, William A. Niskanen, and others.

A second recently published issue of the *Journal* (vol. 12, no. 2) features articles on a postapartheid constitution for South Africa, environmental problems under socialism, the political economy of mandated spending, credit bureaus, recycling, and labor-managed

firms. Contributors include Svetozar Pejovich, Peter J. Hill, Marilyn R. Flowers, Gary M. Anderson and Robert D. Tollison, Daniel B. Klein and Jason Richner, and Anton D. Lowenberg.

In his article on South Africa, Lowenberg writes of the "advantage of placing constitutional discourse in a decentralized federal framework [in which] each group would be assumed from the outset to have a right to an autonomous polity, defined territorially, and no group would be in a position of competing for political power over a unitary state." He argues that "constitutional maintenance requires a commitment to uphold *individual* rights to property and contract." Refuting the belief that apartheid was capitalist, Lowenberg asserts: "In fact, South Africa never bore much resemblance to a liberal, free-enterprise system. In large part, the capitalism that exists in South Africa is more akin to the state capitalism of the former Soviet Union than it is to that of Western capitalist countries." He points out the "remarkable resemblance" between apartheid and the interventionist program of the African National Congress—the only change is the identity of the beneficiaries and the victims.

In their article Klein and Richner argue that proposed legal changes to increase government control of credit bureaus could lead to more restricted and expensive consumer credit. Members of Congress have criticized credit bureaus for violating people's privacy, and some members have wondered whether credit bureaus should exist at all. Klein and Richner respond that consumer credit is an important service and that "it is crucial to realize that consumers can get credit precisely because credit granters can identify which consumers are likely to pay their bills." The authors go on to say that "without credit bureaus, businesses would have a tough time accumulating the payment histories of individual consumers and would not give credit, except in special circumstances."

Proponents of new restrictions on the bureaus claim that they make many errors. Klein and Richner respond that most of the errors originate elsewhere and are merely recorded by the bureaus. "Credit bureaus have procedures to respond to inquiries, and laws are not necessary to mandate responsive behavior," they write. Correcting errors is in the interest of the credit bureaus. The article analyzes several prominent critical studies of the bureaus and finds them flawed. ■

Statist Quo (Cont. from page 1)

needs government for its beat and its sources (not to mention, in Washington, its circulation).

This is why the press makes a pretty lousy watchdog, because it is too easily and completely housebroken into a lap dog watching out for its master's basic self-interest—for the simple reason that its interests are so exactly parallel to those of government.

If you doubt that, I ask you merely to consider how exactly the rise of the national press corps in Washington has paralleled the rise in the power and interventionism of the federal government (see accompanying table).

In 1936 only 2,355 pages of federal rules and regulations were published in the *Federal Register*, the total congressional staff numbered fewer than 2,100, and the Washington press corps could gather, en masse, a few hundred strong in a modest meeting room in the Mayflower Hotel.

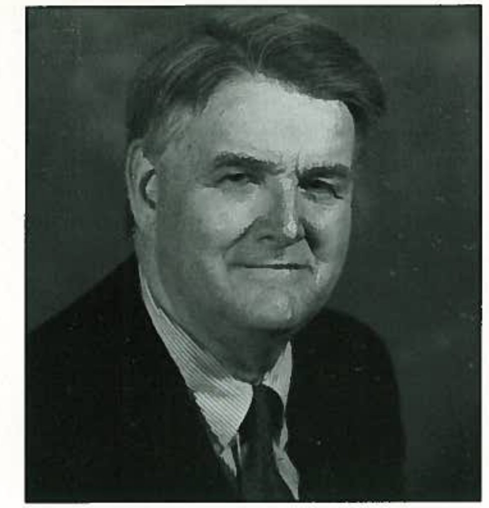
By 1956 the *Federal Register* was publishing 10,528 pages of new rules and regs a year, the congressional staff was up to nearly 6,000, and the Washington press corps had doubled.

By 1968 the *Register* was publishing nearly 21,000 pages a year, the congressional staff was more than 11,000, and the Washington press corps was up to nearly 1,600.

Then the Great Society really exploded, and in 1980 the *Federal Register* published an astonishing 87,000 pages in a single year, and the congressional staff was over 17,000 not counting any of its numerous support agencies (Library of Congress, General Accounting Office, Congressional Budget Office, and Office of Technology Assessment).

Not surprisingly, to cover all of the vastly increased confrontation, chaos, and general all-around corruption of power, the Washington press corps had soared to a little over 3,000.

So instead of watchdogging and containing the massive explosion of government, the media became its biggest cheerleader, and one of its principal beneficiaries. The "statist quo" was expanding at a geometric rate, and the press was happily aboard the federal gravy train.


Warren T. Brookes

We see that statist tendency in microcosm in what is called the "boys on the bus" syndrome in political campaigns—the press following a candidate tends to promote him. And why not? If the candidate is hot, the reporter's coverage is featured, and his role expanded. If the candidate is failing, the covering press corps faces a drought. Thus they *want* to believe his or her handouts and stroking because it is in their individual self-interest that their beat get stronger, not weaker, that their candidate win.

It is safe to say, for example, that Judy Woodruff is a national news figure today because she unabashedly hitched her fortunes as a local Georgia TV reporter to Jimmy Carter's 1976 candidacy.

A more recent example: In June 1988 the state of Massachusetts was collapsing into fiscal insolvency, borrowing large chunks of costly short-term money, $200 million to $300 million at a crack every four weeks just to meet current payrolls. In just two years, Massachusetts had turned a $900-million 1986 surplus into a $500-million 1988 deficit, sure proof that contrary to Michael Dukakis's rhetoric, the state's budget had not really been balanced since 1986.

The fiscal and economic crisis and the obvious mismanagement behind it escalated noisily in the Boston press, from March to October, so much so that Dukakis had to spend two weeks in August on the road in Massachusetts just to save his home state.

Yet, aside from the *Wall Street Journal* and *Detroit News* editorial pages, and my own nationally syndicated columns, there was hardly a peep about that fiscal nightmare in the national press, and especially not from the boys on the Dukakis bus. No wonder voters were shocked when George Bush displayed that late October *Boston Herald* front page with the headline "What a Mess!"

Even then the networks dismissed that story as the baseless ravings of a Murdoch right-wing newspaper without any credibility. Dukakis was instead portrayed as a fiscal wizard who had balanced 10 budgets, and made the state economy turn around.

Early in 1989 Standard and Poor's placed Massachusetts on the "critical watch list" after the state announced it was borrowing another $650 million just to meet current local aid and payroll commitments.

The state is facing a $700-million tax increase and another $1-billion gap for

(Cont. on p. 10)

Growth of Government and the Washington Press Corps

	Federal Register (pages)	Congressional Staff	Federal Expenditures (% of GNP)	Washington Press Corps	Capitol Press Gallery
1936	2,355	2,087	10.2	437	398
1956	10,528	5,938	16.0	873	697
1968	20,068	11,180	20.5	1,581	996
1976	57,072	16,062	22.1	2,556	1,144
1980	87,012	17,300	22.5	3,026	1,340
1987	57,882	19,982	23.7	3,937	1,960
1988-89	53,376	20,370	22.2	4,529	2,000

Sources: Congressional Research Service, Hudson Media Guide, Office of Management and Budget, and *Federal Register.*

Statist Quo (Cont. from page 9)

1990, and Dukakis now has a 19 percent positive job rating, the lowest in state history—just six months after he came within seven points of winning a national election as the Massachusetts miracle worker.

Now, had the national media reported the developing fiscal calamity even as much as the liberal *Boston Globe* did, Bush would easily have won a major landslide, perhaps even 49 states, and very well might have won a Republican majority in the Senate.

But, not only would that have been bad for ratings and circulation in the campaign, it would have been even more dangerous to the Washington establishment (including the press) bent on a larger government enterprise. It was not a Democrat vs. Republican thing as much as a "Potomac Preservation Society" enterprise—the active pursuit of the statist quo. No wonder Dukakis's humongous average spending rise of 11 percent a year—more than double the nation's—was repeatedly called "fiscally conservative."

Sadly, most of the Washington national press beat is nothing more than an extension of the campaign bus. The success of government statism is inextricably linked to the size of the news beat.

If you are covering the Interstate Commerce Commission for the *Journal of Commerce*, you do not say the obvious, namely, that the agency is irrelevant and should have been abolished eight years ago. Some 30 trade-press and news reporters and half a dozen newsletters depend on that agency beat.

If you are covering Congressman John Dingell's Energy and Commerce Committee, you do not expose his lynch-mob bullying of witnesses, or his terrorist inquisition of the ultimately exonerated Ted Olson, or his use of questionable investigators, or his protection of obsolete government agencies and regulations, or his stonewall against drug testing for railroad unions and Teamster drivers. If you did, your sources on that vast and powerful committee would disappear, your access to its powerful chairman would end. Columnists can live with that. Reporters can't.

So, if you want to stay on the beat, you stroke those in permanent power, whether they are in the bureaucracy or on incumbent-dominated Capitol Hill. You may well think the 50 percent pay raise was outrageous, but you keep your mouth shut until the local radio talk shows force you to note "growing public sentiment against it." Then you gripe in public columns that those rabble rousers are not "serious journalists."

Just as government's basic incentive is always to accrue power, funding, and personnel—that is, to aggrandize itself, to expand its turf—collaterally, its watchdog, the media, quickly discovers that the bigger and more powerful government becomes, the bigger and more powerful the media become. With more and more turf to watch, more and more watchdogs are needed.

> "The media's statism is not ideological as much as a matter of 'public choice.'"

At first, some watchdogs may occasionally bite their masters and make a mess on their turf, but such watchdogs are quickly turned into protectors by the threat of taking away their daily food. You do not bite the hand that is feeding you very often before you are sent to the press pound.

The Media's Crisis Beat

Moreover, most watchdogs soon discover that the more government intervenes in any and all aspects of our lives, especially the economy, the more crises, controversies, and mayhem there are to report and to analyze.

In short, such intervention nearly always generates more grist for the media mill. To ask a government bureaucracy to resolve a perceived societal or economic problem is, by definition, to give active incentives to a group of powerful people to make the problem *worse*, and their biggest ally will be the press for whom crisis and catastrophe are dietary staples.

When the government created the energy crisis by imposing price controls on oil and gas, thus giving OPEC the only underpinning it needed, the press immediately began to do the government's work, to hype the size of the problem, define and expand its dimensions, obfuscate its origins, and above all, attack the private producers as the culprits of conspiracy.

It probably never dawned on 99 percent of those who climbed onto that "energy beat" that the problem was entirely the creation of government policy and that the fastest way to end the "crisis" was to get government out of the way. When that thought did occasionally occur, it was quickly dismissed and correctly perceived as institutionally suicidal.

Instead, we were treated with a seven-year escalating drumbeat of demands for more and more government action, up to and including the actual takeover by government of U. S. oil business (can you imagine the crisis that would have created?), not to mention the endorsement of a whole series of policy actions that seemed to have the diabolical design of making the crisis worse.

Does anyone recall, for example, the so-called oil entitlement program by which we taxed price-controlled domestic producers for every barrel they shipped, and then gave that tax penalty to East Coast importers for every barrel they imported so as to "equalize the domestic price"?

Except for a few stray columns by free-market economists, the national press was wholly oblivious to that astonishing government policy, which deliberately punished domestic production and rewarded OPEC. Small wonder they were stunned when, the moment after deregulation, the price of OPEC oil began to fall and production of domestic oil began to rise.

Not surprisingly, when President Reagan ended oil price controls, those on the energy beat without exception predicted a disaster of greed, with gasoline prices headed for $3.00 a gallon and oil prices to $60 to $100 a barrel. Even the industry in Texas believed the predictions; it went out and put 4,000 drilling rigs to work and began looting savings-and-loans to build new office buildings.

Happily, but also sadly, the media were incredibly, awfully wrong—because, from their own public policy perspective, they could not imagine how any important problem, especially one that they had become so expert in "covering," could be solved by killing government's role, when that meant killing their own role as well.

There is an even more recent example. Last month the Agency for International Development (AID) released a remarkable 160-page study that showed that foreign aid had not merely been ineffective but had done positive harm. The larger the aid, the bigger the harm.

Yet instead of reaching the obvious conclusion that we should abolish most of the $15-billion foreign aid program—not to save money but simply to reduce human tragedy—AID protected its bureaucratic turf by arguing that the program should be reformed.

It's no surprise that the same conclusion was reached by the House Foreign Affairs staff—or that the conclusion reached by the dozen or so key Washington reporters assigned to the foreign aid and lending beat was identical.

Not one of them pointed out that the AID report had confirmed the 40 years of world-renowned development research of Peter Bauer showing that foreign aid is counterproductive to economic growth and development, because governments are the biggest inhibitors of market-based policies, and giving governments aid merely encourages them to do more harm.

But reporters who depend for their beat on the people doing that harm are not likely to revere or refer to Bauer. Indeed, the AID report itself conspicuously left all reference to Bauer's massive seminal work on the subject out of its four-page bibliography, which is a little like a basic economics text never mentioning Adam Smith.

If you understand all this, you will also understand why the two dirtiest words in the national press parlance these days are "deregulation" and "privatization."

Today, for example, polls show that even though airline accident and fatality rates have been cut by 50 percent since deregulation and real fares cut by nearly 30 percent, 60 percent of the American people believe deregulation has made the airlines less safe and more costly and want reregulation. They learned that from a relentlessly reregulationist press.

Is the *Post* a Company Paper?

Similarly, even though privatization is sweeping the socialist world, it has been virtually stalled in the United States. In 1988 a distinguished presidential commission delivered a ringing and well-documented endorsement of a whole series of privatization initiatives, from repealing the private express statutes (that preserve the postal monopoly) to private contracting for prisons to extending private choice in education.

> "If you want to stay on the beat, you stroke those in permanent power, whether they are in the bureaucracy or on incumbent-dominated Capitol Hill."

Unfortunately, that report disappeared without a trace. It got one modest story in the *Washington Post* and a 30-second sound bite on network news, where it was mostly dismissed as an ideological last bequest of a dying administration, written by zealots.

Yet the chairman of the commission was a lifelong liberal Democrat named David Linowes, brother of the famous Sol Linowitz, a media foreign policy darling. Linowes frankly confessed over lunch one day his amazement that his message was almost totally shut out by the *Washington Post*, which had earlier given another commission he chaired favorable exposure.

I suggested to him that the *Post* had a fundamental public-choice conflict with the whole direction of his report. The *Post*, after all, is the "company paper" for the nation's number-one government town. Anyone or anything that threatens government's basic role is definitely a threat to the *Post*'s own lifeblood.

After all, to "privatize" is to take something out of the public view and concern, to return it to the nonpolitical sector, to depublicize it, if you will. Privatization, then, is the quintessential threat to the quintessential government press.

Small wonder the press has not told the American people that over the last five years Congress has passed 76—repeat 76—bans to stop the administration from even studying the cost-saving potential of privatization of everything from the Tennessee Valley Authority and the Bonneville Power Administration to the veterans' hospitals, the federal prisons, the Postal Service, you name it.

One who has even applauded that congressional book burning is the *Post*'s Hobart Rowen, a strong free-trade advocate but one of the leading critics of privatization. To call Rowen a liberal misses the point. To call him a statist is more precise. Which is to say that 40 years on the Washington economic beat have conditioned him to think in terms not of abolishing the regulatory and financial institutional arrangements he covers day by day but of making them work better.

That is why, incidentally, he gave short shrift to his former colleague William Greider's brilliant book *Secrets of the Temple*, which exposes the antidemocratic and institutionally dangerous power of the Federal Reserve and savages an institution that the Washington financial news corps treats with total reverence.

Indeed, if you don't treat it that way, they shut you out of the loop and your usefulness as a financial or economic journalist can be destroyed. That is why you will almost never see reporters (as opposed to columnists) challenge Fed policy. Even though the Federal Reserve is directly responsible for the greatest economic disasters of

(Cont. on p. 12)

Statist Quo (Cont. from page 11)

U.S. history—from the Great Depression to the Great Inflation to the Great Crash of 1987—it has *never* gotten bad press.

In 1984, when the Fed unaccountably drove interest rates and the dollar up by nearly 20 percent to cool a long-awaited recovery, it directly caused 100,000 farmers and several hundred banks and S&Ls to go broke. Yet in all the thousands of lines of bathos prose on those victims, the role of Fed policy was virtually never mentioned.

That is because, if you are covering the Vatican, you do not beat up on the Pope. If you are covering the Curia on C Street, you worship at *its* altar—or you don't get back in the front gate.

These sacrosanct institutions, the Fed, the World Bank, the International Monetary Fund, after all, are the full-time beat of Bart Rowen and his Washington financial news colleagues, their bread and butter. To challenge their existence would be to question their own life work, and incidentally the life work of the *Washington Post* whose being is tied to the fortunes of expanding government.

Not only does the *Post*'s circulation flow directly from a metropolitan area grown rich entirely as a result of an expanding federal government role in the economy and world, but its readers in the permanent bureaucracy are also its principal *news* sources. You do not idly bite the hand that is not only feeding you but ponying up $2.50 a week to read you, and supporting hundreds of pages a week of classified and display advertising.

That does not mean that the *Post* will not slap the wrists of government workers and politicians. That it often does with great gusto and consistency and value. I applaud them for it, but I have also noted that the overwhelming focus of the *Post*'s most aggressive pursuits is the anti-statists.

The *Post* will almost never undermine the committed statist or the essential role of any government bureaucracy, or call for its abolition or defunding. The paper's perspective is usually to try to get the bureaucracy "more adequately funded."

That explains the *Post*'s massive and continuous campaign, especially in 1988 and 1989, to sell the need for higher taxes to "reduce the deficit." Its editorial and news writers are too smart not to know that every tax increase has simply generated higher levels of spending. Nor can they ignore the fact that since 1985 the big federal deficit has forced the steady reduction in federal spending as a share of GNP to its lowest level since 1979.

That is precisely why the *Post* boldly called in 1988 for a $140-billion tax increase to "eliminate the deficit." Surely the *Post* is too wise not to know that a $140-billion tax increase will so cripple the economy as to make the deficit double. But it also knows that any tax increase will push spending back on the upward track.

Why would the *Post*'s position be any different? The massive expansion of the Washington establishment, which has in just the last three decades created five of the six richest counties in America, has been matched by two correlative happy developments: first, the demise of the less statist *Washington Star*, and second, the soaring and dominant circulation and advertising position of the *Post* as one of the most profitable news organizations in America.

> **"The more government intervenes in our lives, the more crises and mayhem there are to report."**

The Press and the Reaganites

Should it really surprise anyone that the entire symbiotic statist quo network viewed Ronald Reagan and his tax-cutting, government-cutting ideas with such fear and loathing?

Sadly, the Reaganites, like the Bushies, foolishly thought the Washington press corps would soon get used to their exciting new revolution and give it a chance. David Stockman agreed to have breakfast every week and bare his soul to the *Washington Post*'s Bill Greider because Greider had convinced him he would be making history. He sure did.

But he also discovered, as others did, that it was more in his financial self-interest to trash the president than to defend him. The *Post*, like the networks, has the power to confer celebrity and vast personal capital on those who share their own statist agenda, and to destroy those who do not.

That is why, in most cases, politicians elected by middle-of-the-road to moderately conservative constituencies move to the statist quo left when they get to Washington, unless they are from safe Republican districts.

House Speaker James Wright comes from a solidly conservative defense-minded, anti-tax district in Texas. Yet he has steadily voted more and more liberal. Thus, despite a repeatedly checkered ethical record since the early 1960s, Wright has grown steadily in political celebrity. When Newt Gingrich took him on a year ago, he couldn't find 10 Republicans to sign his petition for an ethics investigation until after Common Cause (one of the most statist lobbies in Washington) finally said it was a good idea.

When Wright came to Congress, he routinely scored less than 30 with the left-wing Americans for Democratic Action. Today, he routinely scores in the 80 to 90 percent range. His pattern is duplicated in one moderate district after another.

The statist incentive is obvious: To grow as a politician, you need national press. The press needs more statism. You may run at home as a moderate or even as a conservative, but when you get to Washington you speak and vote the line that will get you most favorable media exposure. In Washington, if you attack the statist quo, you will either not get any exposure or you won't like what you get.

That is why the comparatively few true Reaganites had to be quickly destroyed when they came to town in 1981. After all, if Reagan really had succeeded, the Washington press corps' and the *Post*'s power and influence would have diminished, not risen. But with their vast army of leakers in permanent bureaucracy with instant access not only to the details of current policy actions but to the regulatory records of the once-corporate Reaganites, the *Post* and its faithful fellow lap dogs in the national press had life-and-death control over the Reaganites' careers.

With 60,000 to 80,000 pages of new rules and regulations published every year, it is virtually impossible for anyone of any accomplishment in the private business sector not to have violated consciously or unconsciously one or more of that vast network of legalistic traps, from occupational safety to the environment to corporate cost accounting for taxation and securities issuance—the list of potential hazards is infinite.

Now you know why some 240 Reaganites left the administration "under a cloud." Only a handful ever did anything like break a real criminal law—and most of those cases involved perjury before Congress, which is very nearly an oxymoron in itself.

In most cases, they were forced to leave when some story mysteriously appeared in the press suggesting they might have violated some rule or regulation, not in government but in their private business lives. Never mind that in virtually all of those cases, exhaustive investigation and even costly litigation failed to turn up a criminal or even an unethical act; the public careers of those individuals were permanently ended.

That's how we lost Jim Beggs, the brilliant and honest head of NASA, six weeks before the Challenger disaster. He was suddenly confronted by charges that were eventually dropped because they proved to be wholly scurrilous, but not before nearly three full years of litigious horror. Beggs's crime? He was a strong proponent of privatizing more and more of NASA's mission.

To put it bluntly, the permanent Potomac establishment let it be known early and often that they would not give up without harm or foul—and within a short time most of the anti-government steam of the early Reaganites had disappeared.

As a result, while the expansion of the press corps and its turf was slowed somewhat under Reagan, it continued nevertheless, rising to the latest count of 4,529, even as the staffs on Capitol Hill have risen to more than 20,000. While the *Federal Register* has been cut back to fewer than 60,000 pages a year under Reagan, that's still triple what it was just 20 years ago.

Yet that massive press corps is almost completely a docile herd, following superficial stories and leaving vast areas of government action uncovered.

When I first moved to Washington as a columnist in 1984, I was astonished to discover how easy it was to break stories about government waste and scoop the *Post*. I could recount at least two dozen times when I did stories that the *Post* was later forced to report in more detail. Yet in all cases, I knew that the *Post* or other national press types had those stories. Again and again, I would be amazed at how long I could sit on them safely before publication without fear of being scooped. Case in point: on June 10, 1987, Bill White, then the Democratic member of the Federal Home Loan Bank Board, was scheduled to present a report to the House Banking Committee that proved conclusively that 95 percent of the Texas S&L failures were due to fraud and corruption. Suddenly, as he was about to present that message, Chairman Fernand St. Germain got a courier message from Speaker Wright's office, and St. Germain dismissed White's testimony entirely.

> **"The worldwide information revolution and financial market integration that are rapidly making national governments obsolete are also making the national press obsolete."**

You would have thought that the beat reporters would have front-paged the story the next day. Nothing. Two weeks later I found out about the incident from an FHLBB staffer, picked up the White testimony from its press office, and broke the story on July 9 as part of a series—a full month after the event. The *Wall Street Journal* and the *Post* carried the story on July 13.

I later realized that, in many cases, those stories hurt my access to the higher levels of government agencies, or to congressmen or senators whose turf I was savaging. If I had been a reporter on those beats, I would have been out of a job. My editor would have been forced to transfer me to another beat.

I began to realize that the permanent bureaucracies own the Washington press corps, because that press corps desperately needs them and their turf for survival. Now you know why we have drifted into a 98 percent incumbency.

That, it seems to me, is the ultimate confirmation of the Founding Fathers' strong concern about the dangers of a central federal government—their belief that government works best at the most local level.

The End of the Statist Quo

There is a logistical reason for that and it underlies the press's predilection for the statist quo. At the city and town level there are approximately 25 bureaucrats for very elected official. Not much press watchdogging is needed.

At the state level there are about 320 bureaucrats for every elected official. More press watchdogging required. At the federal level the ratio is 5,900 to 1. A veritable press army couldn't restrain them.

That means that elected officials in Washington are as hopelessly the captives of the permanent bureaucracy as are the individual beat reporters and their editors. Reporters and editors who attempt to challenge those odds are automatically risking the basic resource on which they depend, information, leaks, access.

Our bread is now so buttered by government, we have become its agents. And because government is almost invariably the source of our nation's problems, the press has become part of the problem, not of the solution.

Short of a real political revolution, there is only one answer to this mess, and it is on the horizon. That is the worldwide information revolution and financial market integration that are rapidly making national governments obsolete. They are also making the national press obsolete.

(Cont. on p. 15)

Statist Quo (Cont. from page 13)

One final example to illustrate: Last January politicians huffed and blustered back into Washington determined "to do something" to stop the rising tide of leveraged buyouts. That bluster has now virtually disappeared. The reason is simple. A host of expert witnesses has exposed congressmen to the reality that in the world financial markets not only has it become impossible to prevent such deal making (without shooting ourselves in the foot), but that most of the deal making has been remarkably healthy in restructuring the nation's top-heavy corporate bureaucracies.

Fortunately, in a world where information is now capital and capital is now information, legislated protection is not merely dangerous, it is inevitably irrelevant. Corporations that have overconglomerated and no longer perform soon discover that parts of their systems are worth more than the whole. Financial markets are now incredibly quick to capitalize on such undervaluations and rectify them. The resulting restructuring is not pretty—indeed, it is often bloody—but it has generated the greatest rise in U. S. manufacturing productivity in postwar history.

As George Gilder predicts in the last chapter of Cato's *An American Vision*, the information revolution sweeping the world today will have the effect of decentralizing power back to the individual, and away from statist politicians. The personal computer means that more and more the world economy is in us—in our hands. Rather than our being helpless pawns in a world economy, we can now participate in a 24-hour rolling referendum on the stupidity of governments and politicians. Individual power and self-government are the wave of the future. Bureaucratic power and fiat are the dying wave of the past.

Just as the networks are now falling apart because of competition of non-network and local media, the national press corps is rapidly degenerating into a dinosaur still looking to revive the once Great Society, to preserve the statist quo. They may be successful for a few more years in protecting their diminishing turf, but they are as obsolete as the huge marble-lined bureaucratic halls they now protect and cover.

The public is beginning to understand that government as we have known it in the last 50 years of its institutional heyday is a relic and a millstone. We have seen the statist quo and we know it doesn't work. But don't expect the national press to admit that and rush to cover its own demise. ■

Is Religious Liberty Threatened?

Speakers Examine Relation between Religion and Liberty

Natural law does not insist that all God's laws be enshrined in positive law. . . . Natural law reminds us merely that there is a Higher Law in the universe, a set of transcendent values that limits the power of government to obfuscate human liberty. In this way, natural law is an anchor for both human rights and responsibilities." Rev. Robert A. Sirico, president of the Acton Institute for the Study of Religion and Liberty, thus summed up the views of many of the participants in the Cato Institute's conference "Religion & Liberty: In Harmony or Conflict?" held June 16 in Washington, D.C.

Rev. Robert Sirico argues that religious and classical liberal thinkers have much in common.

Sirico was one of 17 speakers who explored the religious foundations of liberty, scripture as a guide to policy, and the threats to religious liberty in American society. The conference also featured a panel on so-called tough issues, such as drug prohibition, environmentalism, poverty, and foreign aid.

Sirico opened the conference with a discussion of the Catholic Church's attitude toward the free market. After discussing the 1991 papal encyclical, "Centesimus Annus," which he said condemned communism and expressed disenchantment with the welfare state, Sirico stated, "The social teaching of the Catholic Church now sees some kind of democratic capitalist order as the most morally preferable one." He hailed the "new dialogue [that] has begun between Catholicism and classical liberal thinkers."

Doug Bandow, Cato senior fellow and organizer of the conference, said that "in broad outline, what the Bible does is set boundaries for political debate. . . . Indeed, public power is to be limited. . . . Government cannot be so strong that it threatens to violate the very precepts—life and liberty—that it is charged with defending."

Participants also heard critics of market liberalism, including Danny Collum, contributing editor of *Sojourners* magazine, and Rev. Arthur McGovern of the University of Detroit. Other speakers were Terry Eastland of the Ethics and Public Policy Center, James D. Gwartney of Florida State University, Alejandro Chafuen and Jo Kwong of the Atlas Foundation, Walter Block of the College of the Holy Cross, Angela Carmella of Seton Hall University, Charles E. Rice of Notre Dame University Law School, and Rabbi Daniel Lapin of Toward Tradition. Rev. Richard John Neuhaus, editor of *First Things*, was the luncheon speaker. ■

Rabbi Daniel Lapin of Toward Tradition discusses Jewish theology and public policy.

"To be governed..."

We serve and protect

They tailed him for several weeks, and then they laid their trap. On a tranquil avenue in Elmhurst, Queens, two nondescript cars and a van melted into the buzzing traffic. Wedged inside were the enforcement officers....

The door of the apartment opened and the target marched out. Car doors swung open and the men moved fast. As he bent over the trunk of his Buick, an unsmiling, shocked Hange Lai, a Chinese immigrant, was set upon by the officers. They rummaged through his car and found 109 cartons of cigarettes stamped from Virginia. Satisfied, the enforcement officers escorted him to a nearby police station for booking.

The officers worked for New York City's Finance Department. They were after taxes.

—*New York Times*, June 16, 1993

In Washington, we think this is important

Correction: A Federal Page article on Monday incorrectly reported that the House supply office sells U.S. flags to representatives and senators. The House store sells to representatives only. The Senate stationery store sells flags to senators.

—*Washington Post*, July 7, 1993

Water on the brain

[Secretary of the Treasury Lloyd] Bentsen also said that the floods in the Midwest, despite all the damage that the waters have done, would stimulate the economy and create jobs. "You're going to see some stimulus to our economy," he said. "You're going to see a lot of concrete poured."

—*Wall Street Journal*, July 26, 1993

Who are you going to believe, me or the data?

If there has been a planetwide warming trend over the last decade and a half—a claim repeated so often in recent years that many assume it is an established fact—it ought to have shown up by now in the 15 years of temperature readings taken by a network of Earth-orbiting satellites.

So said James Hansen, the Goddard Institute for Space Studies scientist who alarmed the world in the late 1980s with his assertion that Earth's atmosphere had been warming since the mid-1970s....

Yet no sign of such warming has shown up in the satellite data....

Nonetheless, "if there's a greenhouse warming," Hansen said, "it should be visible in their data. The fact that it isn't tells me there's something wrong with their data."

—*Washington Post*, July 26, 1993

Daily life in Washington

Housing Secretary Henry G. Cisneros asked Congress today for broad new powers.

—*New York Times*, July 28, 1993

There's one born every minute

The University of Utah recruited then-consultant Ira Magaziner, now head of President Clinton's health-care task force, as its "point man" to hawk cold fusion in Washington. He did a fine job, pleading the case for funding by invoking the familiar Japanese threat to American competitiveness and asking for millions "for the sake of my children and all of America's next generation."

—review of *Bad Science* by Gary Taubes in the *Washington Post*, July 25, 1993

Just say no, Hillary

Most of the time [during the economic summit in Tokyo, Hillary Clinton] was touring incinerator plants or listening raptly to statistic-laden treatises on economic development, and apparently enjoying herself—"because I'm such a government junkie," as she put it.

—*Washington Post*, July 12, 1993

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