INSTITUTE FOR WOMEN'S POLICY RESEARCH
1400 20th Street, NW, Suite 104
Washington, DC 20036

To Jen, et al

fax TRANSMITTAL

To: Melanne Verveer
Fax #: 456-6244

From: Diana Zuckerman, Ph.D.
Director of Research and Policy Analysis

Re: Report on Impact of Social Security Reform on Women
Date: 6/19/98
Pages: 5, including this cover sheet.

You may be hearing from Congress about this soon.

Comments:

I wanted to make sure that you and the First Lady are aware of our new report, which is generating quite a lot of interest among Congressional Democrats. Let me know if you'd like a copy. I think you will find it interesting. The bottom line is, since women earn less than men (75% of what men earn for FT work) and since women are more likely to work PT or take time off for childrearing for at least a few years, most privatizing proposals (which change the benefit formula to make benefits more closely tied to earnings, thus reducing the safety net social insurance aspect) will hurt most women, especially women who are widowed, single, or divorced. And, since women are much less likely to have any private pensions, and the pensions they have are much lower than men's, they are much more dependent on Social Security benefits than men are.

Hope all is well!

Diana

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News Release

FOR RELEASE:
Friday, June 12

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POOR ELDERLY WOMEN MOST THREATENED BY PROPOSED SOCIAL SECURITY CHANGES

"Privatizing Social Security may be good for stockbrokers, but it will be devastating for poor elderly widows," according to noted economist Heidi Hartmann.

A new report, ***The Impact of Social Security Reform on Women***, written by Hartmann and her colleagues at the Institute for Women's Policy Research, describes poverty among widows and other elderly women and threats they would face from proposed changes to Social Security. It will be released on June 12.

Women depend more heavily on Social Security than men do, according to the report, which notes that women are poorer than men, live longer than men, and are less likely to have a pension. The report cites five ways that proposals to "reform" or privatize Social Security will hurt poor elderly women, reducing their already meager incomes.

First, poor elderly women would be hurt by calculating benefits based on a 38-year average of highest earnings rather than the current 35 years. Two proposals of the Advisory Council on Social Security, the Individual Accounts and the Maintain Benefits proposals, would do this. But 70 percent of all women retiring in the year 2021 will have worked fewer than 38 years, often because they took time out to care for young children. The proposals would lower their benefits because the 38-year average would include up to three additional years at zero or part-time income.

"In 1996, less than half of women in the childbearing years 25-44 worked full-time all year while three quarters of men of the same age group did. Social Security already penalizes women for taking time off to raise their kids, and these new proposals would penalize them even more," according to Hartmann.

In the future, "even though younger women will have more work experience than currently retired women, they will still be much more likely than men to spend time out of the labor force or working part-time," said Lois Shaw, IWPR consulting economist and the report's chief author.

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Second, several proposals, including the Individual Accounts and the Personal Security Accounts proposals, would hurt poor elderly women by raising the normal retirement age as well as the early retirement age. Under current law, the normal retirement age will increase from 65 to 67 by 2027, but these proposals would accelerate that increase, and gradually increase the retirement age even further. This would harm all men and women who are unable to work full-time past age 65, but especially women, who are more likely to have to stop working in order to care for an older spouse.

A third harmful proposed change would limit cost-of-living benefit increases. A bill recently introduced by Senator Moynihan would limit increases to 1 percentage point less than the Consumer Price Index. The National Commission on Retirement Policy proposes increases half a percent less than the Consumer Price Index. Either of these reductions would have a large cumulative negative effect on those who are already among the worst off—those, disproportionately female, who live to be very old.

A fourth proposal harmful to women is to partially privatize benefits, for example, by allowing employees to invest their portion of the payroll tax in stocks or mutual funds. Private investments are risky because the return depends on the market at the time of retirement. The risk is greater for women, since they tend to rely heavily on Social Security as their major source of retirement income. In addition, women earn less than men and will have less to invest, and the proposed guaranteed portion of retirement benefits would be substantially lower than they are today.

Fifth, several proposals would gradually reduce disability benefits, eventually cutting them by 30 percent. This would increase poverty among disabled retirees, including wives and widows whose husbands became disabled prior to the normal retirement age.

"As proposals are developed and considered, it is essential to maintain the social insurance aspects of the current system so that women are not thrust into poverty as a result of changes in Social Security policies," according to Diana Zuckerman, IWPR's Director of Research and Policy Analysis and a co-author of the report.

The report paints a portrait of poverty among older women, noting that their marital status has enormous impact on whether they are poor or not. Elderly divorced women and widows are significantly likelier to be poor than elderly married women, according to the report. Among Social Security beneficiaries, long-term widows and

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divorcees are three to five times likelier to be living in poverty or just above the poverty line than married women.

IWPR found that women retiring now and in the future are more likely to be divorced and that this larger proportion of divorced and separated women could mean an increased likelihood of poverty among older women in the future, despite their improved life-time earnings.

Current Social Security rules protect recipients in six ways that are especially important for women: first, the benefit formula replaces more low earner than high earner earnings; second, yearly cost-of-living increases especially help long-lived people (who are predominantly women); third, survivor benefits for the lower-earning spouse (almost always the wife); fourth, benefits for divorced spouses if a marriage lasted at least ten years; fifth, benefits for children of disabled or deceased workers; and sixth, benefits before retirement age for nonemployed caretakers of children of deceased or disabled workers.

The report acknowledges that some adjustments may be necessary to close the projected gap between outlays for benefits and revenues from payroll taxes and lists five alternatives that would not harm the poorest elderly: investing a portion of the Social Security Trust Fund in the stock market; requiring state and local government employees to be covered; increasing the payroll tax by a small amount after 2012; making all Social Security benefits (except for already taxed employee contributions) subject to income tax, with proceeds credited to the trust fund; funding part of any Social Security deficit from general tax revenues as many European countries do.

The report is based on interviews conducted as part of the Social Security Administration's New Beneficiary Survey. The results will be reported for the first time at IWPR's fifth women's policy research conference, Women's Progress: Perspectives on the Past, Blueprint for the Future, on June 12.

Copies of the report are available for $10 each from the Institute for Women's Policy Research, 1400 20th St. NW, Suite 104, Washington DC 20036 or by calling 202-785-5100.

The Institute for Women's Policy Research is a nonpartisan, nonprofit scientific research organization.

– 30 –

NOTE TO REPORTERS AND EDITORS: For a free copy of the report, call Shannon Garrett, 202-785-5100.

Washington Post
Friday, June 19, 1998

JUDY MANN

For Women, Troubling Trends in Social Security

A new report from the Institute for Women's Policy Research warns that proposed reforms in the Social Security system could be devastating for widows and many other elderly women who are more likely to be dependent on Social Security than men.

Women who are currently on Social Security, and who were much less likely to have worked than women in the baby boom generation, are not the only ones threatened, according to "The Impact of Social Security Reform on Women," written by economist Heidi Hartmann and her colleagues. Women of the generation in which working was the norm also are at greater risk of poverty than are men, because their incomes average 75 percent of men's and because many women of childbearing age take time off or work part time. Both factors lower their Social Security benefits.

"Single and divorced and long-term widowed women are the most vulnerable to poverty because of their lesser engagement in paid work over their lifetime," Hartmann says. "Their own pensions are either nonexistent or very small. If they were once married, they are frequently dependent on what their husbands' earnings were, on his pension and Social Security. These pensions are reduced when the husband and chief breadwinner dies. This leaves women who are alone very vulnerable."

The study is based on data from the Social Security Administration's New Beneficiary Survey, which conducted interviews with a sample of men and women who began receiving benefits in the early 1980s. The surviving members of the original sample and surviving spouses were reinterviewed in 1991 to find out how their circumstances had changed. Ten percent of the unmarried women were poor when they were first interviewed shortly after retirement. Nine years later, that percentage had risen to 15. Among the older women who became poor, two-thirds stayed poor. Declining income from assets also contributed to their poverty.

For women with modest retirement income, continuing to work was one of the few ways of avoiding poverty, but for women with health problems, that was not always an option. The study found that the current Social Security system had important protections for women, including yearly cost-of-living increases and a benefit formula that is relatively generous to low-income workers.

It warned that several features of proposed reforms could undermine women by cutting dependent spouse benefits, raising the basis for calculating benefits from 35 years of highest earnings to 38, and raising the age at which a person could begin receiving benefits from the current 65 to much older. Already, the age is being raised from 65 to 67 by 2027, and some proposals would require people to be 70 before they could receive Social Security checks.

The study calculated that 30 percent of women and 60 percent of men retiring in 2021 will have accumulated 38 years of work experience. Women would find their benefits lowered because they would include up to three years of zero or part-time income for the time the women took off to care for young children.

Another proposal that could hurt women in particular is one that would limit cost-of-living benefit increases to 1 percentage point less than the Consumer Price Index, which could have a devastating cumulative effect on women who live to be very old.

Both men and women also may lose years out of the work force when they have to reeducate or retrain themselves, an increasingly common pattern, Hartmann says. "It may be that men and women's lives become more similar, with men taking on more family care, but that both would have to leave the labor force while retraining. With computers and being able to work from home, we might envision a more fluid mesh or screen between work and nonwork, in which men and women would move in and out of work more readily. You'd want to see the private pensions be more portable. Now it still requires five years to vest in a pension. We might want to reduce this, as well as have a Social Security system that doesn't penalize time off from work."

Social Security reform is going in the opposite direction of societal trends, she points out. "As society gets more wealthy, people want more leisure, and they are retiring earlier, not later. . . . Our public policy seems almost punitive: You can't get any benefit until you are 70." A factor that may be driving that is the perception that people are retiring from their main jobs earlier and beginning a second career to supplement their pensions. That kind of work usually pays less, although it provides more freedom.

"The biggest reason women became poor is that they stopped working. To look at it and say we can delay benefits because so many are working, that's the privileged few who are healthy enough. Many policymakers are thinking of themselves," and they do not realize that when women can no longer work and are dependent on meager benefits, they are plunged into poverty. "Policymakers see retired people working now. But there is a big difference between doing it to get extra money and doing it to survive."

Hartmann says she has been surprised by how many articles and reports on Social Security reform fail to mention the great difference in its impact on men and women.

Women are far more dependent on Social Security as a main source of income than men are—which means that attempts to reform Social Security absolutely must be examined through a lens that tells us in detail what the impact would be on women. This is a program designed to provide social insurance against poverty, and that mission must remain firmly in our sights.

cc: Jen / Nicole / Neera / Melanne / HRC / Brenda C (for Kennelly trip to Conn.)

Study: Working women in bind on benefits

BY MARY DEIBEL
SCRIPPS HOWARD NEWS SERVICE

WASHINGTON — Stay-at-home spouses often collect much larger Social Security checks when widowed than do married women who spent their wage-earning lives paying Social Security taxes, according to a leading benefit consultant.

"Social Security is using an outdated 'model family' of the 1940s, including a stay-at-home mom, to distribute benefits at a time when most moms are working in outside jobs," said Anna Rappaport, author of the study at William M. Mercer Inc.

"This means that a woman who worked all her life and contributed significantly to the Social Security system may receive a smaller retirement benefit than a woman who never worked — even if their household incomes are identical."

Rappaport, who also is president of the American Society of Actuaries, said Social Security problems faced by widows occur at all income levels but are more pronounced for lower-income women:

- For a family making $68,400 a year pre-retirement, a stay-at-home spouse is entitled to a Social Security widow's benefit of $1,354 a month compared with a $1,082 Social Security check for a widow who brought in half of that $68,400-a-year paycheck.
- For couples with $34,200 in annual pay, the stay-at-home spouse's check is $1,082 after being widowed while a wife who brought home half that paycheck draws a monthly widow's benefit of only $674.

The study, to be released today at a national convention of benefit experts, assumes that an employed wife spent the full 35 years in the work force — the time required to get full Social Security benefits for her pay level.

The Mercer study will be part of the nationwide debate on how to reform Social Security to meet the baby boom retirement crunch — a debate that has focused on "privatizing" Social Security.

"Difficult as Social Security reform will be, our most serious challenge may be ensuring fair treatment for women," said Rep. Barbara Kennelly of Connecticut, ranking Democrat on the House Social Security subcommittee.

"Single, divorced and widowed women age 65 and over have a poverty rate of 22 percent — half again as high as the rate for unmarried elderly men and four times the rate for elderly married couples."

A new study for Kennelly by the Congressional General Accounting Office found that the disparities in Social Security benefits are just one problem facing women 65 and older.

The GAO found that women also face added financial risk:

- Because two-thirds of working women have no pension plan.
- Because women earn only 71 cents for every $1 earned by a man on average, resulting in lower pension and Social Security contributions and payouts to women.
- Because women are more conservative investors when managing tax-sheltered retirement plans like a 401(k) plan or Individual Retirement Account, a trend that could be compounded if Social Security is changed into individual investment accounts rather than a guaranteed social-insurance check.
- Because even when women have the same income and investments as men, women tend to live longer and face a far larger risk of outliving a retirement nest egg.

President Clinton used his State of the Union address to call for a nationwide debate on what to do about Social Security before it runs out of reserves in 2029.

That debate kicks off Saturday when Americans Discuss Social Security, a group sponsored by Pew Charitable Trust, holds the first interactive video conference in 10 cities — Albuquerque, N.M.; Boise, Idaho; Boston; Denver; Detroit; Lexington, Ky.; Minneapolis; San Francisco; Tallahassee, Fla.; and Winston-Salem, N.C.

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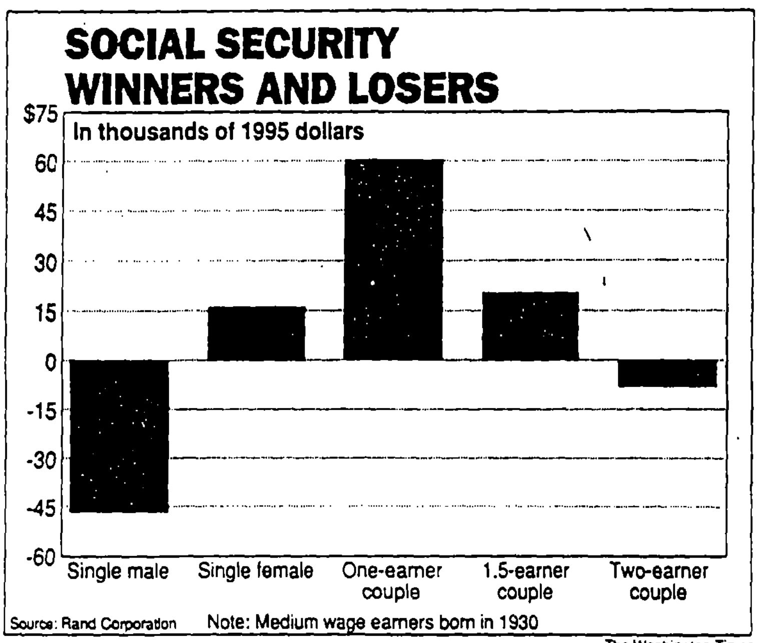
BRUCE BARTLETT

Social Security's marriage penalty



The Washington Times

The so-called marriage penalty in the tax code has been a major topic of discussion in Congress for some time. This problem arises when a two-earner couple pays more federal income taxes by filing jointly than the two would pay if each spouse were allowed to pay taxes as a single earner. Republican leaders have vowed that if there is a tax bill this year, reduction of the marriage penalty will be a top priority.

Less well known is the fact that the Social Security system also imposes a marriage penalty. Because of the way the benefit formula is structured, a two-earner couple will receive less benefits than a single-earner couple. The problem arises mainly from what is known as the "dual entitlement" rule. Under this provision of the Social Security law, retired couples do not receive two benefit checks even if both spouses worked and would be entitled to benefits based on their own earnings history.

Basically, the couple receive one benefit based on whichever spouse had the higher lifetime income. Thus, as in the case of the income tax marriage penalty, a two-earner couple would increase their income by getting divorced.

Another aspect of the Social Security marriage penalty is that the system provides higher benefits for single-earner couples. The reason is that a nonworking spouse in effect gets credit for part of her husband's earnings. Thus, a single-earner couple receive benefits based on 150 percent of their actual earnings, a bonus denied to two-earner couples.

A recent study from the Rand Corp. calculates the implicit transfer among various classes of retirees of the same age with the same earnings history to see what the impact is.

As the figure indicates, single males do much worse than single females because their life expectancies are lower; consequently, they draw less lifetime benefits. And two-earner couples do far worse than single-earner couples. Note that as with the income tax marriage penalty, the problem is worst where the husband and wife had the same income (the two-earner couple). In the case where one spouse earned 50 percent of the other spouse (the 1.5-earner couple), the penalty is much reduced.

The effect of all this is to impose a large implicit tax on working women, which reduces their incentive to work and remain in the labor force. The best solution would be to move toward a Social Security system based on individual accounts, where benefits are a function of one's contributions, not one's marital status.

Bruce Bartlett is a fellow with the National Center for Policy Analysis and a nationally syndicated columnist.

The Washington Times
MONDAY, AUGUST 3, 1998

Norman J. Ornstein

Feb 20, 1998

Hilary,

I've enclosed the article on pensions I mentioned, along with a piece I did last week in Newsday, and an article on the independent counsel that will be in the Georgetown Law Journal. As always, I enjoyed our talk, and hope we can do it again soon (or maybe a social gathering. Judy sends her best. Thanks also for the college advice!

Best always,

Norm

Melanne Verveer

Nicole —

Re pensions

8677

Leaving your job? Pension should move with you

By Norman Ornstein

Over the past quarter century, my career has included stints at three universities and a think tank, ranging from Bologna, Italy, to Palo Alto, Calif. Through it all, though, there has been one anchor of stability — a retirement plan run by TIAA/CREF, the giant investment operation that includes virtually all the institutions of higher education and the research community under its broad umbrella.

Each of the institutions I have worked for has had different pension benefits for its employees, but all that means is that the amount of pension contribution has varied and not the nature of the benefit. I could move from job to job with no fear that I would lose my pension or have to deal with a series of wholly different plans.

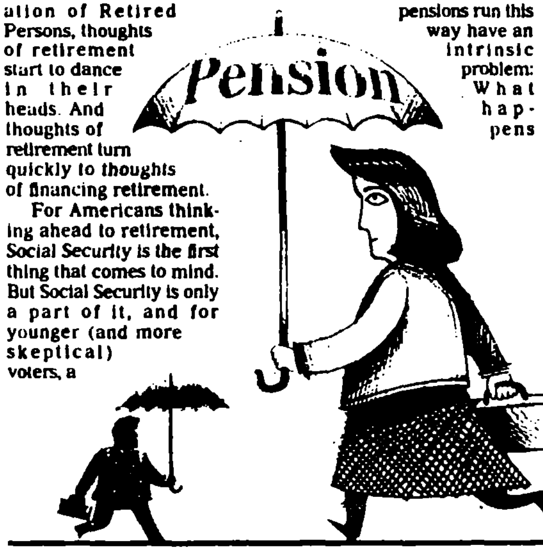
This pension plan is unique in its breadth and reach. (It is also in flux; having just lost its nonprofit status, it may soon branch out beyond the worlds of education and research.) But the TIAA/CREF model is an interesting and important one as we begin a major national debate on Social Security — which should turn into a broader dialogue on the nature and dynamics of retirement, and pensions, generally.

Normally, [illegible]-fire way to move a conversation to "eyes-glaze-over" mode is to use the magic words "pension reform."

Few issues of public policy seem as intrinsically boring or irrelevant. But smart politicians looking down the road a few years will realize that, just as much as tax reform, pension reform may be the key to political success, even political realignment. As members of the baby boom generation turn 50 on a huge scale, earning as a birthday present membership in the American Association of Retired Persons, thoughts of retirement start to dance in their heads. And thoughts of retirement turn quickly to thoughts of financing retirement.

For Americans thinking ahead to retirement, Social Security is the first thing that comes to mind. But Social Security is only a part of it, and for younger (and more skeptical) voters, a smaller part than for their elders. The rest of their income, if there is any, will come from their pensions. And what kind of pension, in what form and with what guarantee, will be a big and looming question. So will the interaction between Social Security and other pensions.

Like health insurance, pensions in America generally come through work, administered by employers and usually subsidized by them. And like health insurance, pensions run this way have an intrinsic problem: What happens when people change jobs? Just as health insurance is rarely portable, pensions generally don't carry over from one job to the next. Often, there is no "vesting." In other words, the time an employee has put in that would count toward pension benefits and that would guarantee some minimum level of benefit after a certain period of service does not count or carry over if he or she leaves a company.



Congress 20 years ago guaranteed some vesting for employees who worked at least five years for an employer — but half of all workers in America switch jobs every four years. And even for those who wait five years, inflation often erodes benefits earned before age 40 so severely that they're of little use.

The widespread availability of private pensions is itself a relatively new phenomenon. The lack of portability was not such a huge issue when more Americans tended to keep their jobs for major portions of their careers. But the combination of more pensions, more workers thinking about retirement and more mobility in the workforce will move pension portability into the spotlight.

It's not there yet. Social Security, in contrast, is. The debate on Social Security is ready to erupt for a host of reasons. One is a fundamental reality — the American population is aging, and the number of younger working people paying payroll taxes each year that are then spent on Social Security benefits for their elders is declining. The ratio of workers to retirees, payers to recipients, is dropping from a once-healthy 6 to 1 to an eventual alarming 2 to 1. The problem is not an immediate one, but action taken now can prevent a crisis in a decade or two, and the action now would be much less painful than any later response.

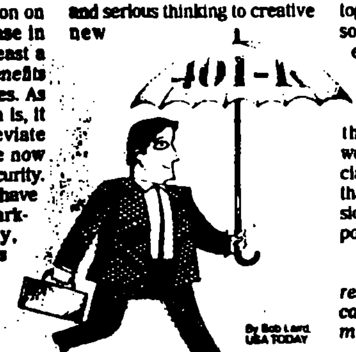
In recent days, leaders from Speaker Newt Gingrich to President Clinton have said we need to act in the very near future.

But let's face it — action on Social Security will phase in change, much of it at least a little painful, to bring benefits that will come in decades. As important as that action is, it will not do much to alleviate the concern voters have now about their retirement security. And we know that voters have concern; even in a remarkably robust economy, roughly 45% of Americans say they are somewhat or very dissatisfied about their retirement security.

So even as lawmakers grapple with the Social Security issue, they should be thinking about other options that can make voters feel more secure now.

To be sure, Congress has not been completely blind to this issue; it created and now has expanded individual retirement accounts. The private sector also has responded, experimenting with things like 401(k) plans that let workers play a role in their retirement investments and let them take their accrued retirement benefits if they leave. But most employers don't have such options, and most workers don't have IRAs, or enough invested in them to make a meaningful retirement supplement.

Congress needs to give serious attention to alternatives and serious thinking to creative new options. Some lawmakers, including Sens. Orrin Hatch, R-Utah, and Bob Graham, D-Fla., have proposed ways to let employers and employees move retirement plans from one job to the next even if the employers have different pension options.

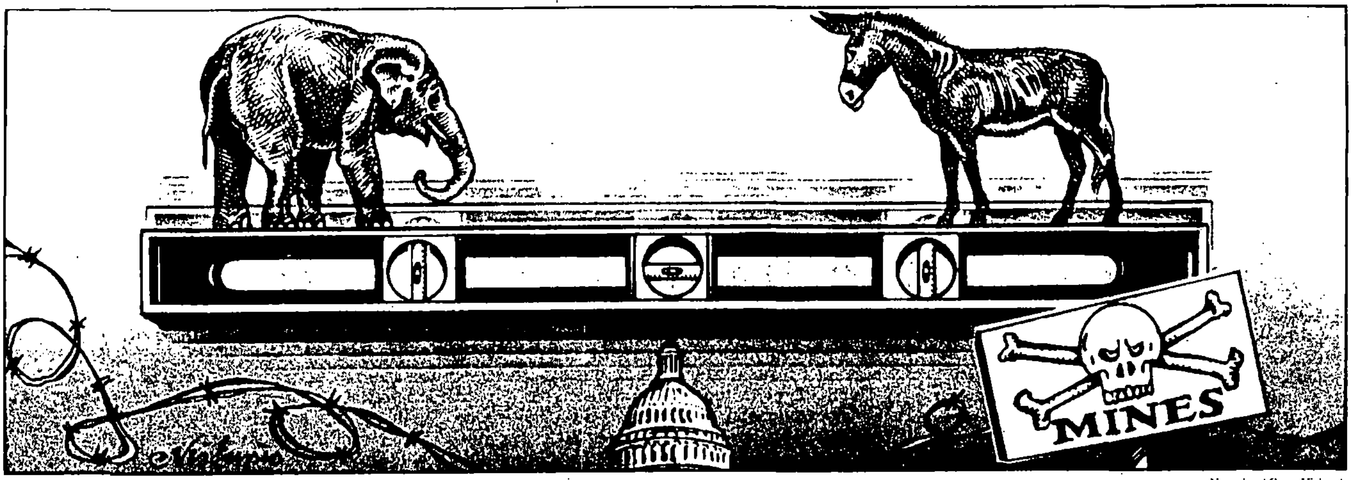


By Bob Laird, USA TODAY

Other ideas need to come to the fore. What about looking at the TIAA/CREF model and seeing if there is a way of applying it more broadly? Perhaps there is a way, through tax or other incentives, of encouraging large numbers of companies to offer all or part of their pension benefits through the same investment pool, allowing workers to retain the benefits if they move to another company in the pool. Maybe Social Security reform and pension reform can come together, by letting workers use some share of their and their employers' payroll tax contributions in a portable 401(k)-type plan.

I don't know which of these or other options will work. I do know that the politician who finds a way to make that 45% of voters who are pension-insecure feel better will hit political paydirt.

Norman Ornstein is a senior resident scholar at the American Enterprise Institute and a member of USA TODAY's of contributors.



Newsday / Gary Viskupic

We Want Governance, Not Scandal

By Norman Ornstein

NORMALLY AT this time of year, I get lots of calls from reporters about the legislative agenda in Congress — what's happening on the budget, what about child-care or health-care reform, any action on the campaign-finance front and so on. This February, I've been getting more calls than usual — but only three so far on policy. The others — surprise — have focused on one particular subject. (Hint: It rhymes with Hanukkah or Veronica.)

Given the obsession with scandal and Lewinsky, will I get any journalists' calls this year about governing? More important, will there be any governing for them to call about? Any answer must be tentative, given the strange politics enveloping the Beltway. But those strange politics may provide an answer nonetheless.

Right now, members of Congress in both parties are transfixed by the scandal. What does it mean for them? Every lawmaker knows that the next time voters judge Washington's performance directly will be in November — and they will be judging Congress, not the White House. And both Democrats and Republicans in Congress are in the middle of a political minefield.

Democrats dread the possibility that their party's first two-term president since Franklin D. Roosevelt will implode. Many have had ambivalent feelings toward President Bill Clinton — his agenda has not always been their agenda and his political interests have sometimes meshed more with those of the majority Republicans in Congress than with theirs. But Clinton's dynamic State of the Union message and assertive social-policy agenda, combined with the White House attacks on independent counsel Kenneth Starr, have gotten their juices flowing (helped along by the president's soaring approval ratings). But most are timidly waiting to see what additional shoes, if any, will drop.

'Members of Congress are transfixed by the scandal.'

For Republicans, there is no gloating. The most likely scenario ahead is that Starr dumps his accumulated evidence in the laps of House Speaker Newt Gingrich (R-Ga.) and House Judiciary Chairman Henry Hyde (R-Ill.), along with a scathing report about the president's alleged malfeasance, urging the House to do its duty and begin impeachment proceedings. Imagine a lengthy, contentious set of hearings — all televised — with ambiguous evidence, much of it of the he-said, she-said variety, about issues of sex and testimony in a civil trial about sex. Imagine discussions of "high crimes and misdemeanors" in that context.

Imagine further a process driven more by grenade-throwing extreme ideologues such as Georgia's Republican Rep. Bob Barr than by avuncular solons of Henry Hyde's ilk, with the rest of Congress paralyzed while this is going on — even as voters have made clear that they want Washington to stop the scandal-mongering and move ahead with an agenda that keeps the good times rolling and answers their concerns about the global economy. Then imagine voters in November judging the per-

— *Continued on Next Page*

Norman Ornstein is a resident scholar at the American Enterprise Institute in Washington.

He Shouldn't Ever Need to Win in a Walk

By Ray Tennenbaum

IT DOESN'T often happen that the Rules of Golf encounter the rule of law — and lose — but Casey Martin shocked the golfing world last week when he beat a royal and ancient rap, gaining millions of fans and the chance at a big-time golf career if he proves himself on the Nike Tour. Gracious, likable, shy — a reluctant litigator up to the moment of his triumphant vindication, Martin at times seemed almost apologetic about trying to lawyer his way into pro golf.

Only the very fiercest opponents of U.S. Magistrate Thomas Coffin's decision approving Martin's use of a golf cart on the tour could fail to be pleased for this golfer. There's absolutely nothing wrong with the aggressive pursuit of rights of access for every single member of society. Privileges and opportunities should be interchangeable with rights — it's that simple — and if it takes tinkering with business or governing bodies to allow everyone to pursue his or her ambitions to the utmost, so be it.

But should entitlement mean changing the rules for everyone? It's possible, maybe inevitable, that the magistrate's ruling — based on a blood-circulation problem that afflicts Martin's legs — will have other pros boarding buggies.

'There's nothing wrong with aggressive pursuit of rights of access.'

It isn't exactly tragic that the war against golf carts had to be waged through this particular case, but it's a damn shame. To any golfer who sympathized with the PGA Tour's arguments, this is what the Tour's case was about, as much as the contention that walking during competition is taxing. To the golf purist, carts are abominable. But they've almost become the rule in the United States (in Europe, only seniors may ride).

It's been pointed out that the PGA Tour is hardly blameless. Not only are senior players permitted to ride, but if you or I want to play a PGA Tour-owned course it's ride or else. And maybe the weakest part of the Tour's case is that as long as technological improvements in clubs and balls can help players improve their game, why not allow a simple golf cart? Error-correcting equipment, over-manicured golf courses, and the liberal application of certain local rules (such as lift, clean and place rule under wet conditions) have already changed the face of golf. And, by bowing to the

— *Continued on Next Page*

Ray Tennenbaum is a freelance sportswriter based in New York.

Save Moms From Starr

I AM NOT a Ken Starr basher, but sometimes he goes too far. I speak now of his calling Monica Lewinsky's mother in front of the grand jury to testify against her daughter. The whole thing smells of hubris and could endanger the institution of parenthood as we know it.

This is what is wrong with the Starr Chamber — making parents testify against their kids is unprintable.

What children tell parents should be privileged, even more so than what a person tells a minister. You don't serve justice by a mother a snitch. Let us take a hypothetical Ken Starr, who wants to know if Ben Marks cheated on his history exam. If he did, it could lead to Whitewater and Paula Jones.

Art Buchwald

Ben refuses to answer questions. So Starr subpoenas his mother, Connie Marks. He offers Connie immunity if she will rat on Ben.

Connie is torn between testifying against her son or going to jail for five years. She talks it over with Ben. "I love you very much, but when it comes to Special Prosecutor Ken Starr, it's every mother for herself."

"Mom, I don't care if you testify because I have never told you the truth about anything. Kids always lie to their parents to avoid getting bawled out. You can say anything you want, and it won't hurt me."

"You're a good son, and I don't want you to get hurt. It's not fair when they ask a mother to inform on her flesh and blood, even when she has found Penthouse magazine under his bed."

Ben says, "Maybe they'll give you a new identity and send you where no one can find you."

"I never thought of that. Then even you couldn't find me."

"I'm going to miss you, Mom, but you don't seem to have a choice. If you take the Fifth, they won't give you immunity. Maybe I can help you in your testimony. Did I ever talk to you about cheating on a history test?"

"I don't think so. I believe I would remember if you did."

"Did I ever tell you I had an affair with my history teacher?"

"No, you didn't."

"So there is nothing Starr can do to you. Don't you see what is going on? Starr is trying to hang Bill Clinton. If he can prove I cheated on my exam, it will lead to Monica Lewinsky, and that will lead to the Oval Office."

"Ben, would it bother you if I reported to the FBI that I taped this conversation?"

"Of course not. What are mothers for?"

"Ben, I want to believe you, and I want to believe Starr. His job is to pit parents against children, interns against presidents, Secret Service men against the FBI, and anyone else who falls into his prosector's power. A mother's duty is to go to the grand jury and say, 'You want to know how bad my kid is? Well, let me tell you how bad he is.' "

Ben says, "It sounds good to me. I could get you a hidden tape recorder for Mother's Day."

"Don't bother. Starr gave me one already."

Art Buchwald is a syndicated columnist based in Washington.

Journalists Too Intrusive? So Try Intruding on Them

By Jeff Cohen

EYE ON THE MEDIA

IN RECENT YEARS, mainstream news outlets have found it increasingly acceptable to explore the private lives of public officials. The stated or implied rationale is that the American people, in judging the "character" of a politician, have a right to know if that official has engaged in extramarital affairs. Often the "character issue" has become a media code term for marital infidelity.

Though polls indicate that many Americans believe the media go too far in investigating the private behavior of politicians, little seems to slow down sex-hunting journalists, especially those on network television and "all-news" cable channels.

Maybe there's only one way to get these journalists to rethink their actions: Turn the tables on them. Perhaps it's necessary to vividly demonstrate to top news media personalities — some of whom might wield as much power as the politicians they cover — what it feels like to be on the receiving end of persistent questions about their private lives.

So the next time you see a prominent TV journalist such as Tom Brokaw or Peter Jennings or Dan Rather at a public lecture or a call-in talk show, politely ask them if they've ever committed adultery.

If they react by saying that such information is none of your business, you can tell them in self-righteous tones that the American public has a right to judge the "character" of journalists who influence millions of people.

If you get a forthright denial, don't stop there — especially if you've seen any rumor of extramarital relations on the Internet or in a supermarket tabloid. Rephrase your query (this time you might mention oral sex), and point out that your question "is not about sex, it's about integrity and whether the American people can trust you to tell the whole truth."

If you get a denial that's hesitant or hedged, be prepared with a series of follow-up questions — even if you feel embarrassed. In fact, like a TV news anchor, admit your embarrassment as you proceed to ask "these difficult questions." More important, see a hedged denial as your sign to do more investigating. Dig up old news or gossip and be ready to challenge this journalist's character the next chance you can.

In the real world, most Americans would feel squeamish asking such questions, even if it's just to prove a point about media overkill.

Unfortunately, journalists at top news outlets have been anything but squeamish lately. Well-known correspondents, pundits and anchors would likely begin to think twice about personal queries if they found themselves on the receiving end at times. Some questions are easier to ask than to answer.

Jeff Cohen is the director of FAIR (Fairness & Accuracy in Reporting), a national media watchdog group. This appeared in The Baltimore Sun.

Public Would Like Governance

— Continued from Preceding Page

formance of the Republican majority in Congress.

The Republican majority swept to power in 1994 for the first time in 40 years and won a second consecutive term in 1996 for the first time in nearly 70 years. They won the second time because voters approved of their cooperative efforts with the Democratic president to pass small but tangible policies that were sensitive to their day-to-day concerns, such as the Kassebaum-Kennedy health insurance plan, welfare reform and a clean water act. To some ironic degree, the GOP majority came back on the coattails of Bill Clinton, and vice versa.

Voters today expect the same dynamic — a Republican Congress to work with a Democratic president. Americans want Congress to cut the ideological rhetoric and game-playing, and Washington to focus on small but tangible steps to help average Americans and keep the economy moving.

Under other circumstances, the minority Democrats in Congress might like the prospect of chaos and gridlock — they could argue, as the Republicans did in 1994, that it is time for a new majority. But if the gridlock is driven by events surrounding their own party's president, the impact of such rhetoric could be unpredictable and dangerous.

In this atmosphere, both parties want some insurance against the worst case, some opportunity to go into November with at least a level playing field. The best way is obvious — it is to govern, finding those bipartisan majorities in cooperation with the president on issues from the budget to child care, education, tobacco and taxes. That certainly fits the president's desires.

Driven by uncertain politics, surrounded by the feeding frenzy over scandal, gripped by the fear of missteps, Washington politicians may find the best way out, ironically, is to govern. Let's hope so.

He Doesn't Need to Win in a Walk

— Continued from Preceding Page

technological advances of big-time equipment manufacturers and the demands of pampered pros, golf's governing bodies have been forced, inevitably, to cede their claims to independence.

Is the Tour being held accountable due to its success? Maybe. And maybe there's nothing wrong with that. Nor with the prospect of millions of his new fans getting to see this talented player play.

Only a jaundiced observer would cluck that, if doctors are cautioning him that even getting in and out of a cart is dangerous, Martin should perhaps be protected from himself.

So what makes so many fair-minded golfers uncomfortable about the judge's decision? It only seems common sense to ask, "If it were not physically demanding to walk the golf course, and Casey can't do it — end of story?"

Much depends on whether Martin fails or succeeds. If he does poorly riding, the public will forget about its reluctant hero — until another Tour member with a bad back or sore feet tries to hitch a ride. But, if he wins again and does well enough to advance to the PGA Tour itself, he may erase whatever good will and support he's found on the Tour as the other players decide whether to make it OK for everyone to hop on — which would be a travesty. If this happens, then what will become clear is that Magistrate Coffin, perhaps without meaning it, will have singled out Casey Martin for an exemption not in spite of his disability but because of it.

It isn't likely that the authors of the Americans with Disabilities Act meant that everyone, disabled or not, ought to use a wheelchair. But in making his ruling, Coffin may in effect have mandated something like this.

Through December 15, the Lexis/Nexis research service found 17,403 citations in 1997 in newspapers and magazines for the term "independent counsel;" their search did not include the Wall Street Journal, which itself had hundreds of additional references during the year. Stories about the independent counsel began early and stayed consistently strong, building as the year ended, as Independent Counsel Kenneth Starr was supplanted in press attention by first the controversy over Attorney General Reno's decision not to appoint an independent counsel to investigate President Clinton and Vice President Gore over fund-raising phone calls, then the indictments issued against former Agriculture Secretary Mike Espy and others by Independent Counsel Donald Smaltz, then the indictments issued against Housing Secretary Henry Cisneros and others after a $4 million, two-and-one-half year investigation by Independent Counsel David Barrett, then the accusations made by Smaltz to a congressional committee that the Justice Department had impeded his wide-ranging investigation and his attempts to widen its range further, and then again by the Attorney General's decision to exclude the president from her preliminary investigation into whether another independent counsel should be appointed to investigate allegations of lying and impropriety against Interior Secretary Bruce Babbitt. Mixed in with these stories were frequent calls by Republican members of Congress for the impeachment of Attorney General Reno for failing to appoint new independent counsels and the impeachment of President Clinton for obstruction of justice for impeding the investigations of independent counsels.

To an alien unschooled in American politics and government exposed to this year's worth of press coverage as a window into the process and policy focus. it might seem that every major policy figure in Washington was spending most of his or her time calling for more independent counsels. resisting the appointment of independent counsels, raging against existing independent counsels. or investigating allegations of impropriety and lawbreaking as independent counsels. It would be easy, relying on the press accounts to believe that Washington is a nest of corruption. worse than at any time in modern memory, and filled with officials who can't be trusted to investigate others inside the government.

One doesn't have to be an alien to have that impression. ABC News in early 1997 asked a sample of Americans. "Do you think the overall level of ethics and honesty in politics has risen. fallen. or stayed the same during the past 10 years?" 56 percent said it had fallen, compared to only 11 percent who said it had risen. The Gallup Organization in mid-1997 asked Americans to agree or disagree with the statement. "The government is pretty much run by a few big interests looking out for themselves." 81 percent completely or mostly agreed with that statement. compared to 76 percent 1992. 55 percent in 1964—and 29 percent in 1964!

Disillusionment and cynicism about American politics is not new, but it has continued, and even been reinforced, during an era in which the Cold War ended. the economy soared, the budget went from deficits as far as the eye can see to the impending prospect of balance. and consumer confidence reached peak levels. If there is no real consensus among voters about divisive issues like trade. affirmative action or abortion, Americans seem to share a consensus that politicians are untrustworthy, public corruption is widespread and amorality, at least, is endemic.

Of course, it is not just press reports about independent counsels and allegations of corruption that have fueled public cynicism. There has been real scandal, involving presidents and vice presidents, prominent lawmakers, key executive branch officials, mayors, governors and other public figures, from Watergate to Abscam, Koreagate, "Pagegate, "Iran/contra, "Iraqgate," and the House post office. In fact, the number of prosecutions of public officials on corruption charges increased fifteenfold—by 1,500 percent, in other words—between 1975 and 1995.

That figure alone would suggest a massive increase in real corruption in Washington. But experienced observers of the capital city provide a very different picture. Almost any historian of Washington politics will regale a questioner with stories of scandal and corruption in the old days—stories of carousing, womanizing, drinking, bribery, money handed out in briefcases or brown paper bags, machine politicians taking orders from their bosses back home (a la Claude Rains in Mr. Smith Comes To Washington.) along with conspiracies of silence among the politicians, journalists, staffers, police, prosecutors and FBI officials to ignore the shenanigans.

But ask the same group of veterans about today, and the overwhelming opinion will be that politics is much cleaner—maybe cleaner than ever. Many fewer members of Congress, judges or officials of the executive branch use drugs, take bribes, philander or drink to excess. If we are shocked by the role of money in politics today, it is in part because disclosure rules that did not exist a quarter century ago allow us to follow the money, and contribution limits for individuals and entities like political action committees (PACs) that did not exist put some constraint on the role of special interests. Suggestions of special interest money in politics today are beaten and matched by stories about the early part of this century. much less tales of the 1950s and 1960s.

This paradox—the public belief that we are awash in endemic corruption. the historians' viewpoint that politics is cleaner today than at any time in modern memory—has many roots. Press coverage, prosecutorial patterns and standards, political tactics, cultural mores, and the laws and rules designed to root out corruption, all have played a role in a changing political dynamic since the 1960s. [1]

The Roots of Change

The politics of scandal is among the most significant phenomena of our time.[2] Changes in the nature and role of scandal came after an uncharacteristically serene period in American history. To be sure. throughout the 1950s and early 1960s, there was plenty of conflict, tension and tumult. from Little Rock to Sputnik. from Joe McCarthy to Sherman Adams. But throughout this era. the public showed high levels of trust and approval for Congress. the presidency. Washington and political institutions generally. That began to change with the assassination of President Kennedy, growing conflict over Vietnam and the related "credibility gap," the assassinations of Robert F. Kennedy and martin Luther King, and the tumultuous 1968 Democratic Convention in Chicago.

As public trust turned to cynicism and disillusionment in the late 1960s, Watergate came along to sharply accelerate the pace and nature of change outside and

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[1] Much of the following discussion draws on Norman Ornstein, "Less Seems More: What To Do About Contemporary Political Corruption." The Responsive Community Vol. 4, Issue 1. Winter 1993/94, pp. 7-22.

inside Washington. This scandal was qualitatively different from its predecessors. It led, after all, to the resignation of a president (which had been preceded by the scandal-driven resignation of his vice president!) The only parallel was the Teapot Dome scandal of the Harding years.

But unlike Teapot Dome, Watergate unfolded on national television. Months of saturated coverage, from daytime hearings of the Senate Watergate Committee to primetime, gavel-to-gavel coverage of the impeachment proceedings in the House Judiciary Committee, gripped public attention. Tales of burglary, break-ins, money laundering, taping of conversations and erasing the tapes, manipulation of the FBI and CIA, lying and a host of other offenses filled broadcasts in millions of houses every day and night.

Watergate became a seminal event for journalism as well as politics. Network news divisions focused on Washington as they never had before, devoting massive resources to the story. Newspapers and newsmagazines were not about to be outdone on the biggest story of the times. Washington bureaus of nearly all news organizations expanded sharply as Watergate unfolded, and many local television stations and newspapers created a Washington presence for the first time. The Washington bureau of Newsweek, for example, went from 17 reporters in August 1965 to 25 in August 1975, a fifty percent jump.

When Watergate ended, the expanded press presence did not (although the numbers did fall off years later during the budget-conscious mid-1980s.) Reporters

[2] See especially Suzanne Garment, Scandal: The Culture of Mistrust in American Politics, (New York: Times Books, 1991.)

trained in the coverage of political scandal and investigations of the same became a staple of Washington media culture and coverage.

Of course, the real story of the press in Watergate was the story of Woodward and Bernstein. The Washington Post's Bob Woodward and Carl Bernstein became major league celebrities and folk heroes in America, courageous investigative reporters whose story was dramatized by Robert Redford and Dustin Hoffman in the popular movie dramatization of the Woodward & Bernstein best-selling book, *All The President's Men.* The story of two lowly metro reporters turned into investigative journalists, doggedly chasing down the facts despite intimidation by a powerful White House, and ultimately bringing a president down, became a legend. Investigative journalism took on a cachet it had never possessed; journalism schools, journalism awards and career paths, and news definition all changed, altering the daily content and composition of front pages and the lead stories on evening news programs.

Watergate was not simply an idiosyncratic act of a rogue president and his team. It cannot be divorced from a context that includes tension over Vietnam, political tension between a Democratic Congress and an assertive Republican president, and generational change driven by the huge group of baby boomers coming of age in a rebellious era. Vietnam and Watergate precipitated waves of political reform from 1968 through 1978, starting with party presidential nominating processes and moving to congressional power structures and decision-making processes, ethics, and campaign finance laws. The reforms implemented during that decade represent arguably the greatest sustained body of political reforms in American history.

The reform movement had two primary thrusts—decentralization and democratization in political and governing institutions, on the one hand; more openness in political and governmental processes, on the other. The era represented a massive challenge to the legitimacy of leaders, from party and union bosses in smoke-filled rooms at conventions to autocratic committee chairs in Congress to aggressive and secretive officials in the White House and agencies. Power and resources were partitioned among citizen activists and rank-and-file members of Congress and their staffs. Large campaign contributions were curtailed to limit the clout of big givers and fat cats. The power of the president was checked in areas from war powers to impoundment.

At the same time, party nominating caucuses, congressional committee hearings, bill markup sessions and floor votes, along with politicians' financial records, junkets and gifts, and campaign contributions from individuals and political action committees, were made public, providing more information and more openness than the political process had ever seen before.

The hallmarks of this era were more investigative reporting on scandal in Washington, weaker central leadership in Congress and limits on the power of the "imperial" president, and more information available to show the inner workings of politics and government and the backgrounds and behavior of public officials. They made a potent combination, but not always with the desired consequences. Reforms designed to clean up politics through the disinfectant of sunshine clearly reduced hidden wheeling and dealing and old-fashioned chicanery—but they also reinforced daily for voters that misbehavior and wheeling and dealing were ever-present in Washington life.

A more fluid and decentralized nominating process created an image of weak parties and weak presidential nominees, which in turn reinforced the image of a policy-making process that could not get its act together. An aggressive, skeptical and ambitious press, with the help of new interest groups organized around issues of scandal like Common Cause and the Center for Public Integrity, used the openness of the process to uncover more hints of wrongdoing, conflicts of interest and undue influence-peddling. The image that resulted, of inadequate, rudderless institutions filled with venal individuals feeding at the public trough and benefiting from special interests, caused even greater public cynicism and disillusionment.

In this atmosphere, broader political trends interacted with reforms and the existing political dynamic in potent ways.

Divided Government. If single-party-control of presidency and Congress has dominated through most of American history, the past five decades have been different. Divided government has been present for 30 of the 44 years from 1955 to 1998. Until Bill Clinton's presidency, this meant Republican presidents and Democratic Congresses. Research by David Mayhew and others refutes the conventional wisdom that this extended era of divided government has been characterized by policy gridlock.[3] But the era has been dominated by intense partisan tension and heightened competition for party dominance, as well as growing competition between branches of government.[4]

In the 1970s, the struggle for power and dominance was largely centered on the challenge to the Democratic Congress by Richard Nixon. There were major policy battles, including Vietnam and welfare reform, numerous presidential vetoes of

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[3] David R. Mayhew, Divided We Govern: Party Control, Lawmaking, and Investigations, 1946-1990, (New Haven: Yale University Press, 1990.)

appropriations bills and other congressional initiatives, a dramatic expansion of the use of presidential impoundment of funds in areas like environmental protection, and a struggle over control of the bureaucracy.

Nixon and the Republican Party moved unusually aggressively in the mid-term election of 1970 to reduce the Democratic majority in Congress or end it altogether. Their failure only exacerbated the tension between president and Congress, which increased again after the 1972 election, in which Nixon's landslide reelection was accompanied by the return of comfortable Democratic majorities in both the House of Representatives and the Senate. The 93rd Congress that followed was of course dominated by the investigation into the Watergate break-in. The president and his Attorney General, Elliot Richardson, picked an outside counsel to handle the Executive Branch end of the inquiry, Archibald Cox. When the president moved to fire him in what came to be known as the "Saturday Night Massacre," it set off a firestorm of controversy that resulted ultimately in his own resignation after the House Judiciary Committee voted out several articles of impeachment.

The articles of impeachment focused on but were not limited to the break-in, its causes and the subsequent cover-up. The White House-ordered secret bombing of Cambodia also figured in the House impeachment proceedings, underscoring the depth of difference between the Democratic Congress and the Republican president over policy, power and basic credibility.

The ascendance of Gerald Ford, a universally respected veteran of the House, to the presidency, and then the return to united government under Democrat Jimmy Carter did not result in an easing of partisan or inter-branch tensions or a declining interest in

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[4] See Anthony King, ed., Both Ends of the Avenue, (Washington, American Enterprise Institute, 1983.)

allegations of scandal. Rather. the distrust of the White House by members of Congress had clearly become institutionalized.

In the 1980s, Ronald Reagan and the Democratic Congress clashed repeatedly over policy and over allegations of scandal. At the same time. partisan tensions within Congress steadily rose. Democrats had last lost their majority in the House in the Eisenhower landslide of 1952. They recaptured the House in 1954 and held it continuously since. By 1981. then. Republicans had suffered 27 consecutive years of minority status, punctuated by growing resentment of their lack of power and the insensitivity of the majority Democrats—whose smugness. built on their unchallenged majority status, grew as well.[5]

The election of Bill Clinton in 1992 resulted in the temporary return of united government—but only for two years. In 1994. Republicans captured control of both houses of Congress. winning control of the House for the first time in forty years. The reversal of roles only meant a further exacerbation of hostilities. particularly between House Republicans and Democrats. but also between congressional Republicans and the Democratic White House.

Over the past thirty years. it is clear that the competition for supremacy between the parties has increasingly extended beyond the electoral battlefield to the stretch at both ends of Pennsylvania Avenue. Each party has used its base to lob grenades at that of the other party, and used it powers to undermine, demoralize and delegitimize the opposition. Democratic leaders in Congress have attacked Republican presidents and presidencies; Republicans in the White House. bolstered by conservative allies outside government, engaged in a sustained assault over fifteen years to attack the very legitimacy of Congress; Republican leaders in Congress, once they took charge, turned their fire on the Democratic president.

Democrats began a pattern of extended congressional hearings on alleged executive branch scandals, whether institutional ones like Iran/contra or HUD or individual ones like Clarence Thomas, John Tower or Robert Bork, which were televised on commercial networks and proved to be extended opportunities to score partisan and ideological points; Republicans were happy to return the favor when they assumed gavels in the House and Senate. The tit-for-tat approach has fostered an attitude, which encourages the use of any investigative weapon at one's disposal to fire at partisan adversaries or to return their fire.

The Ascension of Attack Politics. Newt Gingrich was elected to the House of Representatives in 1978, after a succession of unsuccessful efforts. As a multiple loser and a minor academic, he did not come to Washington with a heavy reputation as a mover and shaker. But unlike most lawmakers, and certainly unlike most freshmen, Gingrich arrived with a clear ideological vision and a long-term strategic plan for himself and his party.

By 1978, the Republicans had been in the minority for 24 consecutive years, with no immediate prospects for change whatever happened at the presidential level. Unseating enough entrenched incumbents, one by one, to turn the majority around, had failed before and would not succeed in the future. Rather, as Gingrich saw it, the only way for the Republicans to succeed was to discredit the majority itself by discrediting the

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[5] Norman Ornstein, "Minority Report," The Atlantic Monthly, 1985 (get cite). Also see William F. Connelly, Jr. and John J. Pitney, Jr., Congress' Permanent Minority?: Republicans in the U.S. House.

Congress they ran. To do so would require a sustained strategy to create widespread public disgust with Congress and its rulers, strong enough that voters would overcome the affection or benign attitude they had toward their own incumbents in order to bring about a wholesale institutional change.

The Gingrich approach, which he advocated and proselytized about with his colleagues from his earliest days in Congress, was to contrast a vision of conservative philosophy—what he called the "opportunity society" with the Democrats' tired framework of "the welfare state," and to simultaneously use personal attacks on prominent lawmakers, especially focused around ethics charges, to reinforce the theme that the near-permanent Democratic Congress was a hotbed of endemic institutional corruption.[6]

Gingrich created an informal group, the Conservative Opportunity Society, to promote his plan. The early membership was small, consisting largely of junior members. Although his approach was shunned by most of his Republican colleagues early in his tenure, it began to build more support as House Republicans became more frustrated with their minority status, their treatment at the hands of the majority Democrats, and the more conciliatory approach of their own leaders.

Gingrich's tactics included taking over the House floor with his colleagues late in the day during so-called "special orders" to attack the motives and actions of the Democrats on issues from the budget to aid to the contras in Nicaragua. After one especially tough colloquy in 1984, an incensed Speaker "Tip" O'Neill unilaterally changed the positioning of the television cameras that covered the House floor to show

(Lanham, MD: Littlefield Adams, 1994.)
[6] See Connelly and Pitney, op. cit.

the sparse attendance during the special orders. When Republicans complained. Speaker O'Neill took to the floor to attack Gingrich by name and was himself chastised for violating House rules of comity.[7]

If the provocation enraged Democrats, it gave Gingrich a measure of cachet among his Republican colleagues. Gingrich subsequently took on O'Neill's successor as Speaker, Jim Wright on ethics grounds. His sustained attack on Wright precipitated a full-blown ethics investigation and ultimately resulted in the resignation of the Speaker—an unprecedented event that vindicated his tactics to many Republicans.[8]

Gingrich was rewarded by his colleagues with both national notoriety and later with a major leadership position. House Minority Whip. He was not the first partisan to use no-holds-barred tactics to polarize political parties and politicians and to achieve his ends. But Newt Gingrich raised the art form to a different level, generating enough outrage and bitterness on the part of his targets that they responded in kind. often overreacting in just the ways that served Gingrich's purpose. Democrats' desire for revenge escalated with Wright's resignation. and they turned a large share of their response on the hapless Republican White House and executive branch.

This pattern. attack and response. thrust and reprisal. escalated through the 1980s and 1990s. When Gingrich saw his approach work and the House Republicans attain their first majority in forty years in 1994, he became Speaker himself. His first speech as Speaker was a conciliatory one. But that attitude did not prevail for long. The renewed partisan warfare showcased use of the congressional ethics committee by both parties as a vehicle to score points and weaken adversaries, including a deja vu-all-over-again

[7] Connelly and Pitney, op.cit. pp. 78-80.

sustained conflict over alleged ethical violations by Speaker Gingrich which culminated in a serious reprimand and fine at the beginning of the 105th Congress.

Voters did not react positively to the pattern of attack and countercharge. When President Clinton's Deputy Counsel Vince Foster wrote just before his suicide. "Here ruining people is considered sport." it reflected a view of Washington politics widely shared by people both inside and outside the Beltway.

The Permanent Campaign. Very much related to the ascension of attack politics inside Congress is the extension of the political campaign from congressional districts and states to the Capitol itself. Twenty-five years ago and more, informal norms inside Congress, reinforced by rules, created a separation between campaigning and governing. Members of Congress did not go into districts of their colleagues to campaign against them, or engineer floor debate or votes in ways that would shape the election campaign. In the House, most votes on amendments. including politically explosive ones. were done not by roll call but by unrecorded means: in the Senate, norms discouraged senators from offering amendments that had no constructive legislative purpose.[9]

In contemporary politics. lawmakers frequently campaign directly against their colleagues, increasing the level of animosity when they are back in Washington and reducing the chances that they can work together amicably in governance. The attack politics that dominates election campaigns, encouraged by political consultants, is

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[8] The most detailed treatment of Gingrich and the politics of attack and ethics is in John M. Barry, The Ambition and the Power (N.Y.: Viking, 1989.)

[9] For a discussion of congressional norms. see Norman J. Ornstein. Robert L. Peabody, and David W. Rohde, "The U.S. Senate in an Era of Change" in Lawrence C. Dodd and Bruce I. Oppenheimer, Congress Reconsidered (Washington: CQ Press. 1993.) Also see Eric Uslaner. "What Sustains Congressional Norms?" paper prepared for the 1990 Meeting of the American Political Science Association, San Francisco. And see "Civility in the House of Representatives." A background report prepared for the bipartisan Congressional Retreat by Kathleen Hall Jamieson, March 1997, The Annenberg Public Policy Center of the University of Pennsylvania.

reinforced in the legislative process, often encouraged by the same consultants who are working as lobbyists or as advisors to congressional leaders.

Amendments are a key part of the electoral campaign. In the House, all are now subject to recorded votes.Former Senator Bennett Johnston (D-LA) estimates that nearly half the amendments offered on the Senate floor are shaped primarily to bolster attack ads in the coming campaign against partisan adversaries. Politics is a zero sum game, defined uncompromisingly by winners and losers. Policymaking is normally structured around compromise, trying to make most actors winners and to structure broad-based coalitions. As policymaking has merged with campaigning, the zero-sum, take-no-prisoners mentality has increasingly taken root, changing attitudes and behavior among political figures.

The Criminalization of Policy Differences. Deep-seated policy differences and the struggle for partisan supremacy have mutated into regular personal attacks. They have increasingly turned into criminal investigations. Real questions about transgressions of norms or law have been channeled into prosecutions aimed as much at punishing transgressors for their ideological apostasy or arrogance as bringing legal justice to bear.[10]

One factor has been prosecutorial zeal. Institutionally, the creation of the Public Integrity Section in the Justice Department meant an office staffed with prosecutors whose mission is to prosecute public officials; no wonder prosecutions of federal officials skyrocketed after the Section's creation in the mid-seventies. More important is that prosecutors are the legal equivalent of big-game hunters. If organized crime figures like

Capone or famous robbers like Dillinger were once the prosecutorial equivalent of big horn sheep, they have been replaced by political figures like Rostenkowski, Durenberger, Weinberger or Cisneros. Public acclaim, press attention, even career advancement, come to prosecutors who are able to bag the big game. If anything, the reward structure is even more skewed in this direction for independent counsels.

Outside groups have also turned increasingly to the legal process to counter their adversaries. If civil action is the means, charges of obstruction, perjury or other criminal conduct often follow for policy actors who get in the way. For example, the process set up by the Clinton White House to create a comprehensive health reform plan was challenged in the courts by the .American Association of Physicians and Surgeons, Inc. joined by "public interest" legal foundations as a violation of the 1972 law requiring open meetings for federal advisory committees. After years of litigation, federal judge Royce Lamberth asked U.S. Attorney Eric Holder to investigate whether White House aide Ira Magaziner, the chief architect of the health plan, should be held in criminal contempt for one sentence in a lengthy deposition that suggested that White House task force members were government employees. An exhaustive investigation by prosecutor Eric Holder criticized White House lawyers for sloppiness, but exonerated Magaziner. Nevertheless, years later, the judge blasted Magaziner and other White House staffers for providing misleading information, and ordered the government to pay a substantial fine

[10] For a useful discussion of the "ethics wars" and their consequences, see Peter W. Morgan and Glenn H. Reynolds, The Appearance of Impropriety: How the Ethics Wars Have Undermined American Government, Business and Society (N.Y.: Free Press, 1997.)

Immediately, Republican congressman Bill Archer (R-TX) called for Magaziner to pay the fine personally and said he would push for a congressional vote on the subject.[11]

The Tabloidization of the Press. One significant catalyst in this process has brought all of the aforementioned trends and factors together, enhancing and magnifying them—the contemporary press. Stories of scandal, to be sure, have been a staple of the press since the era of "yellow journalism" at the turn of the century. But for the mainstream press, an emphasis on scandal or allegations thereof has moved in the past three decades from a secondary to a dominant focus.

When then-U.S. Senator Daniel Brewster of Maryland was indicted in 1969 and then convicted on corruption charges, it was a minor story, receiving little mention in most newspapers and newsmagazines and a scant 170 seconds on network evening news shows over two years. Consider the indictment and conviction of then-U.S. Representative Dan Rostenkowski a quarter century later: a Lexis/Nexis search shows over 1,000 citations each year from allegation to investigation to indictment to conviction on comparable charges.

Research has shown the increase in broadcast seconds and newspaper column inches of stories of scandal[12] But the change goes beyond quantitative measures to emphasis and standards. Stories that were middle-of-the-book have become front page, above-the-fold. Rumors that were left unprinted because they could not be confirmed or corroborated are now routinely printed on the front page or made the subject of analysis on television talk shows. Gennifer Flowers' allegations against then-presidential

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[11] For a basic explanation of the controversy, see Franklin Foer, "The Gist: Ira Magaziner," Slate Magazine, January 10, 1998.
[12] See Mark Rozell ,"Press Coverage of Congress, 1946-92," in Thomas E. Mann and Norman J. Ornstein, eds., Congress, the Press and the Public, Washington, D.C.: AEI/Brookings, 1994.)

candidate Bill Clinton in the 1992 campaign were the subject of massive press coverage, including a full edition of ABC's Nightline, before there had been any effort to investigate or substantiate them. False rumors about the sexual orientation of new Speaker of the House Thomas Foley in 1989 were reported widely in major newspapers and on network news shows; a false report of an imminent indictment of then-Rep. William Gray (D-PA,) right before a House leadership vote in which he was involved, was showcased on a network evening news broadcast.

The reporting of rumors or uncorroborated allegations may at times be followed by apology or mea culpa, but temporary remorse has not led to any significant change in reporting style or emphasis. That means that scandal as a weapon used by partisans against their adversaries is enhanced by press attention, and the incentives for prosecutors to go after political figures. knowing the nature of news coverage, are greater.

The Independent Counsel. It is no surprise. given this background and dynamic, that an independent counsel provision was written into law in the Ethics in Government Act in 1978. The principle that the executive branch cannot be trusted to investigate itself was not new; it drove Richard Nixon to appoint Archibald Cox as an outside independent investigator for Watergate. But when Nixon fired Cox, setting off the political firestorm known as the "Saturday Night Massacre," the political dynamic changed. Ironically, the Cox affair confirmed the efficacy of the political process—the president paid a huge price for his action, leading more than anything else except the "smoking gun" tape to his ultimate resignation, and the independence of the investigation was continued by Cox's replacement, Leon Jaworski. Nonetheless, it was perhaps inevitable that an ethics law would be written to take the independent counsel out of the realm of presidential discretion and away from the natural give-and-take of the political process.

The act was re-authorized and refined in 1982, and despite the misgivings of President Reagan, reauthorized yet again in 1987. It is also no surprise, in the aftermath of the multi-year, $49 million Iran/contra investigation, that Republicans in Congress blocked reauthorization in 1992. President Clinton's decision to back the continuation of the independent counsel ensured that there would be another reauthorization, this time in 1994 and with significant revisions. Another debate over reauthorization is due in 1999.

The independent counsel is not the only mechanism put in place to respond to the increased focus on scandal in politics and allegations of public corruption. The Public integrity Section of the Justice Department was institutionalized during the same period, as were new ethics codes written in both houses of Congress, and new ethics processes created. But no other change has had the impact on the climate, political strategies, media focus, public perceptions and overall political dynamics as the independent counsel statute.

Over the past two decades, a numbingly familiar pattern has developed. There are press reports of alleged scandal, followed almost immediately by partisans on the other side calling automatically for appointment of an independent counsel as a way of underscoring the gravity of the alleged offenses. There are more news accounts, followed by the reflexive call for an independent counsel by the usual editorial pages, always starting with The New York Times.

Next come the Sunday talk shows, like Meet the Press, Face the Nation and This Week, showcasing the allegations of scandal and asking every guest, regardless of affiliation, whether he or she supports the appointment of an independent counsel. Soon a prominent member of the President's party says he supports the appointment of an independent counsel, making front page news and generating another round of calls for an independent counsel by members of the other party and The New York Times and leading to every interview with a politician on Inside Politics, Today, Nightline, and the Sunday talk shows to feature the obligatory question about the independent counsel. At the same time, every interview or press conference with the Attorney General, no matter what the subject, focuses around why there has been no request for an independent counsel.

The issue of wrongdoing and the truth, falseness, scope and context of the allegations of wrongdoing take a back seat to the issue of whether and when to create and independent counsel. For partisan adversaries of the target, the temptation to focus on the independent counsel issue is irresistible. It is a "clean hands" approach, with deniability: on the face of it, calling for an independent counsel is not the same thing as accusing an individual of crimes without any proof beyond allegations in the press. But it has the same political impact—indeed, it is even more potent, because one can call for an independent counsel for essentially trivial alleged offenses, but make them seem more serious and damaging.

For some partisan allies of the accused, who do not want to see themselves or their party linked directly to accusations against one of their own for fear of being damaged or dragged down by the weight, an independent counsel is a way to get distance from the allegations without directly abandoning their accused colleague.

For journalists, allegations of scandal can quickly get bogged down in mind-numbing detail and shades of gray that will automatically lose the interest and attention of viewers and readers. The issue of an independent counsel is like an electoral horse race—it is a simple black-and-white question, with a simple outcome.

In most cases, this dynamic intensifies until the pressure is too great, and we get the independent counsel—and all the problems that come with it. This was supposed to be a process reserved for the most explosive, serious and broad-ranging allegations against the very top officials in government, applied as a last resort when the normal investigative and prosecutorial actors in the executive branch are incapable either of independent, thorough and fair investigation and judgment or of finding a process internally to insulate major figures from the independent actions of career investigators and prosecutors. It has become nearly commonplace.

As the Independent Counsel Statute has operated within the culture of scandal, it has reinforced unfortunate trends more often than it has diluted them. Ambitious individuals who see their appointment as independent counsels as a springboard to recognition, prestige and career enhancement dominate the pool of individuals tapped for these positions. Most are combative litigators who see their roles not as fact-finders to determine a balance of justice but as prosecutors out to nail prominent figures. Given no time limits and unlimited budgets, the temptations of absolute power are overwhelming. The three judge panel created to provide a check on this process has functioned in the opposite way.[13]

[13] See for example, Norman Ornstein, "This Law is a Turkey," Washington Post, Sunday, December 14, 1997.

It may be impossible to reverse the tide that has made the politics of scandal so dominant for politicians, political consultants, lobbyists, journalists, prosecutors, and defense lawyers.[14] But sharply revising or eliminating the Independent Counsel Statute would be a step in that direction. Attorneys General could still appoint independent counsels if situations required them, but in the context of a flexible political process, not a rigid legal structure that encourages excesses of ambition and unchecked power.

[14] For more on the consequences of this climate, see Frank Anechiarico and James B. Jacobs, The Pursuit of Absolute Integrity: How Corruption Control Makes Government Ineffective, (Chicago: University of Chicago Press, 1996.)

me Report will be here Friday. I called Gingrich's office as you requested. Pam

cc: Jen/Nicole/Neera/Melanne/HRC/Brenda C for Kennelly Rep to Conn.)

Pls get me copy of study

Study: Working women in bind on benefits

BY MARY DEIBEL
SCRIPPS HOWARD NEWS SERVICE

WASHINGTON — Stay-at-home spouses often collect much larger Social Security checks when widowed than do married women who spent their wage-earning lives paying Social Security taxes, according to a leading benefit consultant.

"Social Security is using an outdated 'model family' of the 1940s, including a stay-at-home mom, to distribute benefits at a time when most moms are working in outside jobs," said Anna Rappaport, author of the study at William M. Mercer Inc.

"This means that a woman who worked all her life and contributed significantly to the Social Security system may receive a smaller retirement benefit than a woman who never worked — even if their household incomes are identical."

Rappaport, who also is president of the American Society of Actuaries, said Social Security problems faced by widows occur at all income levels but are more pronounced for lower-income women:

■ For a family making $68,400 a year pre-retirement, a stay-at-home spouse is entitled to a Social Security widow's benefit of $1,354 a month compared with a $1,000 [illegible] check f[illegible] half of t[illegible]

■ For co[illegible] pay, the [illegible] is $1,082 [illegible] a wife w[illegible] paycheck [illegible] benefit of [illegible]

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[illegible] nelly by the [illegible] Accounting [illegible] parities in [illegible] re just one [illegible] and older. [illegible] omen also [illegible] working [illegible] an. [illegible] only 71 [illegible] y a man [illegible] age, resulting in lower pension and Social Security contributions and payouts to women.

■ Because women are more conservative investors when managing tax-sheltered retirement plans like a 401(k) plan or Individual Retirement Account, a trend that could be compounded if Social Security is changed into individual investment accounts rather than a guaranteed social-insurance check.

■ Because even when women have the same income and investments as men, women tend to live longer and face a far larger risk of outliving a retirement nest egg.

President Clinton used his State of the Union address to call for a nationwide debate on what to do about Social Security before it runs out of reserves in 2029.

That debate kicks off Saturday when Americans Discuss Social Security, a group sponsored by Pew Charitable Trust, holds the first interactive video conference in 10 cities — Albuquerque, N.M.; Boise, Idaho; Boston; Denver; Detroit; Lexington, Ky.; Minneapolis; San Francisco; Tallahassee, Fla.; and Winston-Salem, N.C.

Huma — Pls. make sure Jen/Nicole/Neera have seen all this material. If not, give to them. If so, file under Women's Economic Security

Press
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■ For couples with $34,200 in annual pay, the stay-at-home spouse's check is $1,082 after being widowed while a wife who brought home half that paycheck draws a monthly widow's benefit of only $674.

The study, to be released today at a national convention of benefit experts, assumes that an employed wife spent the full 35 years in the work force — the time required to get full Social Security benefits for her pay level.

The Mercer study will be part of the nationwide debate on how to reform Social Security to meet the baby boom retirement crunch — a debate that has focused on "privatizing" Social Security.

"Difficult as Social Security reform will be, our most serious challenge may be ensuring fair treatment for women," said Rep. Barbara Kennelly of Connecticut, ranking Democrat on the House Social Security subcommittee.

"Single, divorced and widowed women age 65 and over have a poverty rate of 22 percent — half again as high as the rate for unmarried elderly men and four times the rate for elderly married couples."

A new study for Kennelly by the Congressional General Accounting Office found that the disparities in Social Security benefits are just one problem facing women 65 and older.

The GAO found that women also face added financial risk:

■ Because two-thirds of working women have no pension plan.

■ Because women earn only 71 cents for every $1 earned by a man on average, resulting in lower pension and Social Security contributions and payouts to women.

■ Because women are more conservative investors when managing tax-sheltered retirement plans like a 401(k) plan or Individual Retirement Account, a trend that could be compounded if Social Security is changed into individual investment accounts rather than a guaranteed social-insurance check.

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March 30, 1998

Social Security Benefit Treatment of Married Couples, Widows and Divorced Women

In general, dual-worker families don't fare as well as single-worker families under the U.S. Social Security System. Families with dependent spouses receive benefits for both the worker and the dependent spouse. Families with two workers get a worker benefit, and the greater of a dependent spouse benefit, or the benefit based on the second worker's earnings' record. This has the effect of producing anomalies in benefits received versus taxes paid. The situation is particularly difficult for widows, as survivor benefits are often much lower for the dual-worker family.

Benefit examples were documented in 1992 in a report prepared for the Select Committee on Aging, House of Representatives (Committee Publication 102-879). Table 3 on page 13 of that study shows three families earning $24,000 annually, with the following earnings' splits, retirement benefits at age 65 and survivor benefits.

Identification of Family	Earnings of Husband	Earnings of Wife	Total Retirement Income	Total Survivor Benefit
Cleavers	$24,000	$0	$1,435	$957
Bunkers	16,000	8,000	1,180	712
Keatons	12,000	12,000	1,182	591

We were interested in seeing whether these results still apply in 1998, and confirmed that they do. Three sets of examples were calculated: a family with total income equal to the 1998 Taxable Wage Base ($68,400), a family earning 50% of that amount ($34,200), and a family earning 150% of that amount $102,600. The three graphs attached show the results for these families, and indicate that working women lose out on benefits when compared to stay-at-home spouses. They also demonstrate that the problem is most severe for survivor benefits. This is particularly troublesome since the rate of poverty among elderly widows exceeds 20%.

Another common situtation not anticipated in the design of the Social Security System is the financial impact on divorced women. An unmarried divorced spouse is entitled to the greater of half of her former spouse's benefit and the benefit based on her own earnings record. In the typical scenario where the wife does not work outside the home many of the years during which she was married, she may not have a complete 35-year earnings history. However, her earnings are still averaged over 35 years in computing her benefit. The attached graph shows sample Social Security benefits payable to women who have 30, 20 and 10 years of earnings.

The following assumptions were used in our calculations:

- Retirement of both spouses at age 65 in 1998.
- Wages increased according to national averages in past years.
- Each spouse worked more than 35 years to get full benefits, except for the dependent spouses.
- Divorced women's former spouses earned $50,000 in 1998.

This study was prepared by Anna Rappaport and Carol Isaacman of William M. Mercer, Incorporated.

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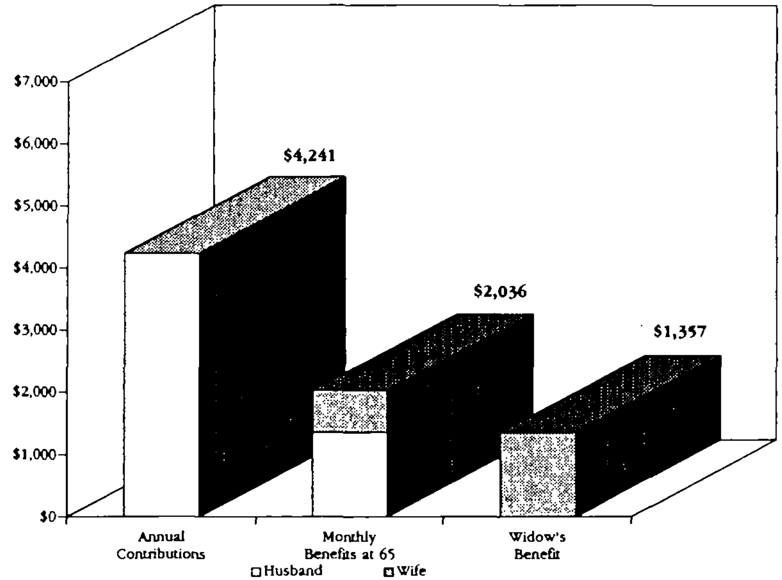
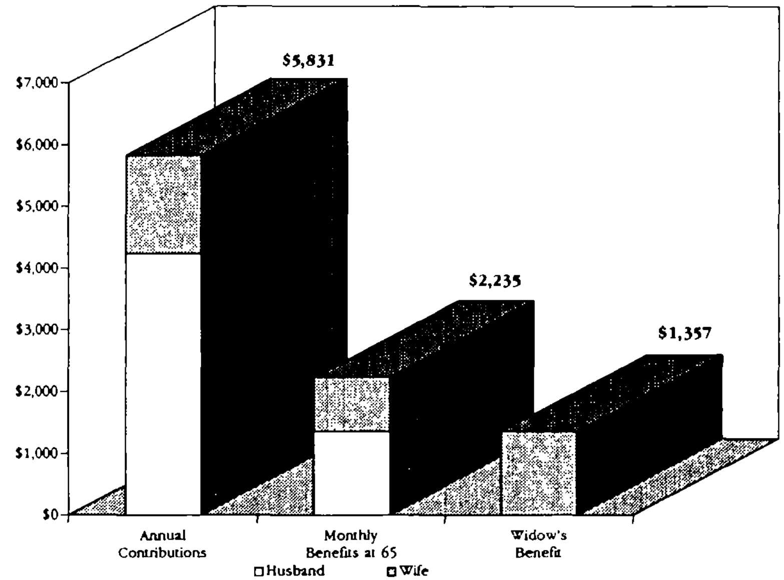
How Social Security Works
Total Family Income: $102,600

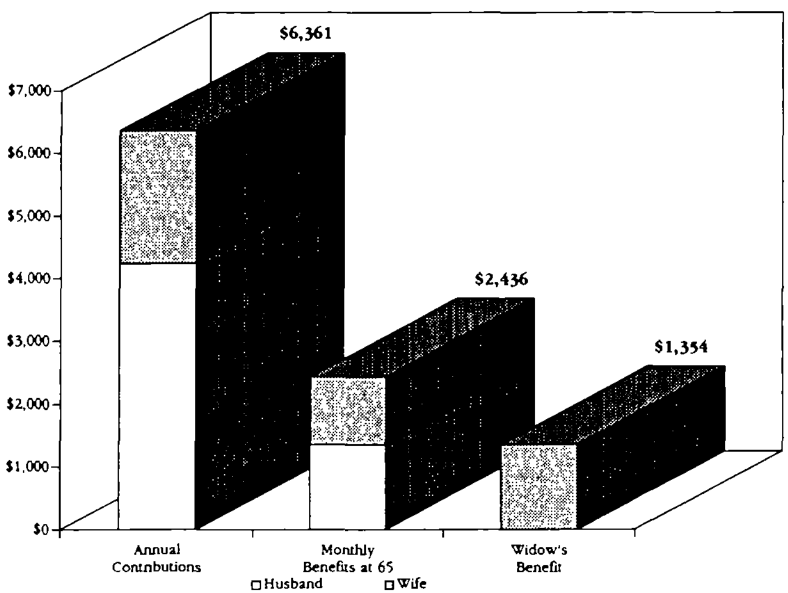
Husband's Income: $102,600
Wife's Income: $0



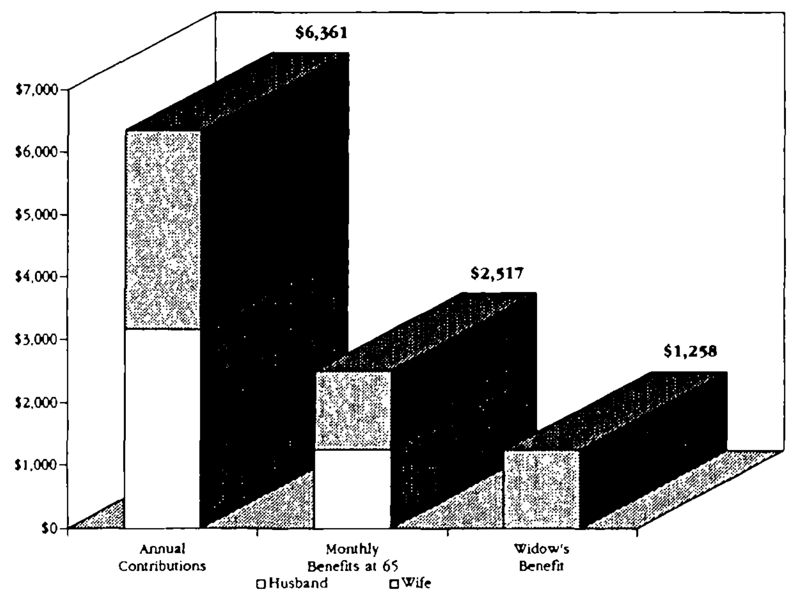
Husband's Income: $76,950
Wife's Income: $25,650



Husband's Income: $68,400
Wife's Income: $34,200

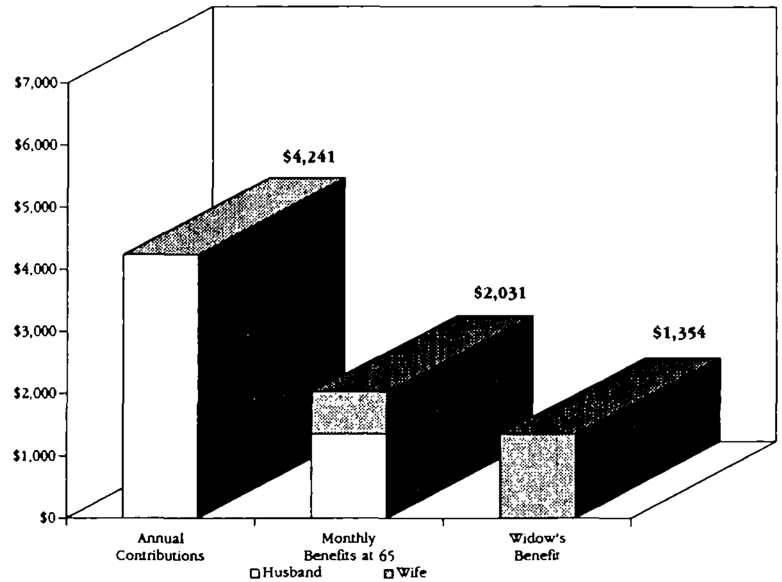


Husband's Income: $51,300
Wife's Income: $51,300

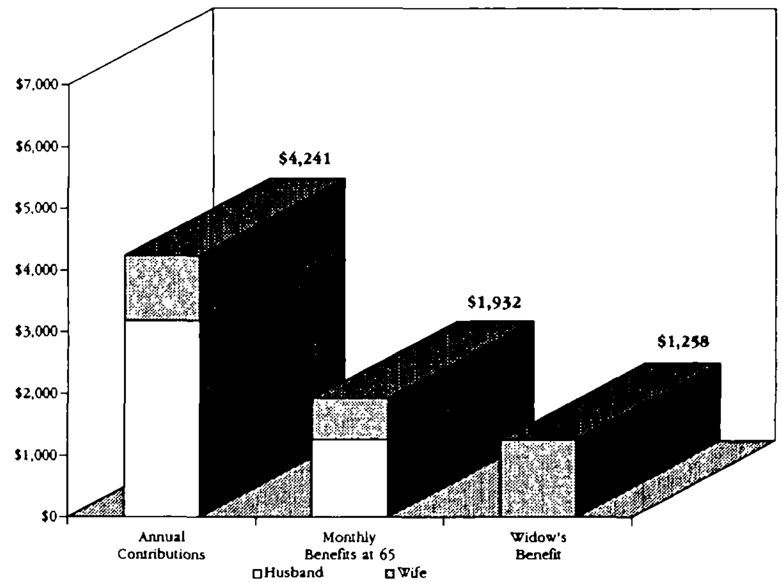


How Social Security Works
Total Family Income: $68,400

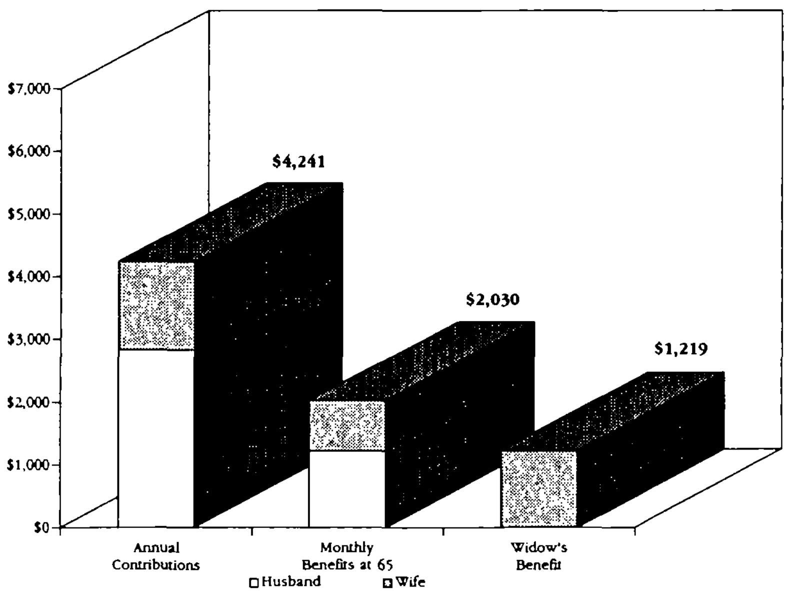
Husband's Income: $68,400
Wife's Income: $0



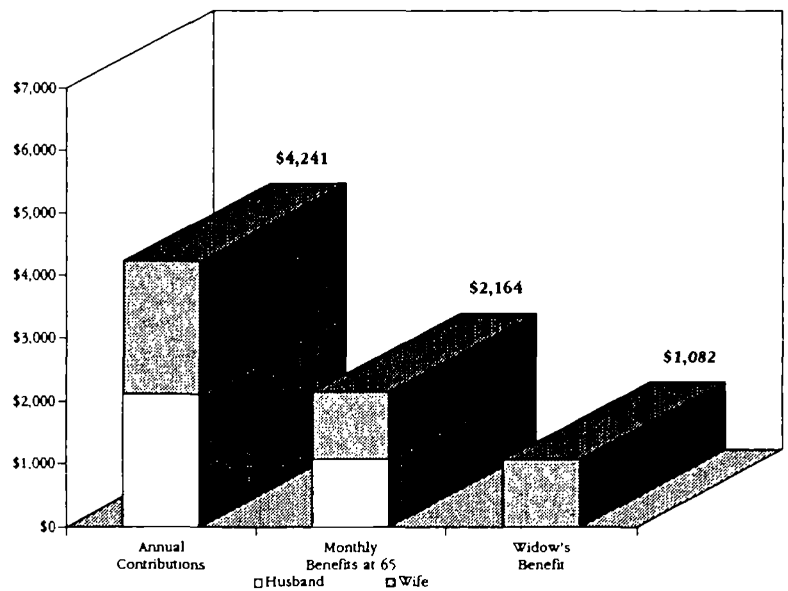
Husband's Income: $51,300
Wife's Income: $17,100



Husband's Income: $45,600
Wife's Income: $22,800

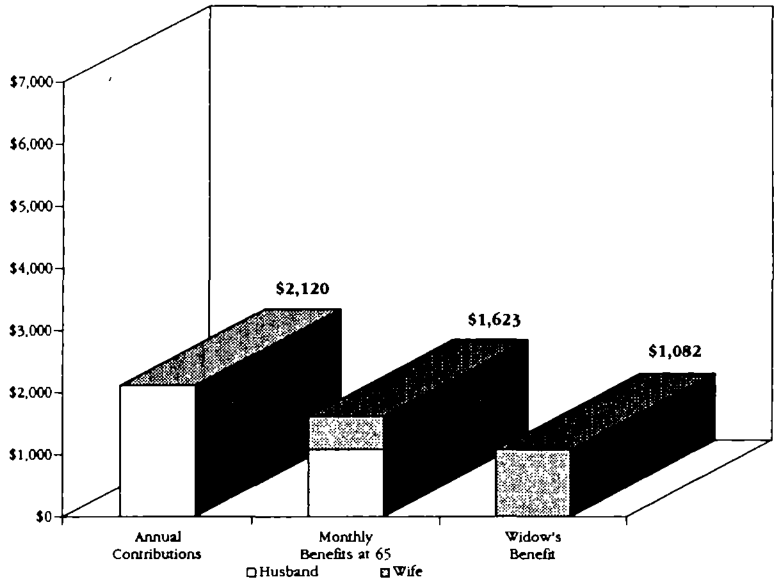


Husband's Income: $34,200
Wife's Income: $34,200

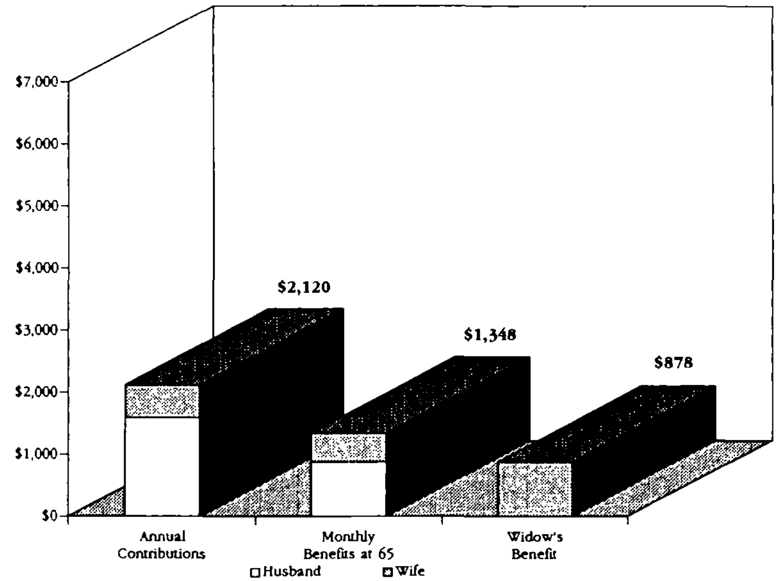


How Social Security Works
Total Family Income: $34,200

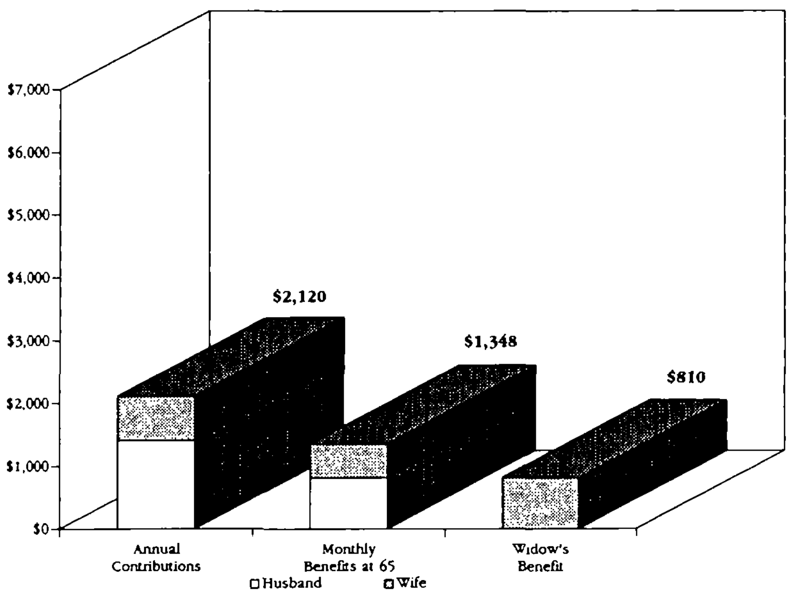
Husband's Income: $34,200
Wife's Income: $0



Husband's Income: $25,650
Wife's Income: $8,550



Husband's Income: $22,800
Wife's Income: $11,400



Husband's Income: $17,100
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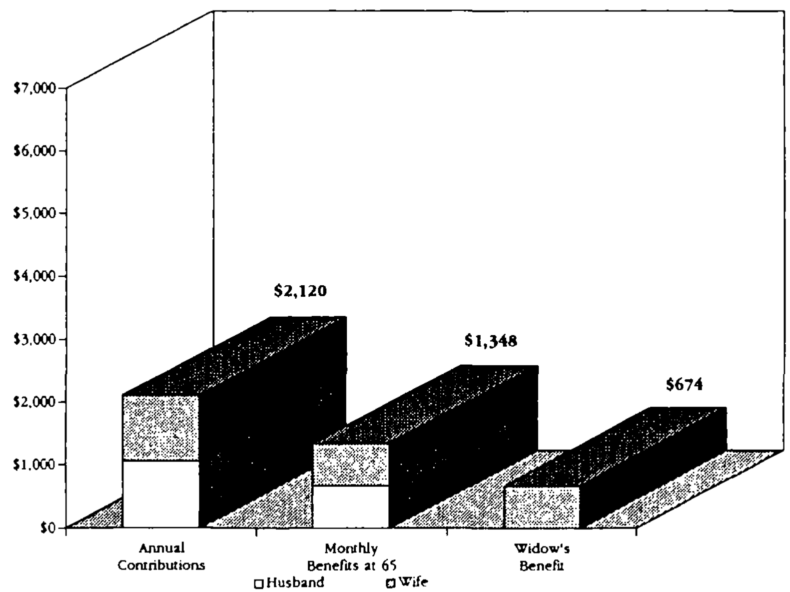
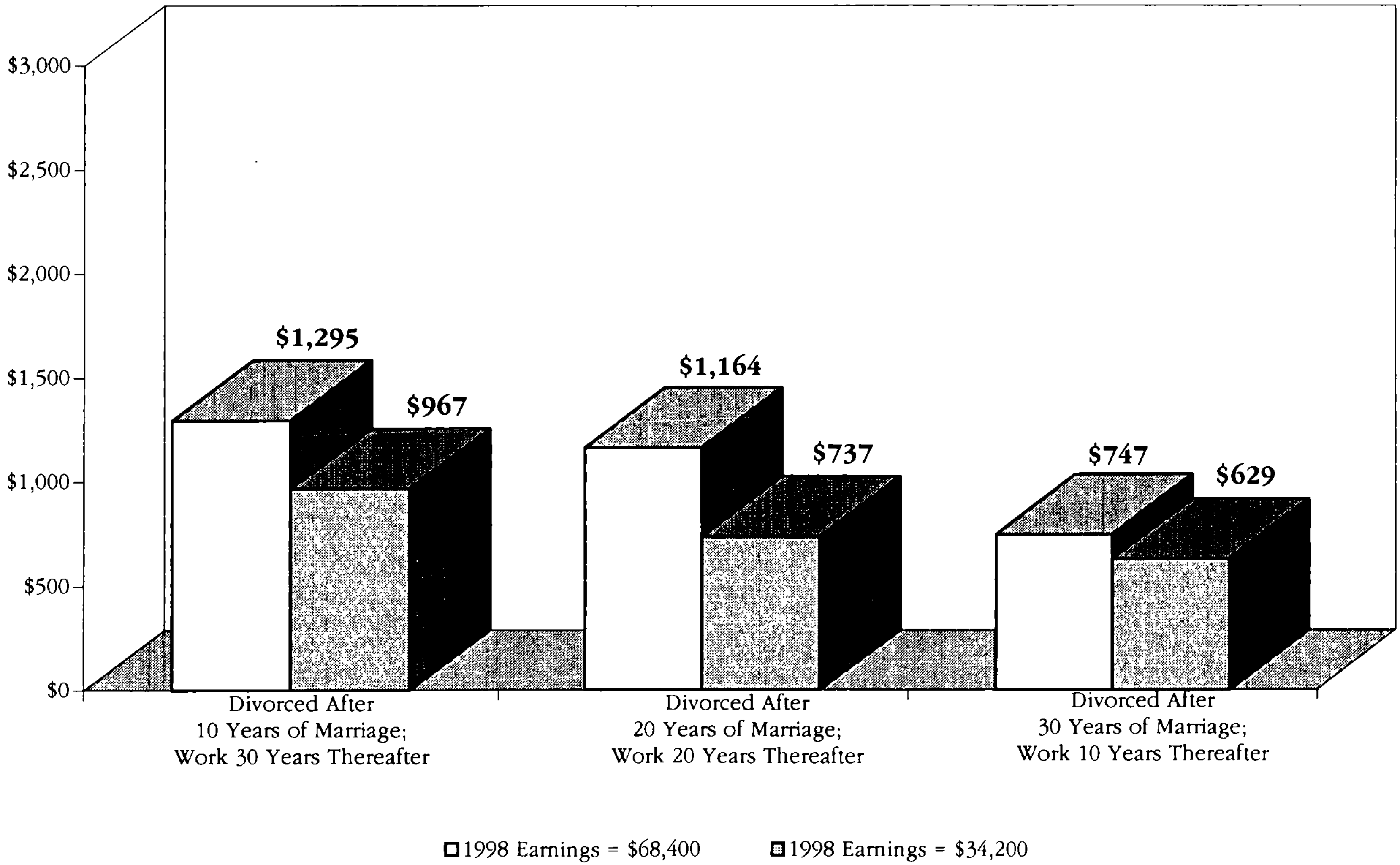


Women's Social Security Benefits After Divorce



SOCIETY OF ACTUARIES

NEWS RELEASE
CONTACT: Linda Heacox
847/706-3528
lheacox@soa.org

FOR IMMEDIATE RELEASE: November 17, 1997

ANNA RAPPAPORT TAKES OFFICE
AS PRESIDENT OF THE SOCIETY OF ACTUARIES

SCHUAMBUG, ILL.--Anna M. Rappaport, a principal of William M. Mercer, Inc., Chicago, took office as president of the Society of Actuaries (SOA) for 1997-98 at the SOA annual meeting in Washington, D.C., in late October. A Fellow of the Society of Actuaries (FSA), she previously served as an elected member of the SOA Board of Governors, as treasurer (1974-77), and as vice president (1983-85).

Throughout her career, Rappaport has been concerned with change: in society, the economy, and demographically, and in the impact of change on financial security systems. She has worked extensively on revising the actuarial education system to help actuaries of the future meet those challenges.

Her career spans three major areas of actuarial practice, and in each of them she focused on change. At William M. Mercer, her consulting activities have focused on changes affecting employee benefits. She has been a leader in developing innovations and applying them in both pension and health benefit situations. Prior to joining William M. Mercer in 1976, she focused on life insurance and how change would affect it.

Rappaport has been a member of the Futurism, Pension, and Health sections of the SOA and is a frequent speaker at SOA meeting sessions and workshops and at programs for the employee benefits community. She was the organizer of the 1988 SOA symposium, "The Future of Retirement." She has also served on several SOA committees on health benefits, futurism, actuarial education, and on the Editorial Board of the new publication, *The North American Actuarial Journal.*

Her activities on behalf of other actuarial and employee benefits organizations have included serving as president and vice president of the Actuaries Club of New York, membership on the Pension Research Council, membership on the steering committee of the National Academy on Aging, membership in the National Academy of Social Insurance, on the advisory committee to the Joint Board for the Enrollment of Actuaries, and research for the U.S. House of Representatives Select Committee on Aging.

She is a regular columnist for *Compensation and Benefits Management* on the subject of postemployment benefits. Her work has been published by the Pension Research Council, the *Harvard Business Review*, the *Employee Benefits Journal*, and others. She has also contributed her time to nonprofit work with retirees and the elderly in Chicago. She is a member of The Chicago Network.

Asked for her vision of the SOA 10 years from now, Rappaport said she would like members to have a much greater impact on certain national issues, such as solutions to the problems of an aging society, including those with Social Security and Medicare. Rappaport believes actuaries have much to contribute to the public discourse and said she would work for increased public recognition of the profession. She believes actuaries should work in cooperation with other professionals.

LEVEL 1 - 2 OF 18 STORIES

The Patriot Ledger (Quincy, MA)

March 21, 1998 Saturday ROP Edition

SECTION: BUSINESS; Pg. 25

LENGTH: 744 words

HEADLINE: Working women lose with Social Security ;
Pay out larger for stay-at-home spouses

BYLINE: Mary Deibel, Scripps Howard News Service

SOURCE: Scripps Howard News Service

BODY:

WASHINGTON -- Stay-at-home spouses often collect much larger Social Security checks when widowed than do married women who spent their wage-earning lives paying Social Security taxes, according to a leading benefit consultant.

"Social Security is using an outdated 'model family' of the 1940s, including a stay-at-home mom, to distribute benefits at a time when most moms are working in outside jobs," said Anna Rappaport, author of the study done at William M. Mercer Inc.

"This means that a woman who worked all her life and contributed significantly to the Social Security system may receive a smaller retirement benefit than a woman who never worked -- even if their household incomes are identical."

Rappaport, who also is president of the American Society of Actuaries, said Social Security problems faced by widows occur at all income levels but are more pronounced for lower-income women:

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-- For couples with $ 34,200 in annual pay, the stay-at-home spouse's check is $ 1,082 on being widowed while a wife who brought home half that paycheck draws a monthly widow's benefit of only $ 674.

The study, released at a national convention of benefit experts, assumes an employed wife spent the full 35 years in the workforce -- the time required to receive full Social Security benefits for her pay level.

The Mercer study will be part of the nationwide debate on how to reform Social Security to meet the baby boom retirement crunch -- a debate that has focused on "privatizing" Social Security.

"Difficult as Social Security reform will be, our most serious challenge may be ensuring fair treatment for women," said Rep. Barbara Kennelly of Connecticut, ranking Democrat on the House Social Security subcommittee.

"Single, divorced and widowed women age 65 and over have a poverty rate of 22 percent -- half again as high as the rate for unmarried elderly men and four times the rate for elderly married couples."

A new study for Kennelly by the Congressional General Accounting Office found that the disparities in Social Security benefits are just one problem facing women 65 and over.

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changed into individual investment accounts rather than a guaranteed social-insurance check.

-- Because even when women have the same income and investments as men, women tend to live longer and face a far larger risk of outliving a retirement nest egg.

Karen Ferguson, head of the Pension Rights Center, said any existing Social Security disparities between widows who worked outside the home or didn't are small compared to the larger issues women confront with Social Security and pension reform.

"We're not exactly talking about women getting rich here, when existing Social Security benefits are already so low for widows," she said.

Hoping to forge consensus on a long-term Social Security solution, President Clinton used his State of the Union address to call for a nationwide debate on what to do about Social Security before it runs out of reserves in 2029 under the strain of baby boom retirements.

That debate kicks off Saturday when Americans Discuss Social Security, a group sponsored by Pew Charitable Trust, holds the first interactive video conference in 10 cities -- Albuquerque, Boise, Boston, Denver, Detroit; Lexington, Ky., Minneapolis, San Francisco; Tallahassee, Fla., and Winston-Salem, N.C.

Forums throughout the country co-sponsored by the American Association of Retired Persons and Concord Coalition get under way April 7 in Kansas City.

Total family income: $ 68,400

Husband's income: $ 34,200

Wife's income: $ 34,200

Annual Social Security contributions: $ 4,241

Monthly benefits at age 65: $ 2,164

Widow's benefits: $ 1,082

Source: William M. Mercer, Inc.

GRAPHIC: Text chart,

Scripps Howard News Service - Social Security benefits

Total family income: $ 68,400

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Wife's income: $ 0

Annual Social Security contributions: $ 4,241

Monthly benefits at age 65: $ 2,031

Widow's benefits: $ 1,354

LANGUAGE: ENGLISH

LOAD-DATE: March 24, 1998

Retirement Security: Weaving a Tapestry

Profit Sharing Council

by

Anna M. Rappaport, F.S.A.

March 19, 1998

WILLIAM M. MERCER

Today's Goals

- Insights
  - Demographics
  - Mortality information
  - Social Security perspectives

- Important research

- Decisions
  - Company programs
  - Social Security/legislative policy
  - Personal considerations

Key Questions

Responsibility -- individuals, employers; Social Security; and other safety net programs?

Minimum benefit to include in the safety net?

Balance of goals: Social adequacy and individual equity?

Role of Social Security as a safety net program?

Equity for different kinds of families?

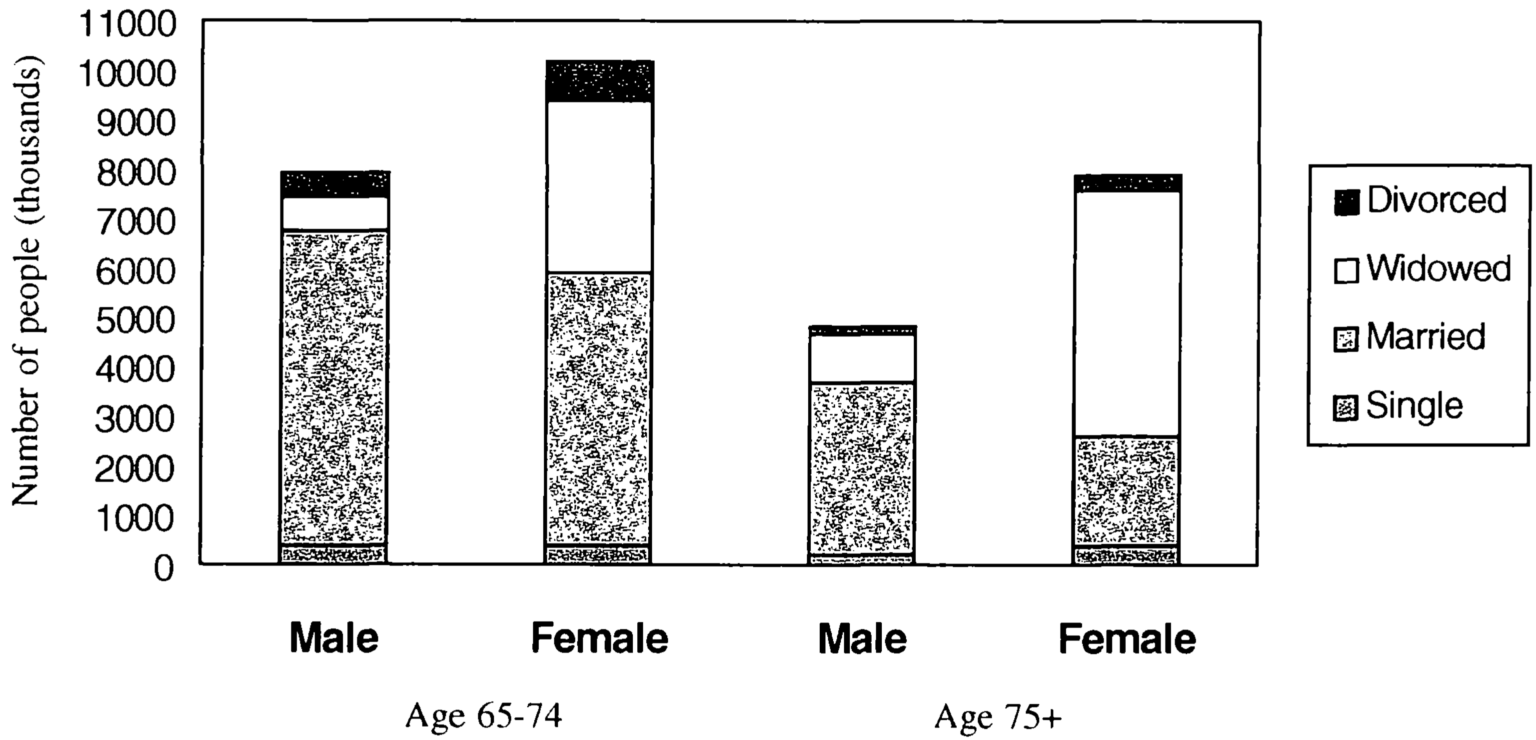
Our Focus

Today: "Where Are We?"

- ☐ Trends
- ☐ How Social Security works
- ☐ Period after retirement

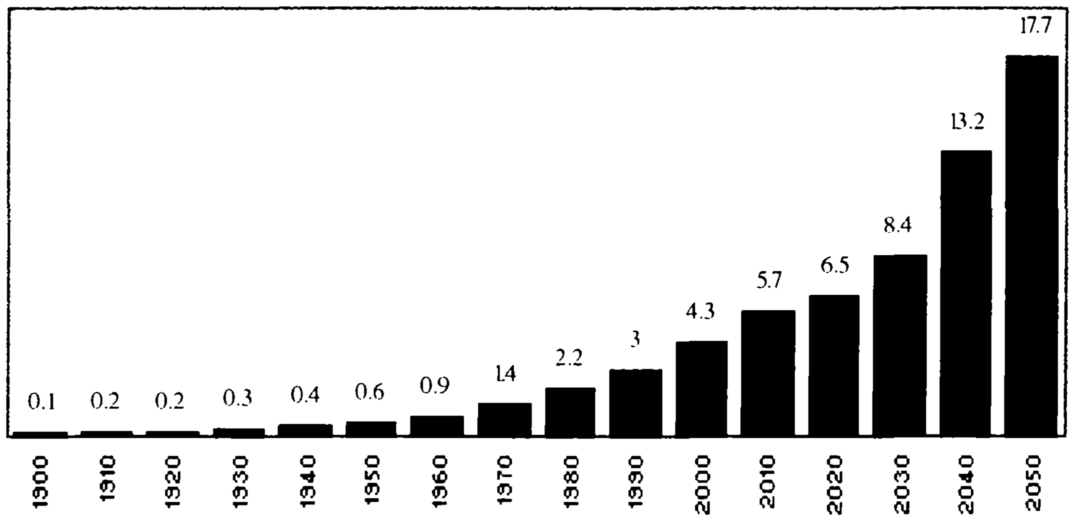
Tomorrow: "Where Do We Go?"

Marital Status
By Age and Sex, United States 1994



Source: U.S. Bureau of the Census, Statistical Abstract of the United States: 1995 (115th edition.) Washington, DC, 1995, p55

United States Population 85 Years Old and Over: 1900 to 2050 (Millions)



Source: Bureau of the Census, September 1993, We the American ... Elderly, pg. 4

General Trends

Elderly population

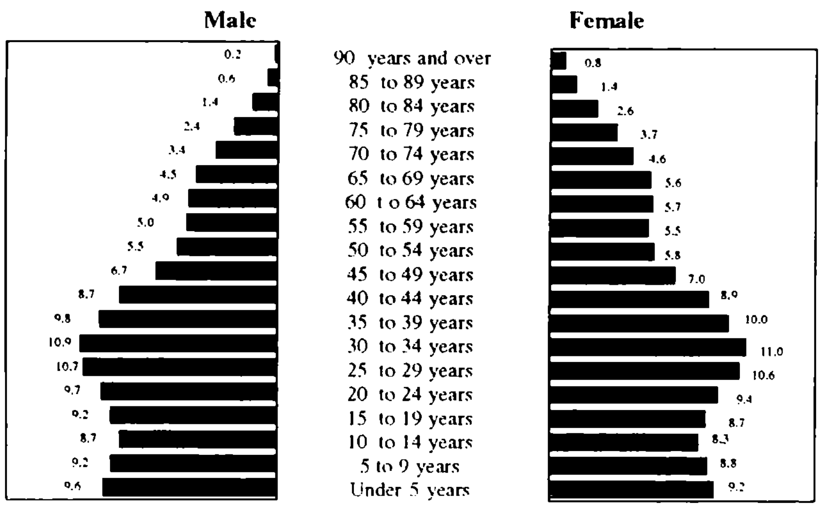
Change in elderly

Life expectancies

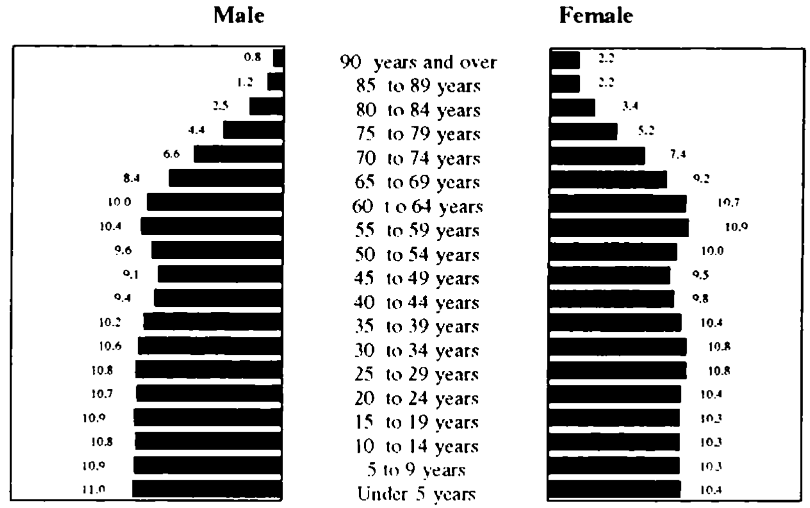
Poverty

Mortality tomorrow

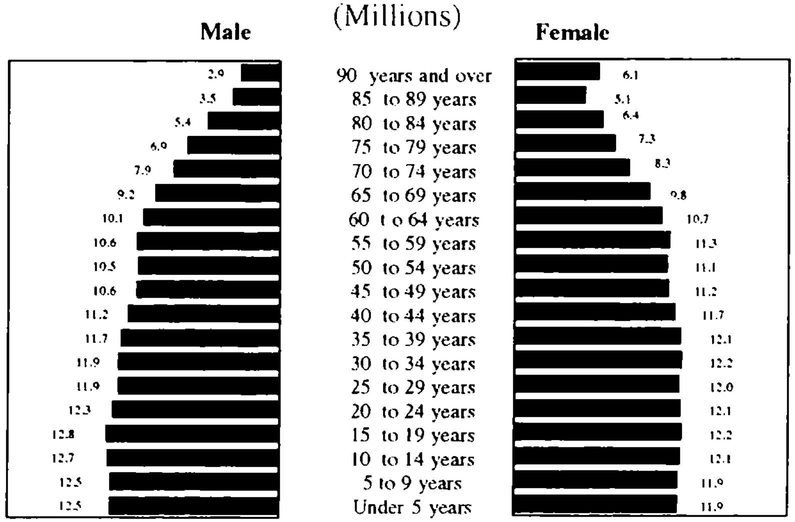
Population by Age and Sex: 1990
(Millions)



Population by Age and Sex: 2020
(Millions)

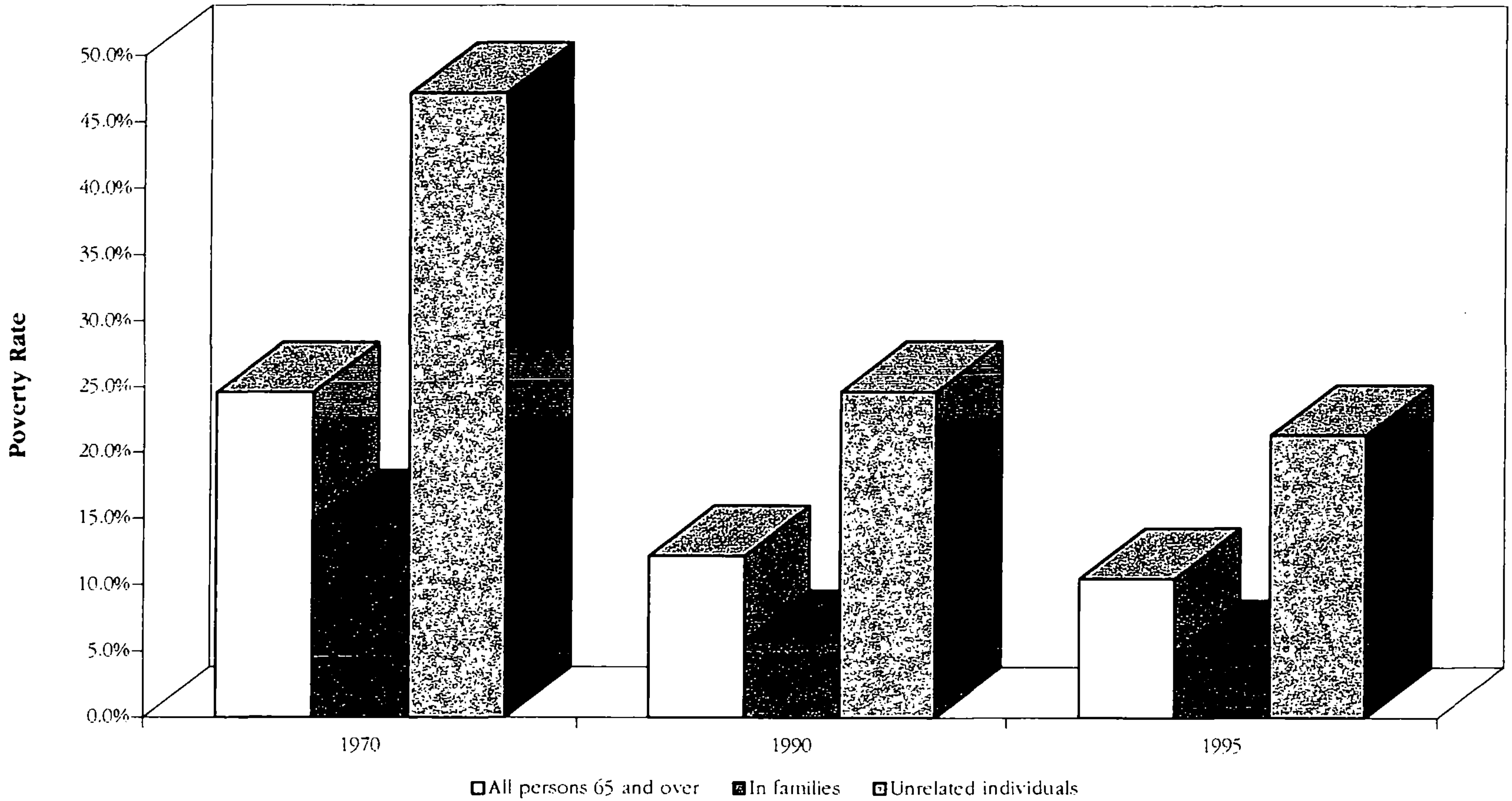


Population by Age and Sex: 2050
(Millions)



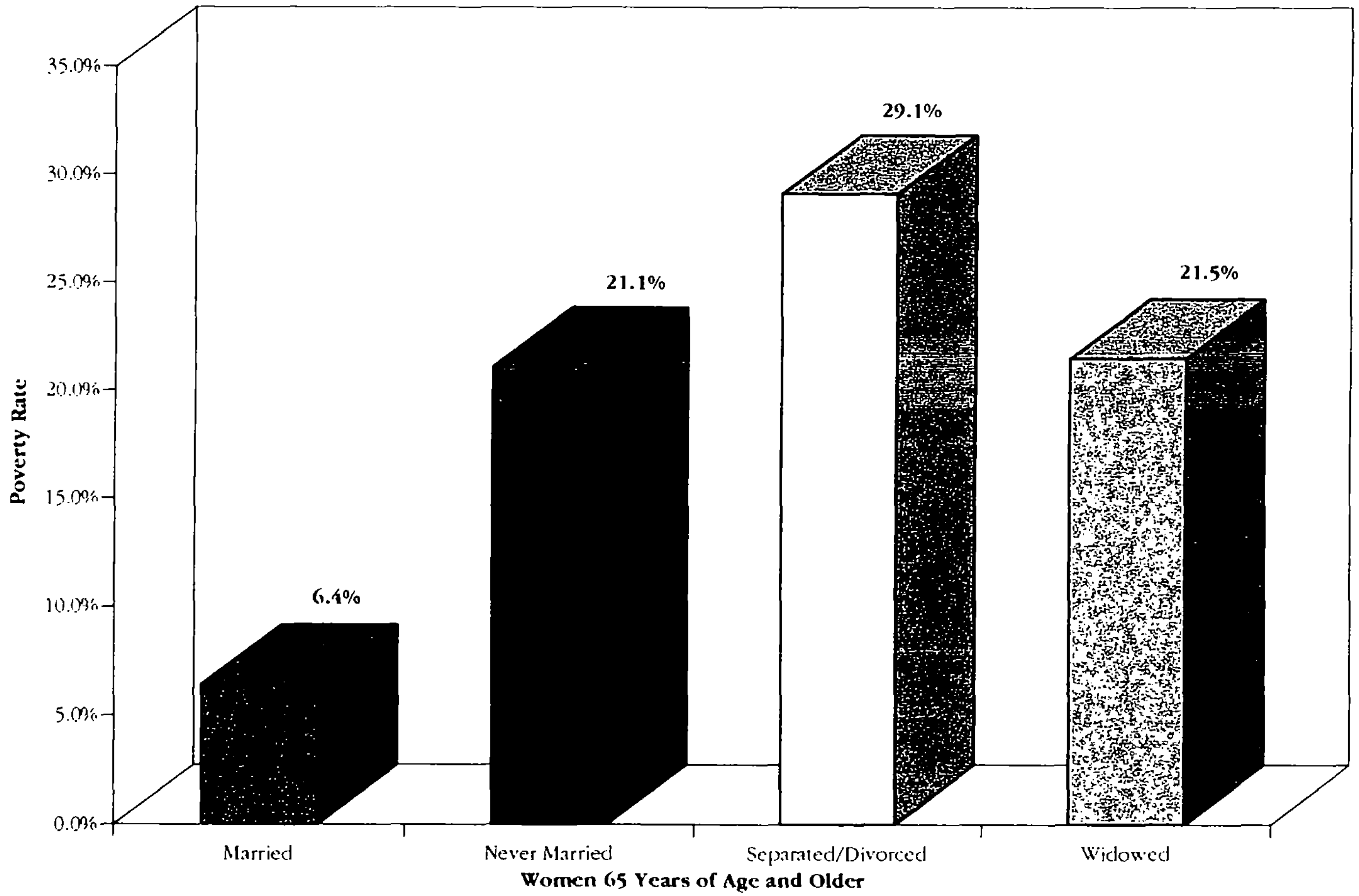
Source: Bureau of the Census, September 1993, We the American...Elderly, pg. 2

Poverty Among the Elderly



Source: U.S. Bureau of the Census, Statistical Abstract of the United States: 1996. Washington, DC, 1996, No. 734, pg. 473, Current Population Reports, pg. 60-189

Poverty Rate of Elderly Women by Marital Status, 1992



Source: Report of the 1994-1995 Advisory Council on Social Security, Vol. II, Washington, DC, Chart 1, pg. 321, Current Population Survey, 1993

U. S. Life Expectations

Year	At Birth		At Age 65	
	Male	Female	Male	Female
1960	66.6	73.2	12.9	15.9
1980	70.1	77.7	14.3	18.6
1990	71.9	79.0	15.2	19.2

Source: Table 1, WHO mortality data (U.S., Canada); Gomez de Leòn (Mexico) from "Mortality Change and Forecasting: How Much and How Little Do We Know?", Shripad Tuljapurkar, Carl Boe, Mountain View Research, Inc., October 1997, pg. 8.

Mortality Trends

- Sex differences narrowing
- No decrease in improvement rate
- Mixed on maximum life span
- Mortality differences tied to
  - Sex
  - Education
  - Income
  - Race

Source: Society of Actuaries Research Project

How Social Security Works

Big Picture

Benefit Formula and Examples

Benefit Delivery Summary

Expectations

Big Picture

Characteristics of the System

- Built on “traditional family”
- Balances equity and adequacy
- Lower paid get higher replacement

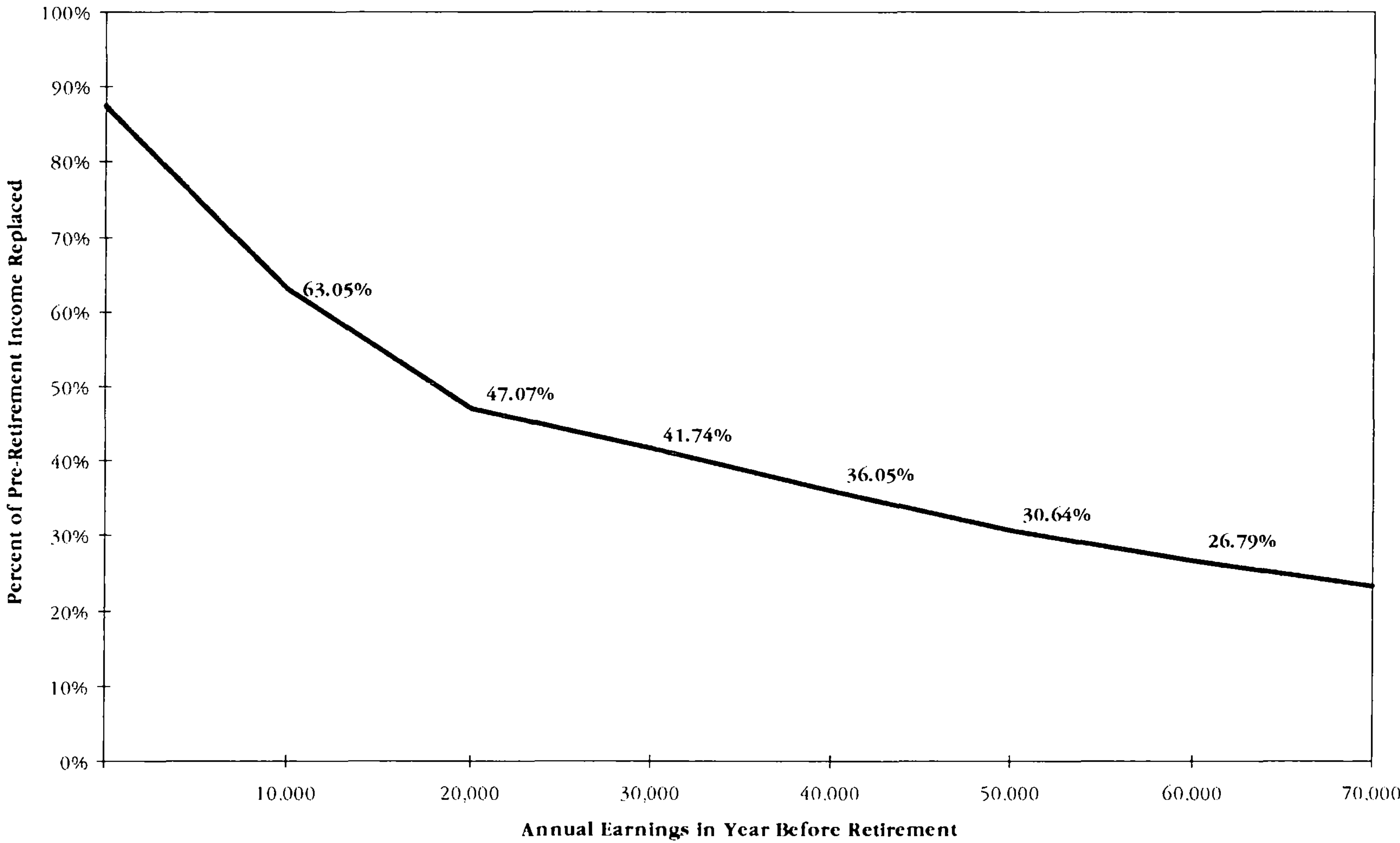
Successes

- Major decrease in poverty
- Decent retirement today

Failures

- Financial problems going forward
- Concerns about distribution
- Some continued poverty
- Lack of confidence

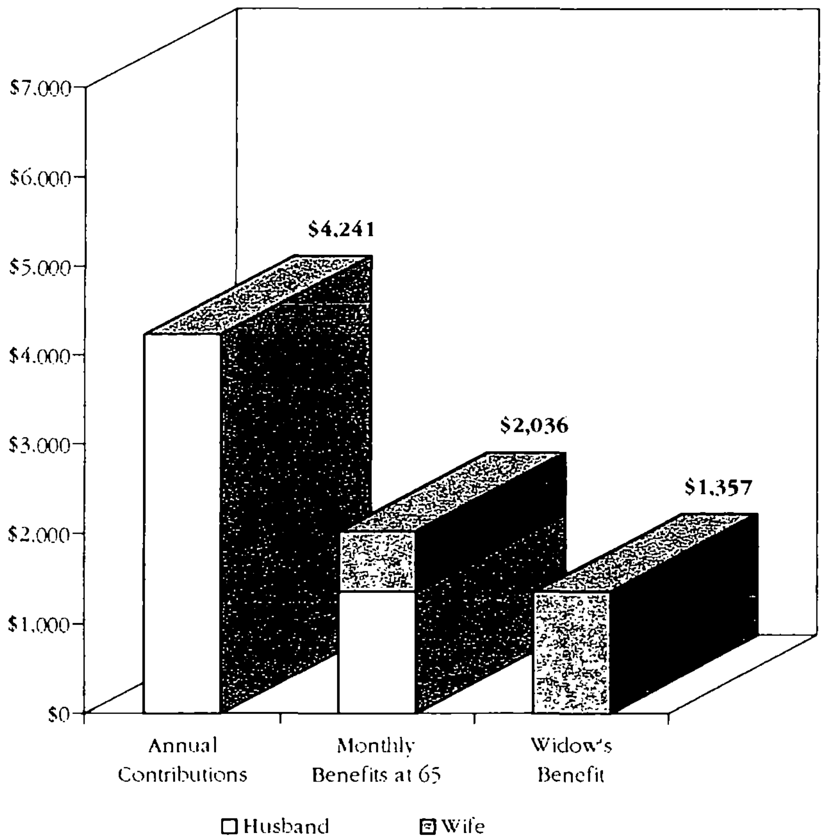
Social Security Replacement Ratios



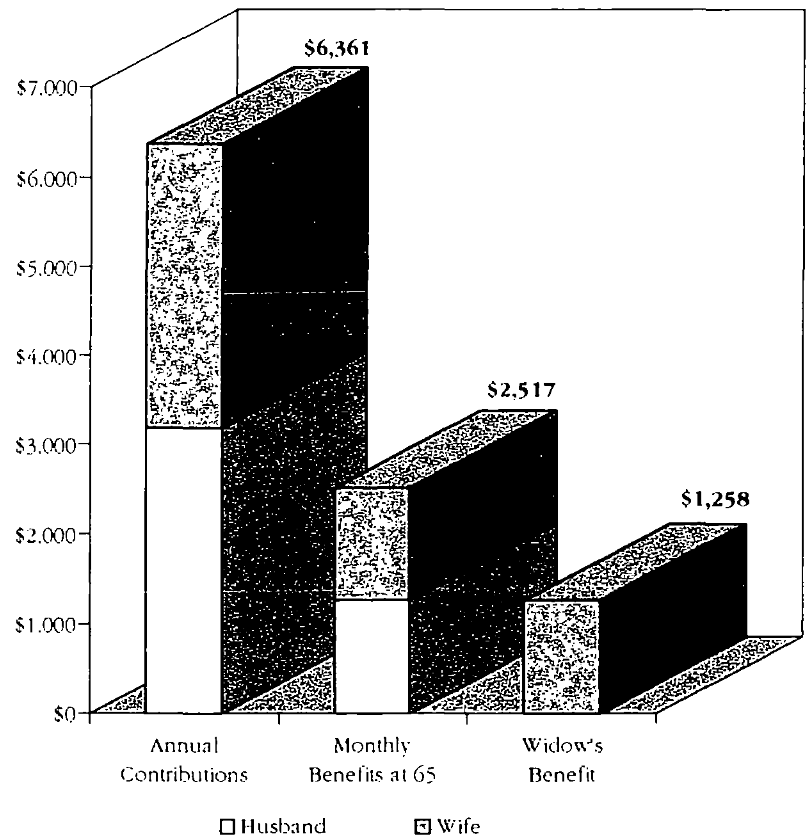
Source: Unpublished information collected by a consultant with William M. Mercer, Incorporated

How Social Security Works
Total Family Income: $102,600

Husband's Income: $102,600
Wife's Income: $0



Husband's Income: $51,300
Wife's Income: $51,300

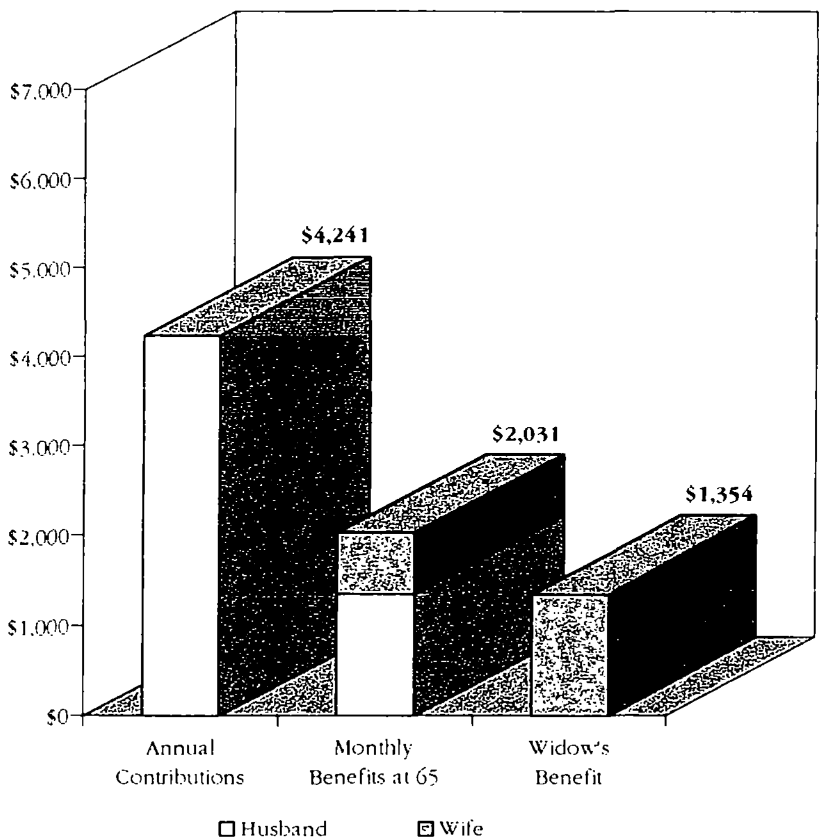


Source: Unpublished information collected by a consultant with William M. Mercer, Incorporated

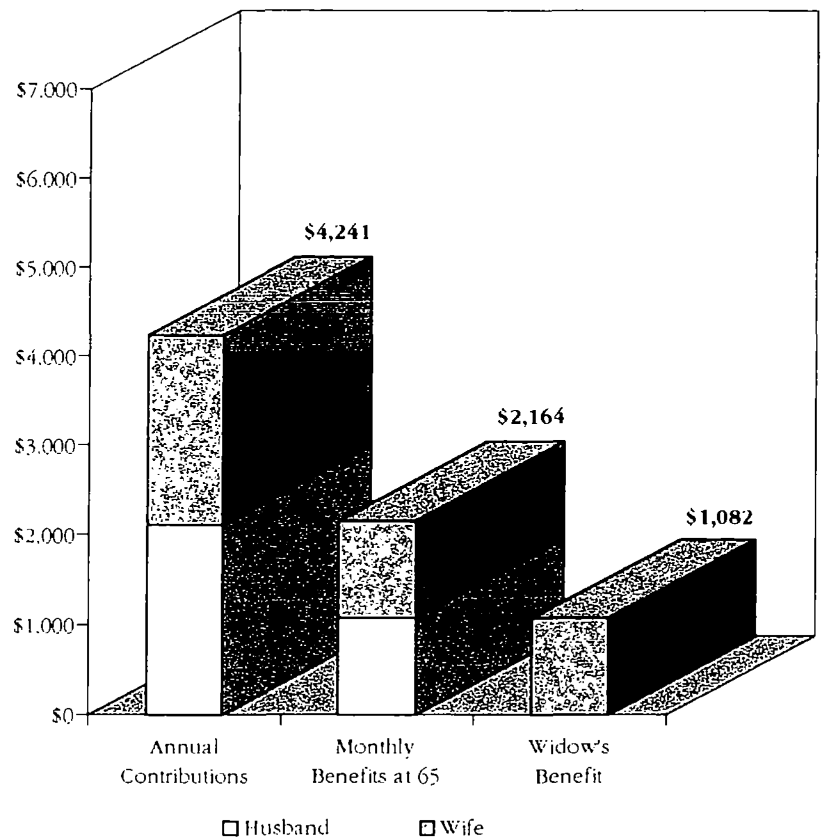
How Social Security Works

Total Family Income: $68,400

Husband's Income: $68,400
Wife's Income: $0



Husband's Income: $34,200
Wife's Income: $34,200



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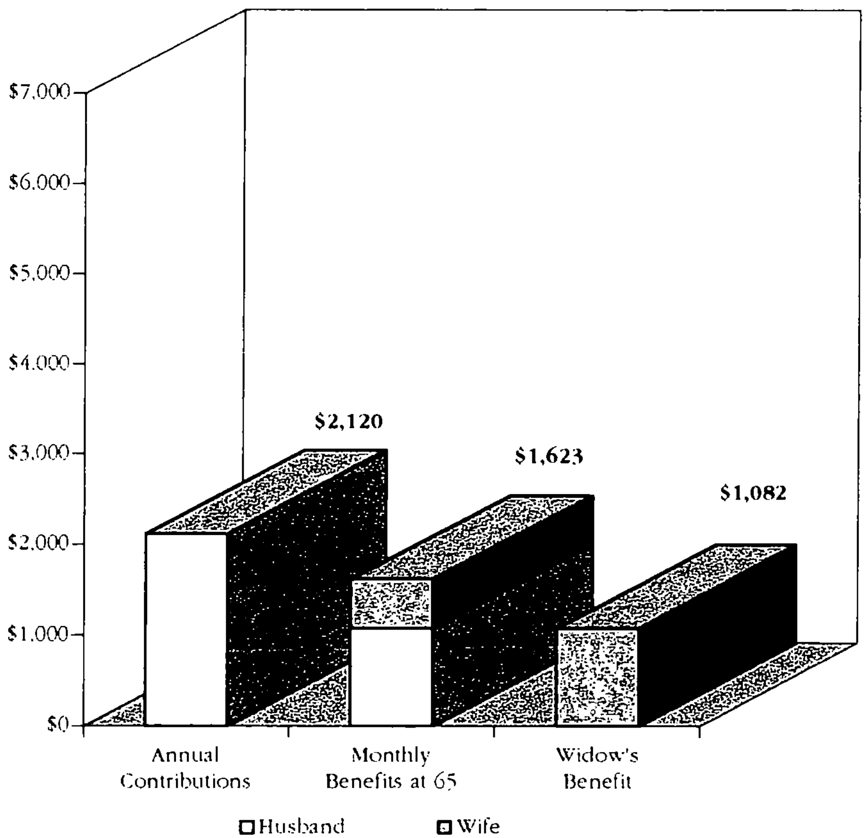
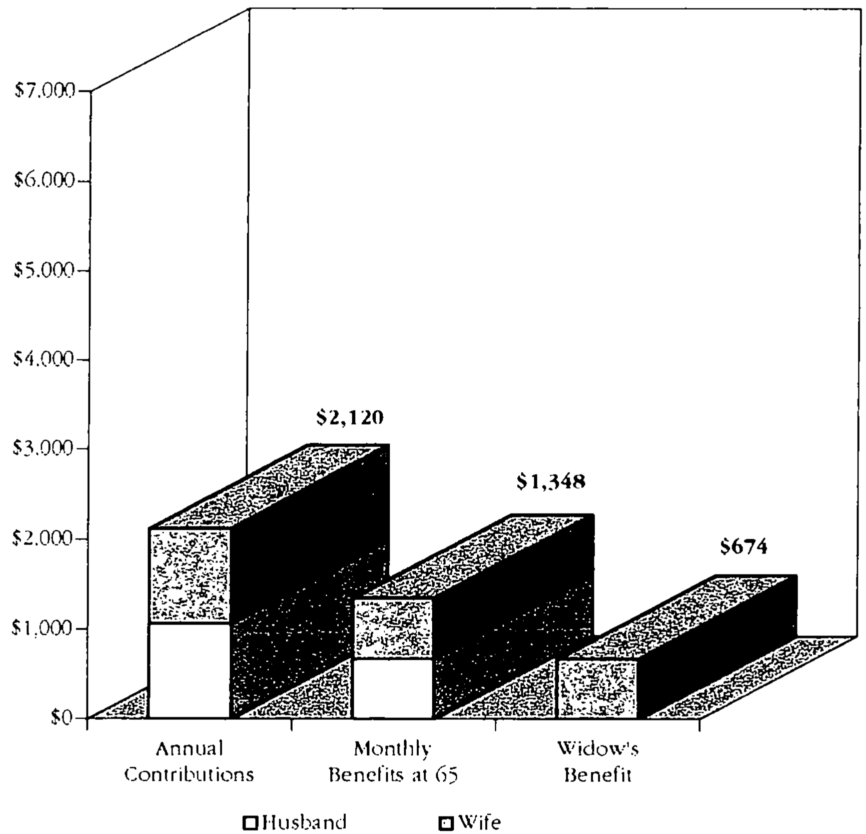
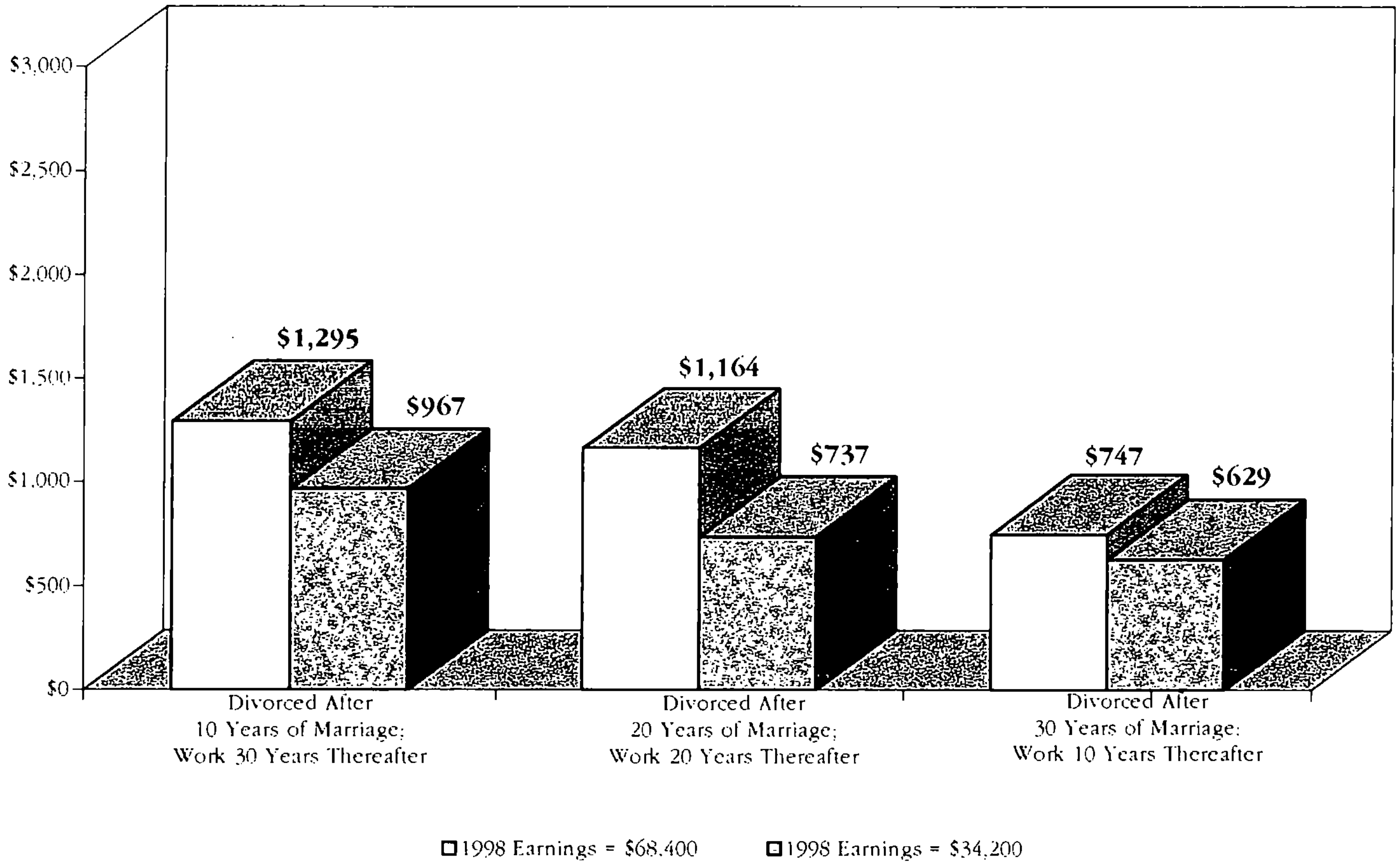


Husband's Income: $17,100
Wife's Income: $17,100



Source: Unpublished information collected by a consultant with William M. Mercer, Incorporated

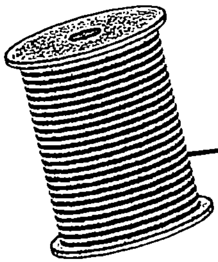
Women's Social Security Benefits After Divorce



Source: Unpublished information collected by a consultant with William M. Mercer, Incorporated

Benefit Delivery Summary

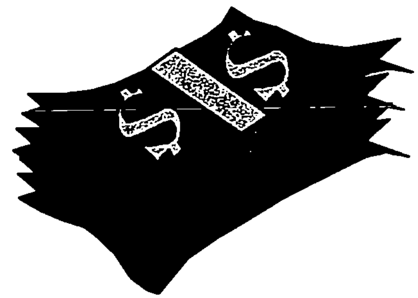
- 3 tiers in formula (90%, 32%, 15%)
- Spouse benefits
- Dual-earner families
- Widows
- Adjustment: Life expectancy



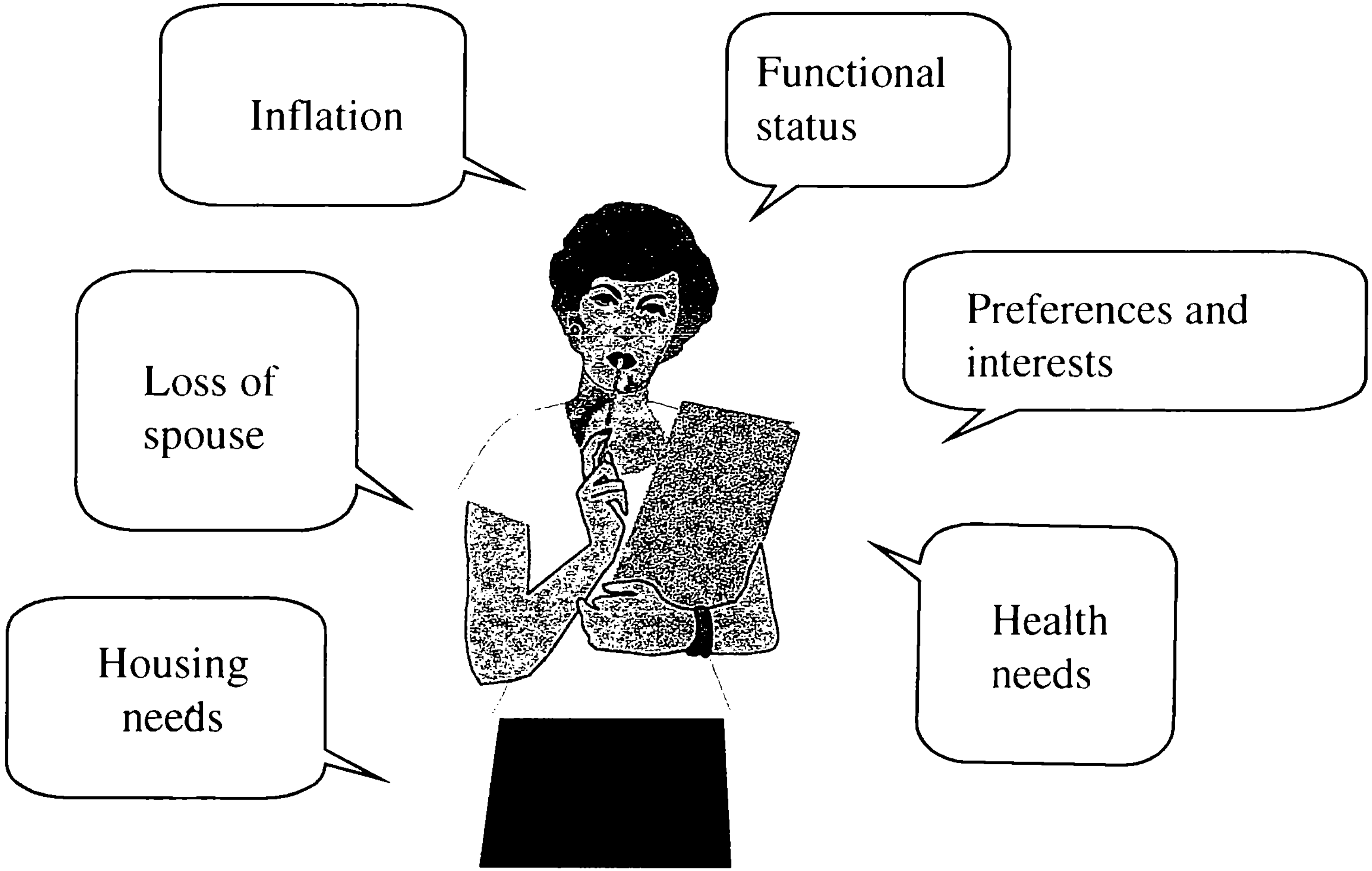
Expectations

- Generation Xers don't expect much Social Security

- Disconnects
  - Americans expect secure retirement
  - Americans don't save much
  - Low confidence in Social Security



Period After Retirement: What Changes?



Functional Status

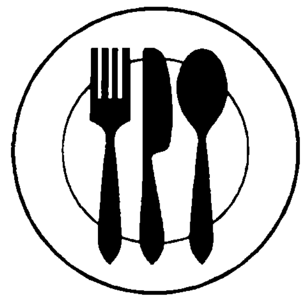
Telephone

Medication

Driving

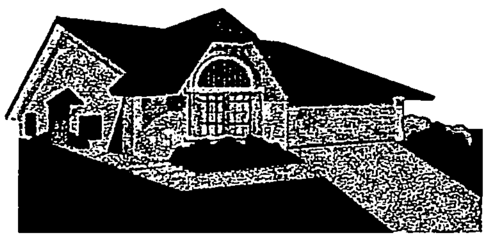
Bathing

Eating



Finances

Dressing



Household management

Going outside

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Key Questions

Responsibility -- individuals, employers; Social Security; and other safety net programs?

Minimum benefit to include in the safety net?

Balance of goals: Social adequacy and individual equity?

Role of Social Security as a safety net program?

Equity for different kinds of families?

Our Focus

Today: "Where Are We?"	**Tomorrow: "Where Do We Go?"**
☑ Trends	☐ Policy focus and women
☑ How Social Security works	☐ Social Security
☑ Period after retirement	☐ DC plans • Benefit delivery • Savings for fraility • Plan sponsor actions • Advice to individuals

Policy Focus and Women

- Key:
  - Strong private system
  - Social Security and diverse family needs

- Don't use pensions to fix labor force issues

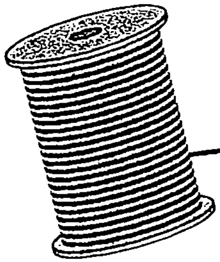
- Better public education
  - Use of pension assets
  - Savings
  - Retirement implications of decisions

Social Security

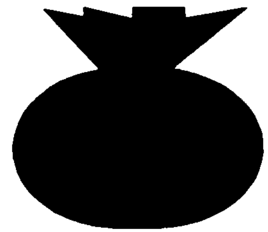
- Social Security DB versus DC debate:Two Drivers/Perspectives
  - DB needs adequate infrastructure
  - With infrastructure -- issue is values

- U.S.: Question of values

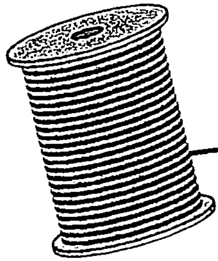
- Linked to resources
  - Both DB and DC can move up or down



DC Plans

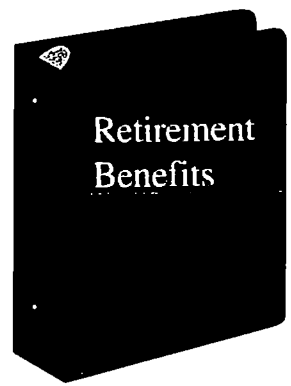


- Adequate benefit delivery?
- Are people saving enough?
- Are assets used well?
- Coverage for needs of frail elderly?



Plan Sponsor Actions

- What legislation?
- Retirement policy
  - Is adequacy a concern?
  - For whom?
- Program structure?



Advice to Individuals

Women Need More Focus

Planning Issues

Under $50,000	$50,000 - $600,000	$600,000+
Savings is key	Focus on savings + investments	Also think about estate planning

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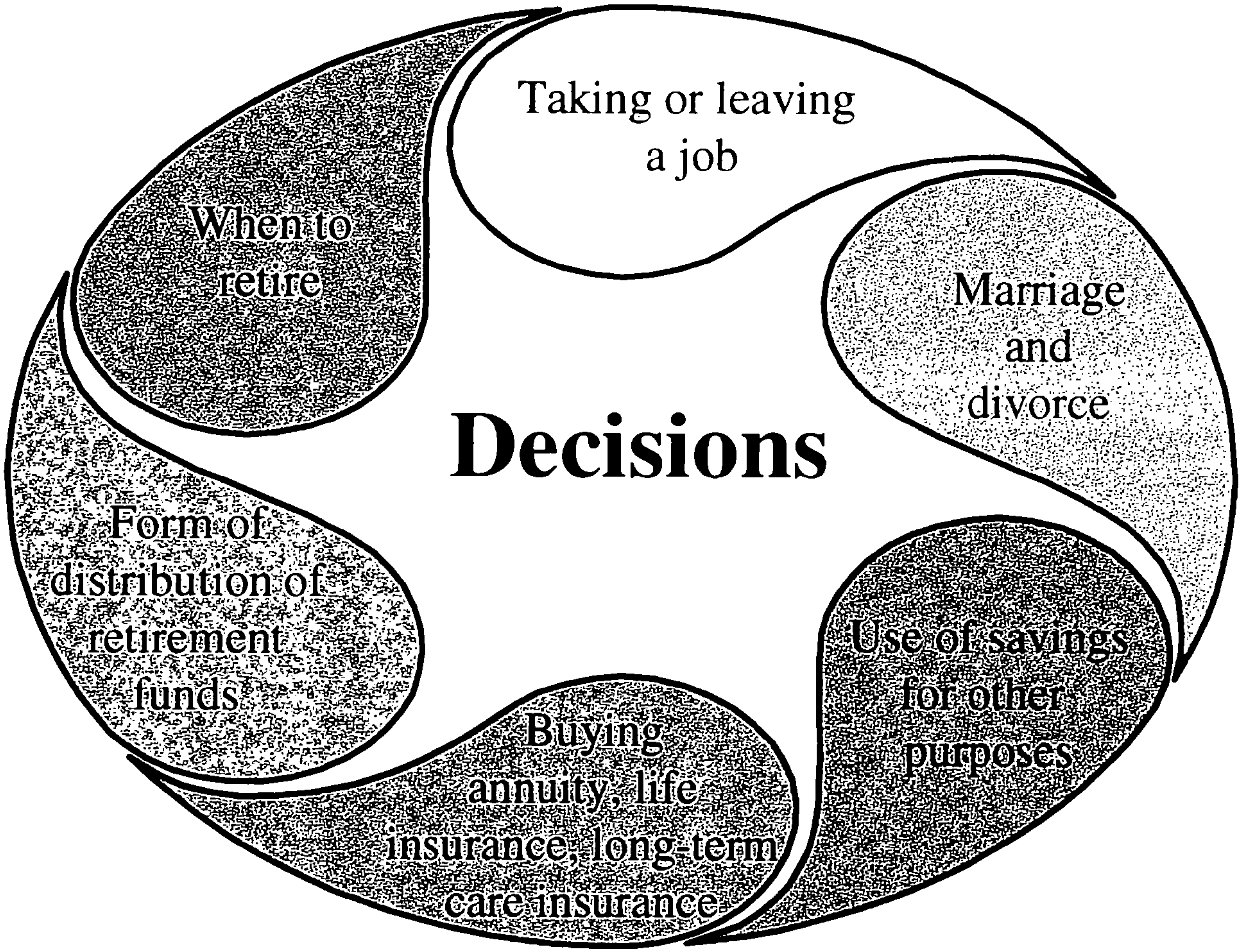
More Advice to Individuals



Our Focus

Today: "Where Are We?"

- ☑ Trends
- ☑ How Social Security works
- ☑ Period after retirement

Tomorrow: "Where Do We Go?"

- ☑ Policy focus and women
- ☑ Social Security
- ☑ DC plans
  - Benefit delivery
  - Savings for fraility
  - Plan sponsor actions
  - Advice to individuals

Future

- Business support of asset accumulation
- Individual has responsibility
- Many people will be left out
- Good future depends on:
    - Solid economy
    - Positive policy steps
    - Enlightened individual action