

Guaranteed Annual Income For Consultants

by Robert Samuelson

Hereafter, I will require that all major legislative proposals, regulations, and rules emanating from the Executive Branch of the Government will include an Inflation Impact Statement that certifies we have carefully weighed the effect on the nation.

—President Ford in his economic speech, October 8, 1974.

In my business—the news business—you either take advantage of other people's problems, or you're finished. You might as well hock your typewriter and hang up your green eyeshade.

That's how I came to hear Max's story. Max drifted into the office late one Thursday afternoon. He was a mess. There were deep trenches under his eyes, his hair had been combed by the wind, and his face bore the scars of a trembling razor. He was 30, but looked 45.

A man in Max's shape needs a drink. I rescued a cup from the trash and poured out the last of my scotch.

"I think I'm just about at the end of the line," Max said in a whisper.

Robert Samuelson is a Washington writer.

It was late, and I was in no mood for self-indulgent melodrama. But, as I said, we get paid to listen.

"Why don't you tell me about it," I said, mustering what sympathy I could manage.

Max was a government lawyer, a GS-14 or GS-15—I forget which—working in the White House. I knew the type immediately: one of those earnest young men, confident of their own abilities, who had enlisted with Uncle Sam convinced that they could simultaneously satisfy their ambitions and their social conscience.

Max pointed towards his vinyl briefcase. I opened it and on top were two official documents. They had identical headings: "Inflation Impact Statements." The first was an Executive Order from the White House, dated November 27. The second was a memorandum from the Office of Management and Budget, dated January 28.

As I read the documents, their gist became clear. Each department and agency would prepare an "inflation impact statement" for all its major programs. They didn't really have to be followed—only prepared. It was

sort of an institutional consciousness-raising exercise. Narrow-minded, agency-oriented bureaucrats would be made to see the wider implications of their actions. Advance public confession would curb sinning.

Max took off his aviator glasses and, with weary resignation, rubbed his eyes.

"There's a scandal here," he said, casually spilling out a phrase that's supposed to make any reporter salivate. I didn't because I figured that Max was either flattering himself or taking me for a sap. I hadn't been born yesterday, and I had seen cases like his before: a bureaucrat with an identity crisis, trying to cleanse his soul by running to the press.

But I let Max trace the dreary chronology. It started back in October when the President asked his speechwriters for some ideas about how to flesh out his anti-inflation address—you know, the one with the WIN buttons. Somebody remembered a memo with the idea for inflation impact statements, like those environmental things. The idea sounded attractive, looked respectable, and blended well with Republican anti-inflationary rhetoric. No one thought much about it. It was just one paragraph in the speech, and the President was scheduled to go on TV in just a few hours.

And these inflation impact statements did have cosmetic appeal. When it came to creating higher prices, I knew the government was a principal sinner. Across the federal landscape, it was a cinch to spot dozens of programs which helped push consumer prices upward. The Interstate Commerce Commission limited truck and railroad competition; that propped up freight rates. The Civil Aeronautics Board made it a crime for airlines to cut fares. The Davis-Bacon Act had the effect of requiring building contractors to use only high-cost union workers. Medicare and Medicaid procedures made Ross Perot a billionaire and contributed to spiraling health costs.

New horrors were being hatched daily, but I wasn't naive enough to think that analysis—no matter how it was labeled—would make much difference. Politics determined the fate of most government programs and regulations. Pieces of paper alone wouldn't change the political situation. Sure, the environmental impact statement said that the Alaska pipeline would make life miserable for the caribou, and that didn't end up preventing the pipeline from being built. Most bureaucrats knew what they were doing. If they went ahead with a controversial program, they usually had compelling reasons: pressure from important interest groups, their own sense of mission, or just an unmistakable mandate from Congress to do something that was blatantly inflationary. Analysis alone wouldn't eliminate these pressures.

I wasn't dismissing all analysis as useless, but my experience was that people only used information when it recommended what they wanted to do anyway. If it didn't, they'd just come up with some conflicting information, making just the opposite points. Such reports weren't hard to find. Somebody—a budget analyst at OMB or a congressional subcommittee or the faceless researchers at the GAO—would be encouraged to produce another study. If a program was popular enough—like the Alaska pipeline—all the analysis in the world was useless.

So, the inflation impact statements were an idea that looked good and sounded nice. But that's all. I didn't need Max to tell me this, especially when I still had hopes of getting out of the office in time to beat the rush-hour traffic. But he did anyway.

"You see this," he said, motioning toward the second of his official-looking documents. It was the one from OMB, and it carried the enticing title of Circular A-107. "It's the rules each governmental department is supposed to follow in drawing up its own rules for writing inflation impact statements. Nothing in government can be

done without rules, so we have rules to write rules. The paperwork just expands geometrically. First, the President makes his proposal back in October. It's just one paragraph in a long speech. Then, two months later, the White House gets around to issuing an executive order on how to implement the paragraph. The executive order runs two pages."

He waved the first document at me, and I verified his arithmetic.

"Two months after that, OMB issues its circular explaining the executive order. That's four pages." He was a genius at numbers. "And that's just the beginning. Of the nearly 100 agencies which received Circular A-107, dozens responded by requesting exemptions. Do you have any idea how much paper is involved in the American Battle Monuments Administration requesting an exemption and OMB granting it?"

I didn't, but I was shrewd enough not to let on.

"OMB is still wading through the exemptions. And the departments that don't get them will then have to write up departmental regulations which will probably run 10 to 20 pages each. Multiply that by all the departments and agencies, and we've already got a mountain of pulp. And we haven't even gotten to the statements yet."

It was a familiar tale. Inflation would be forgotten, as everyone worried about coping with the nuisance and the nuances of the inflation impact statements. Most shrewd government lawyers would probably try to limit the number of statements their departments would have to produce by putting a ceiling—say, \$50 million—on the kind of actions that required statements. But they had to be careful. The executive order, which didn't expire until the end of 1976, demanded statements, and anybody who didn't like what your agency was doing—for *whatever* reason—could take you to court on the pretext that your impact statement wasn't adequate. Suits meant delays. Like paper-

work, they cost money and took time. In the end, the courts would probably support the agencies, but, even if they did, they still couldn't restore all the time and effort that fighting the suit required.

All this was pretty routine to somebody in my business. I didn't need Max in my office, drinking the last of my scotch, as the rush-hour traffic piled up eight floors below my single, sooty window. I had had enough. It was time to get home.

"That's all very interesting, Max," I said, "but what the hell does all that have to do with you?" And by implication—what the hell does all this have to do with me?

It took a while for Max to answer. And before he did, he stared at the scotch bottle a long time, as if somehow that would make it less empty. Finally, he got it out: "The whole thing was my idea, but I didn't realize that it would lead to this." To prove it, he reached into his vinyl briefcase and came out with a dog-eared xerox of a memo on White House stationery.

I didn't know what to say, so I just took the xerox and laid it softly on my desk, next to an empty Coke

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bottle. I knew what to expect next—a long monologue about guilt and responsibility, the sort of thing that people came to expect from Daniel Ellsberg on Vietnam.

But Max, to his credit, was made of sterner stuff. He came back to the point. "It wouldn't be so bad," he said, "but I know what's going to end up happening. You see, there are limits to honest analysis. You can safely say that something's inflationary, but you don't necessarily put a finger on it. But we demand that everything be precise, so these reports are going to be filled with a lot of dubious statistics."

I could tell that Max had learned a lot since his first days in the White House, when he wrote the memo that set everything in motion.

"What's going to happen," Max said, "is that a lot of the agencies won't be able to handle the extra work load and will have to farm it out. The consultants will have a field day. Each time an agency will have to produce an impact statement it'll mean an \$80,000 fee for a consulting firm. Multiply that by a couple of thousand statements a year and you've added a couple of hundred million to the federal budget—all in the name of fighting inflation."

"You know what consultants remind me of?" Max asked suddenly. "Seagulls swarming around a mountain of garbage. Except in government it's all the studies, reports, and evaluations that somebody has said must be done, but nobody really gives a damn about."

Something about the seagulls and the garbage cheered up Max, because suddenly he looked relieved. I was glad, because I couldn't do much for him. "Look," I said, "there's no story here. This kind of stuff goes on everyday in government. But I will give you some free advice. Call in sick tomorrow. Take a few days off. The government won't collapse. Western civilization won't end."

I drove him home. He said he'd think about it. ■

Memo of the Month

UNITED STATES GOVERNMENT

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

REGION IV — ATLANTA

Memorandum

TO : Administrative Services Staff

DATE: January 29, 1975

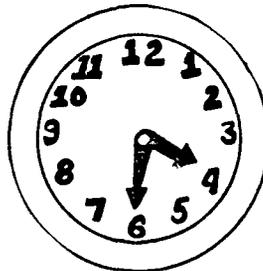
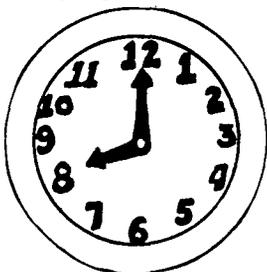
FROM : Charles B. Long, Jr. *(Charles B. Long, Jr.)*
Regional Administrative Services Officer

REFER TO:

SUBJECT: Office Hours

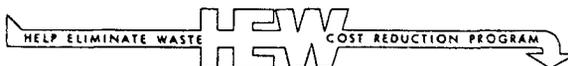
There are some members of the staff who do not observe work-day hours. We open for business at 8:00 a.m. and close at 4:30 p.m.

In other words, you should leave home early enough each morning so that you will be in the office when the little hand is on the eight and the big hand is on the twelve. (See drawing.) You should not leave the office until the little hand is on the four and the big hand on the six. (Also see drawing.) There are no exceptions to this. When there is an occasional need to leave a few minutes early, Mr. Meador or I will be glad to let you go.



Now, the matter of breaks and lunch periods. There is a 15 minute break period, morning and afternoon, and a 30 minute lunch period. We prefer not to assign break and lunch periods; however, if it's necessary, we will.

You may take this home with you, if you like. It may help in figuring out the time you should leave each morning - or you may just want to get out your crayons and color the clocks.



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