
APPENDIX

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DECEMBER 16, 2005 NEWS ANALYSIS
By Eamon Javers

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Op-Eds for Sale

A columnist from a libertarian think tank admits accepting payments to promote an indicted lobbyist's clients. Will more examples follow?

A senior fellow at the Cato Institute resigned from the libertarian think tank on Dec. 15 after admitting that he had accepted payments from indicted Washington lobbyist Jack Abramoff for writing op-ed articles favorable to the positions of some of Abramoff's clients. Doug Bandow, who writes a syndicated column for Copley News Service, told BusinessWeek Online that he had accepted money from Abramoff for writing between 12 and 24 articles over a period of years, beginning in the mid '90s.

"It was a lapse of judgment on my part, and I take full responsibility for it," Bandow said from a California hospital, where he's recovering from recent knee surgery.

After receiving BusinessWeek Online's inquiries about the possibility of payments, Cato Communications Director Jamie Dettmer said the think-tank determined that Bandow "engaged in what we consider to be inappropriate behavior and he considers to be a lapse in judgment" and accepted his resignation. "Cato has an excellent reputation for integrity, and we're zealous in guarding that," Dettmer said.

Bandow has written more than 150 editorials and columns over the past five years, each identifying his Cato affiliation. His syndicated column for Copley News Service is featured in several hundred newspapers across the country. Bandow's biography on the Cato Institute Web site says he has also appeared as a commentator on all the major television broadcast networks and the cable news channels.

MULTIPLE TRAVAILS. A former Abramoff associate says Bandow and at least one other think-tank expert were typically paid \$2,000 per column to address specific topics of interest to Abramoff's clients. Bandow's standing as a columnist and think-tank analyst provided a seemingly independent validation of the arguments the Abramoff team were using to try to sway Congressional action.

Bandow confirms that he received \$2,000 for some pieces, but says it was "usually less than that amount." He says he wrote all the pieces himself, though with topics and information provided by Abramoff. He adds that he wouldn't write about subjects that didn't interest him.

Abramoff was indicted in Florida in August on wire-fraud charges in relation to his purchase of a Florida casino-boat company. He faces trial in January in that case.

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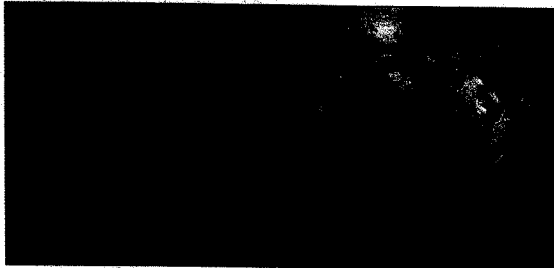
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Philanthropy	Separately, a Senate committee and a Justice Dept. task force are investigating allegations that Abramoff defrauded some of his clients -- a handful of American Indian tribes that had gotten wealth from running casino-gaming operations on their reservations. Abramoff's business partner, Michael Scanlon, pleaded guilty in November to conspiring to corrupt public officials with gifts, including political contributions, and defrauding clients, and is cooperating with the ongoing probe.
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Smart Answers	
Success Stories	
Today's Tip	
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Stock Screeners	
Free S&P Stock Report	
SCOREBOARDS	
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	<p>ATTITUDE SWING. A review of Bandow's columns and other written work shows that he wrote favorably about Abramoff's Indian tribal clients -- as well as another Abramoff client, the Commonwealth of the Northern Mariana Islands -- as far back as 1997. One column, syndicated by the Copley News Service, saluted one Abramoff client tribe, the Mississippi Choctaws, for their entrepreneurial spirit, hard work, and commitment to free enterprise. "The Choctaws offer a model for other tribes," Bandow wrote.</p> <p>Bandow wrote a column earlier this year -- well after the disclosure that Abramoff was under federal investigation -- saying that wealthy Indian tribes had become yet another "well-funded special interest seeking political favors." In response to BusinessWeek Online's inquiry, Bandow said his views of Indian gambling have shifted over the years. "It's gone well beyond what it once was," he said.</p> <p>In none of Bandow's op-eds were any Abramoff payments disclosed, however -- nor were they disclosed to the Cato Institute. On Dec. 16, Copley News Service announced it is suspending Bandow pending its own review. In a statement, Glenda Winders, Copley News Service editor and vice-president, said: "We want to make sure we have all the facts before we take final action. But it had never been our policy to distribute work paid for by third parties whose role is not disclosed by the columnist."</p> <p>For years, rumors have swirled of an underground opinion "pay-for-play" industry in Washington in which think-tank employees and pundits trade their ability to shape public perception for cash.</p> <p>"NAIVE PURITY STANDARD." Bandow isn't the only think-tanker to have received payments from Abramoff for writing articles. Peter Ferrara, a senior policy adviser at the conservative Institute for Policy Innovation, says he, too, took money from Abramoff to write op-ed pieces boosting the lobbyist's clients. "I do that all the time," Ferrara says. "I've done that in the past, and I'll do it in the future."</p> <p>Ferrara, who has been an influential conservative voice on Social Security reform, among other issues, says he doesn't see a conflict of interest in taking undisclosed money to write op-ed pieces because his columns never violated his ideological principles.</p> <p>"It's a matter of general support," Ferrara says. "These are my views, and if you want to support them, then that's good." But he adds that at some point over the years, Abramoff stopped working with him: "Jack lost interest in me and felt he had other writers who were writing in more prominent publications," Ferrara says.</p> <p>"SIMILAR ARRANGEMENTS." Ferrara's boss has a very different take on the Abramoff op-ed writing than did his peers at Cato. "If somebody pinned me down and said, 'Do you think this is wrong or unethical?' I'd say no," says Tom Giovanetti, president of the Institute for Policy Innovation. Giovanetti says critics are applying a "naive purity standard" to the op-ed business. "I have a sense that there are a lot of people at think tanks who have similar arrangements."</p> <p>Ferrara began working at the Institute for Policy Innovation after the period during which he wrote the op-ed pieces for Abramoff. Earlier, he worked at the activist anti-tax organization Americans for Tax Reform.</p>

Undergrad Programs	Ferrara wouldn't say which publications have published pieces for which Abramoff paid him. But a review of his work shows that he wrote articles for <i>The Washington Times</i> that were favorable to the Choctaw Indians and the Mariana Islands. He also wrote a 1998 book called <i>The Choctaw Revolution: Lessons for Federal Indian Policy</i> . Ferrara says the tribe paid him directly for his work on the book, which was published by the Americans for Tax Reform Foundation and is still available for sale on Amazon.com (AMZN).
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Grover Norquist said gambling interests were not what prompted him to arrange White House meetings for the tribes. (Globe Staff File Photo / Dina Rudick)

Antitax activist says he got \$1.5m from tribes Set up policy talks with president

The Boston Globe

By Michael Kranish, Globe Staff | May 13, 2005

WASHINGTON -- Antitax activist Grover Norquist said yesterday that his organization has received nearly \$1.5 million from Indian tribes in the past five years and that he arranged for tribal leaders to attend meetings to discuss tax policy with President Bush every year for the past four years.

Indian tribes have opposed longstanding proposals to impose a federal tax on their gaming revenues. A White House official said Bush did meet with tribal leaders in small groups that also included state legislators but said that federal policy on Indian casinos was not discussed.

Norquist, who has never before revealed the extent of the money he received from Indians, said he invited the tribes to meet with Bush because they supported the president's tax cut policies, not to lobby for casino interests.

Norquist also said for the first time that his group, Americans for Tax Reform, sent \$1.15 million, which came from a single Indian tribe that runs a casino in Mississippi, to two antigambling groups who were opposing rival gaming operations in next-door Alabama.

The Alabama Christian Coalition, which has a strict policy against receiving money tied to gambling interests, received \$850,000, and Citizens Against Legalized Lottery received \$300,000, Norquist said.

Norquist said he sent money to the two antigambling groups in Alabama because the tribe wanted to block gambling competition in that state. He said he and his staff never informed the Alabama Christian Coalition about the original source of the funds.

John Giles, president of the Alabama Christian Coalition, confirmed that he received a contribution from Americans for Tax Reform in 2000 and was never told the money originated from a tribe with gambling interests. "I confirm to you that ATR was a donor, and we do not accept gambling money directly or indirectly, period," Giles said.

Jim Cooper, the former chairman of Citizens Against Legalized Lottery, said he recalled receiving a large donation but didn't have his records available to confirm that it was \$300,000. But he said that "to the best of our knowledge we received no money from sources related to gambling."

Norquist's role in helping the Indian tribes has been examined during investigations into his longtime friend, Washington lobbyist Jack Abramoff, who consulted for Indian tribes with gaming interests and advised them to donate large sums to organizations with ties to top Republicans. Two Senate committees and the Justice

Department are all probing allegations that Abramoff took advantage of the tribes and used them to funnel money to his friends.

Norquist agreed to be interviewed this week to respond to questions from the Globe about his role in helping Indian tribes with casino interests and his connection to Abramoff, a friend from his days organizing college Republicans in Massachusetts.

A native of Weston, Mass., Norquist, 48, has become one of the most influential figures in Washington, bringing together White House officials and leading conservatives in weekly meetings to promote policies that cut taxes. He has always refused to reveal the names of donors to his group – a refusal he said he recently repeated to the Senate Committee on Indian Affairs, which is investigating groups lobbying for Indian tribes.

Norquist said his group's role in setting up White House meetings for tribal leaders, and his role in funneling money to antigambling groups in Alabama, were consistent with his longstanding positions against new taxation and state lotteries.

"This is all completely legit," Norquist said during one of three interviews this week. "The only reason someone would try to make it sound bad is they don't like Indians or Abramoff."

Norquist told the Globe that meetings with Bush happened on an annual basis between 2001 and 2004, with several tribal leaders involved in each meeting.

Erin Healy, a White House spokesman, confirmed that tribal leaders met with Bush on numerous occasions and that the meetings included discussions of tax policy. "The president does meet with local and community and tribal leaders . . . to talk about his priorities and issues he is focusing on," Healy said.

During a congressional hearing last year, Bernie Sprague, subchief of the Saginaw Chippewa tribe, said that he was told by Abramoff to contribute \$25,000 to Norquist's group. When Sprague was asked why his tribe contributed the money to Norquist, he responded: "It was because Mr. Abramoff suggested that we make these donations to these various groups and organizations . . . because they help us."

Norquist, however, is taking pains to demonstrate that his efforts to introduce the tribal leaders to Bush were unrelated to their contributions to his group.

On May 6, his group sent letters to the leaders of the Saginaw Chippewa tribe of Michigan and the Coushatta Indian tribe of Louisiana. In the letters, which he provided to the Globe, a Norquist aide wrote that the meeting with the president took place because of the tribe's involvement in a group that supported Bush's tax cuts.

"There may be some confusion on behalf of a previous administration of your tribe. . . . Recent press reports appeared to suggest that some staff of your tribe's previous leadership thought that they were making a contribution to ATR in order to be invited to a White House event," wrote Norquist's associate, Amanda K. Hydro. She wrote that the meeting was "an effort to involve Indian nations and state legislatures in federal policy."

Norquist, asked if he was aware that Abramoff was telling tribes to contribute to Americans for Tax Reform, said he wasn't aware of a specific instance, but he said: "If Jack said to tribes, 'You don't want to be taxed, you should support ATR,' that makes sense that he would do that."

Abramoff declined comment, a spokesman said.

Norquist declined to name the tribe that gave his group the \$1.15 million that was turned over to the Alabama antigambling groups. He did say he has worked closely with the Choctaws, who have a casino in Mississippi. Norquist said his donor list is secret and it would be up to tribes to acknowledge any role as a funder. A Choctaw spokesman declined to comment.

Norquist's \$850,000 contribution to the Alabama Christian Coalition has not been previously made public. Asked why he didn't tell the coalition that the money originated with an Indian tribe that runs a casino, Norquist

said his group said nothing to the coalition to "suggest it was a contribution anything other than from ATR. There is not anything more to the story."

Norquist said he was not aware of the coalition's policy against accepting gambling-related money, and he said he couldn't say whether the tribe's contribution came from gambling profits or other revenues, although he acknowledged it ran a casino.

The Alabama Christian Coalition says on its website that it has a strict policy against taking gambling-related money.

"While there is nothing illegal about taking gambling money, for the [coalition] to willingly do so would be abhorrently unethical," the website reads.

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The Washington Times

January 30, 1999, Saturday, Final Edition

SECTION: PART C; COMMENTARY; Pg. C3

LENGTH: 877 words

HEADLINE: Tuning in to Channel One

BYLINE: Grover Norquist

BODY:

An independent news media outlet not controlled by liberals has seeped into the public schools. The liberals are hysterical in trying to stop it.

Channel One Network provides a daily 12 minute news program for middle and high school students in 12,000 public, private and parochial schools across the country. Its daily audience of 8.5 million is quite close to the daily audience of the major network evening news shows. Indeed, Channel One reaches 5 times as many teen-agers each day as the news shows on ABC, CBS, NBC and CNN combined.

Each school that signs up for Channel One receives \$50,000 worth of telecommunications equipment, including a fixed KU band satellite dish, 19-inch color TVs in every classroom, VCRs and internal wiring, with complete maintenance by Channel One. Apart from Channel One's daily news program, the school can use this telecommunications network for any other educational, training or student programming they choose.

Indeed, Channel One provides an additional two hours per day of optional educational programming, including historical documentaries, biographies and programs on mathematics, science and art. After the school receives the Channel One service for six years, all the telecommunications equipment becomes the property of the school.

The entirely original daily news program is produced by Channel One's own staff and reporters on location around the world. The program is geared to interest teen-agers in the news and is highly popular with students. The Institute for Social Research at the University of Michigan reports that 93 percent of teachers and 85 percent of school principals say they would recommend Channel One to other schools. The daily news show now has more than 159 awards in less than 10 years, including the Faith and Values Award, the Responsibility in Television Award, and the prestigious George-Foster Peabody Award.

The news program is provided to each school every day in advance for prescreening. If the school considers the program inappropriate in any way, it doesn't have to air it for the students. That has almost never happened in nearly 10 years of broadcasts.

And what does Channel One charge the students for this entire service? Absolutely nothing. The entire operation is financed at a profit by 2 minutes of commercials in the daily 12 minute broadcast.

Critics accuse Channel One of committing capitalism in the classroom with its commercials. But those 2 minutes of ads each day are a far better way of financing the telecommunications equipment and programming Channel One provides than using taxpayer funds. Channel One has come up with a brilliant free market innovation that can translate into lower taxes.

Indeed, every newspaper and magazine used in a classroom is filled with ads, as is the Internet, now used in schools as well. Ads also are found in student newspapers and yearbooks, and at school sports events. Channel One ads are the same as those seen on network TV by teen-agers every day.

Critics also lamely claim that with Channel One students are wasting valuable class time watching TV. But Channel One is simply an advanced technological version of educational films, which have been used in schools at least since the 1950s. Teachers use the Channel One news programs to begin discussions of classroom subjects referenced in the broadcasts, as well as using the longer educational programs to help teach basic subjects across the board.

Here's some better clues to the real source of opposition. Channel One producer, Andy Hill, is one of the creators of the prime-time TV shows "Touched By An Angel" and "Promised Land," acclaimed by conservatives as the best on TV. Channel One, in fact, publicly touts itself as "an old-fashioned newscast that often reflects traditional values no longer see non-network news."

One liberal academic attacked Channel One because its programs "often highlight a conservative viewpoint and valorize male role models." Repeating that criticism, a study from the Vassar Department of Sociology also complains about Channel One reports "on the flat tax, punishment for violent teen-agers, and the proposed amendment to ban flag burning." One supportive teacher says without Channel One her students "wouldn't know who Pat Buchanan was."

The Vassar study further complains that Channel One programs "suggest, often quite directly, that the fundamental issues are about individual moral choices. For example, a report on teen-age mothers closed with an explicit call for teen abstinence from sexual activity. And reports on teen-age pregnancy and teens in prison suggested that teens are responsible for their own poor choices and resulting consequences." Horrors!

At least Catholic schools know a good deal when they see one. Monsignor John W. Jordan, executive director of Serve Our Schools and Parishes, writes to Channel One, "The traditional values you espouse are highly consistent with those we teach. Channel One has proven to be a staunch friend to traditional Catholic educators."

Public schools that do not have Channel One are missing out on a good deal for the taxpayers as well as their students.

Grover **Norquist** is president of Americans for Tax Reform.

LOAD-DATE: January 30, 1999

Document 1 of 1

POLICY BRIEF FROM AMERICANS FOR TAX REFORM

The Clear Benefits of Channel One

By Peter J. Ferrara
May 19, 1999

In this Policy Brief:

- **What is Channel One?**
- **The True Costs of Channel One**
- **The True Benefits of Channel One**
- **Conclusions**

Channel One is an original, daily, 12 minute news program created expressly for teenagers. It is beamed by satellite each night to about 12,000 public, private and parochial middle and high schools across the country. It is shown the next day on classroom television monitors to an audience of 8.1 million students, reaching 5 times as many teenagers as the daily news shows of ABC, CBS, NBC, and CNN combined.

In a 1998 study, Max Sawicky and Alex Molnar concluded that Channel One costs taxpayers across the country \$1.8 billion each year. This study, however, was deeply flawed methodologically and its conclusions, therefore, are incorrect.

The truth is that Channel One involves no costs to taxpayers. It is a free service financed by 2 minutes of paid commercials during each daily 12 minute news program.

Indeed, taxpayers receive considerable net benefits from Channel One. First, the daily news program is used to educate students about current events, social studies, economics, geography, history and other subjects. Teachers and school administrators have heavily praised the program for its educational value, and it has won numerous prestigious awards.

Moreover, Channel One also offers subscribers several hours of optional, free educational videos each week covering a wide range of subjects and these videos are also heavily used by the schools. In addition, Channel One provides each subscribing school, also free of

charge, with its own telecommunications equipment to receive and transmit the news program and educational videos. This equipment can then be used by the school for any other broadcast, video, or student activity it chooses.

This arrangement, therefore, greatly benefits taxpayers as well as students. As we will discuss, the value of the full range of benefits provided by Channel One is at least \$425 million for the public schools alone. In fact, taxpayers should question schools that do not have Channel One as to why they have not taken advantage of the windfall from this market innovation.

These issues will be thoroughly discussed in this report. We will begin by first discussing in more detail Channel One and the service it provides. Then we will discuss the findings of Sawicky and Molnar, and why their analysis is flawed and their conclusions incorrect. In the process, we will analyze the true costs and benefits of Channel One.

What Is Channel One?

Channel One provides a daily 12 minute news program for middle and high school students in about 12,000 middle and high schools across the country, including public, private and parochial schools. This covers about 40% of all middle and high schools in the country.

The news program is entirely original, produced by Channel One's own staff and reporters on location around the world. The program is written and designed specifically to interest teenagers. It is beamed by satellite each night to the subscribing schools, and then shown on TV monitors in each classroom the next day. The daily audience includes about 8.1 million students, which is close to the daily audience of the major network evening new shows. Indeed, Channel One reaches 5 times as many teenagers each day as the news shows on ABC, CBS, NBC, and CNN combined.

No one is forced to watch Channel One. The program is available for prescreening each morning by school administrators and teachers. If the school considers the program inappropriate in any way, it doesn't have to air it for students. If an individual teacher doesn't want to use the program in their classrooms that day, they can opt their class out as well. If an individual student's parents don't want their child watching Channel One for any reason, they can choose to have their child opt out as well. In about 10 years of Channel One broadcasts, however, any such opting out has been negligible.

Each school that subscribes to Channel One receives about \$25,000 worth of telecommunications equipment, so that it can receive and broadcast the daily news program to its students. This equipment includes a fixed KU band satellite dish, an addressable receiver, 19 or 25 inch color TVs in every classroom, VCRs, and internal wiring with complete maintenance by Channel One. Apart from Channel One's daily news program, the school can use this telecommunications network for any other educational, training, or student programming it chooses.

In fact, Channel One provides hours of additional, optional, educational programming every day, including historical documentaries, biographies, and programs on mathematics, science, and art. This adds up to over 250 hours and more than 400 separate programs each year. In schools subscribing to Channel One, 97% of teachers report that they have used these videos, and two-thirds (66%) say they do so frequently. Buying the library of educational videos themselves would cost each school about \$36,000 per year.

Students, teachers and administrators report a high level of satisfaction with Channel One. Remarkably, 99% of schools subscribing to the service renew their contracts each year. A 1994 study by the Institute for Social Research at the University of Michigan found 93% of teachers in schools using Channel One would recommend it to other schools. A more recent, 1999 study by Applied Research Consulting (ARC) found that after 10 years of operation now 98% of teachers in Channel One schools would recommend it. The same proportion, 98%, also wanted their schools to continue to receive Channel One. Channel One is now seen by over 400,000 teachers every day.

The study also found that 91% of these teachers think Channel One is valuable in informing their students about current events. In addition, 89% believe students learn more from Channel One than from news seen at home, and 80% regularly discuss the shows in their classes. Over 90% of the teachers also report that Channel One programs are appropriate for teenagers, interesting to teens, and driven by positive values. And 94% report that they believe Channel One reporters were good role models for their students

Among students, the ARC study found that 85% wanted their school to keep Channel One. The students reported that Channel One was educational, interesting, and their "No. 1 source of news." Over three-fourths of students also report that the information they learn from

watching Channel One is as valuable or even more valuable than the other things they learn in school. A Gallup poll also found that 86% of teenagers thought Channel One was an "Excellent" or "Good" idea for their schools.

In the 1997-98 school year, Channel One correspondents broadcast original news segments from nearly 2 dozen countries around the world. Original interviews have recently included General Colin Powell, Newt Gingrich, Walter Cronkite, Mikhail Gorbachev, and House Speaker Dennis Hastert, who gave his only interview on his first day as Speaker to Channel One.

Channel One coverage focuses on aspects of stories that would be particularly interesting to teenagers. For example, the coverage of the death of Jordan's King Hussein discussed the challenges Hussein faced when he became King as a teenager. The segment was also able to devote time to the history of Jordan, providing educational information to teenagers that helps them put the story in context. This would not be included in the more rushed network newscasts.

Channel One stories also cover positive role models for teenagers. Our story discussed a young man who climbed out of poverty and ended up at the U.S. Naval Academy. Another discussed a high school student who spent the summer doing volunteer work for Mother Theresa.

The philosophy of Channel One is to emphasize facts and in-depth coverage and avoid the sensationalism of much of TV news. TIME magazine reports,

"Perhaps most impressive is Channel One's coverage of world affairs. At a time when the broadcast networks are cutting back on their overseas coverage, Channel One has sent its correspondents to Haiti, Rwanda, Bosnia and other global hot spots. Their stories often run three or four minutes - enormous by network news standards - and have an immediacy young audiences can relate to.

Similarly, in a story entitled "Day v. Night", *Brill's Content Magazine* last fall compared Channel One's coverage of major news events quite favorably to the NBC Nightly News. Among other issues, the article noted Channel One's sensitive treatment of the school shootings in Jonesboro, Ark. Afraid that extensive coverage might produce copycat

shootings, Channel One delayed coverage while it consulted with teachers nationwide. It's coverage then focused on how some students had heard of the shooting plot and failed to report it. The segment encouraged students to look out for signs of danger and report potential trouble. Channel One was also praised for its sensitive handling of the Clinton/Lewinsky story.

Channel One now has a formal cooperative arrangement with ABC News, sharing news coverage and resources. As a result, Channel One reporters have appeared on ABC News broadcasts, and Peter Jennings and Ted Koppel have co-anchored Channel One programs. Channel One has also worked cooperatively on news stories with *Time* magazine, *U.S. News and World Report*, and *USA Weekend*.

Channel One's President of Programming is Andrew Hill, who holds a master's degree in education and was formerly President of CBS Productions. In that capacity, he produced some of the best and most widely proclaimed family programs on television, including *Touched by an Angel*, *Promised Land*, and *Dr. Quinn's, Medicine Woman*. The Channel One staff includes several other former major network news journalists and senior educators.

Channel One provides teachers with guides, calendars, lesson plans, academic resources, and other materials to help them integrate the news program and optional videos into their curriculum. A daily Educator's Guide offers suggestions regarding how to incorporate upcoming news programs and educational videos into teacher's lesson plans. It includes discussion questions relating to the newscast and the videos to promote classroom analysis after the programs are shown.

The Channel One service also includes a website for teachers offering daily lesson plans, academic resources, and discussion groups with other teachers around the country. It also provides analysis and sequencing questions to help develop critical thinking skills, and a daily writing assignment for students so teachers can use the news program to help develop composition skills. Another section helps teachers instruct students regarding vocabulary words used in broadcasts.

Teachers consequently do use the Channel One newscast as a starting off point for classroom discussions and instruction. It is obviously useful in this regard in Current Events and Social Studies classes. But it can also be useful in teaching geography, English, science and math. The educational videos, of course, are directly instructional in almost every subject.

Bruce Hunter, Principal of Washington Middle School in Seattle, Wash. Explains how and why his teachers use Channel One:

"We feel middle-school students don't get enough information about the news...[Channel One] is an opportunity for us to give them that experience each day and use it as an opportunity to discuss current events."

Similarly, Jake Summerall, a teacher at Nazareth Academy in La Grange Park, Ill. writes,

"I teach a Current Events class and let me tell you, my students really enjoy watching the program every morning. Most of our class discussions are based on your cover stories that we watch and learn about every morning. It's a pleasure to view your show and I would like to say, keep up the excellent job that is being done."

From Phoenix City Middle School in Phoenix City, Alabama, teacher Nikki Robertson writes,

My sixth grade Social Studies classes love to watch Channel One every day! The students keep a Channel One journal in which they write about the stories they view on Channel One each day. They also locate, mark, and write the latitude and longitude of locations discussed in Channel One stories each day. Not only do the students get a daily dose of map skills, they also stay current on daily events. I feel that through the use of Channel One in my classroom my students are more prepared for life in the real world.

Cheryl Huddleston, a teacher in Hot Springs High School in Hot Springs, South Dakota also writes, "almost all of your topics have been relevant jumping off points for other discussions in my class."

Catholic schools have found Channel One highly beneficial as well. Monsignor John Jordan of the National Catholic Education Association writes,

"Channel One is a valued part of daily education in 1100 of our Catholic schools. Channel One is viewed daily by thousands of religious

and lay teachers who monitor your programming. The traditional values you espouse are highly consistent with those we teach.

Jordan also writes,

"The Channel One network helps to deliver our training programs to the thousands of teachers in our Catholic secondary and middle schools throughout North America. The Channel One Network, as a medium for this project, has opened up avenues for teachers to receive theology courses via live interactive television. Reaching over 1100 Catholic schools just through Channel One is ...a real gold mine for Catholic schools.

The daily Channel One news show has now won over 200 journalism awards after just 10 years of broadcasts. These include the prestigious George Foster Peabody award, the Edward R. Murrow Responsibility in Television Award, the Faith and Values Award, the Christopher Award, and the Catholic Julian Award. For years, the Armed Forces Radio and Television Service has also broadcast Channel One's daily news show to American personnel stationed in 156 countries around the world, including Germany, Italy, Turkey, Panama, the Azores, Japan, the Philippines, Australia, Korea, Cuba, Iceland, Spain, Greece, the Indian Ocean, and the Marshall Islands.

Some have criticized Channel One for the two minutes of advertising on its daily newscast, which finances the entire service – the news program, the educational videos, and the telecommunications equipment. But every newspaper and magazine used in a classroom contains numerous ads, as does the Internet, now used in schools as well. Ads are also found in student newspapers and yearbooks, at school sporting events, and on educational software.

The Channel One ads are standard network fare that students would generally have seen at home. Indeed, Channel One rejects as inappropriate some ads that are run on national TV. Channel One will not accept ads regarding tobacco products, alcoholic beverages, abortion, contraception, firearms, movies not rated G or PG, politics, prescription drugs, gambling, and others. Over the years, moreover, Channel One has run over \$100 million worth of public service ads free of charge, for such causes as the Partnership for a Drug Free America, the Centers for Disease Control, the American Cancer Society, the Points of Light Foundation, the Center for Gang Violence, Mothers Against Drunk Driving, and the National Center for Missing and Exploited Children.

Most importantly, a study of this advertising issue by researchers at Boston University and Santa Clara University found that students understand that the commercials pay for the educational programs and that the school is not endorsing the products advertised. The students recognize this in regard to Channel One just as they do for ads in newspapers and magazines distributed in class, or in their student and hometown newspapers.

Educators generally seem to reach the same conclusion on this issue as the staff of the Kansas State Board of Education, which found,

American students benefit educationally from well-designed, well produced, and informative daily news programs designed especially for them. Such programming is technologically possible and economically feasible only through commercial marketing. It would be shortsighted to deny this opportunity.

The True Costs of Channel One

Even though Channel One is provided to schools free of charge, Sawicky and Molnar conclude that " The twelve minute Channel One program costs American taxpayers \$1.8 billion annually." This conclusion is completely erroneous. For while the authors prove adept at arithmetic, the data they have worked with have nothing to do with costs incurred by or for Channel One.

Sawicky and Molnar start with data on each state's current annual expenditures for all public elementary and secondary schools. They then use data on average daily school attendance in each state to calculate an average annual expenditure per student. Then using data on the average length of a school day in each state, they determine what proportion of school time each day and then each year is used by Channel One's daily 12 minute newscast. They then multiply this proportion by the average annual education expenditure per student in each state to determine a cost per student in each state for Channel One.

From this data, they then calculate a national average annual cost per student for Channel One of \$229. They then multiply this by an estimate of the total number of public school students that view Channel One daily to reach a total annual public school cost for Channel One of \$1.8 billion.

What Sawicky and Molnar have calculated is the proportion of total annual expenditures for the public schools that use Channel One equal to the proportion of annual class time in those schools represented by Channel One's daily 12 minute newscast. This is a completely meaningless statistic. To say that it reflects the costs to taxpayers of Channel One is thoroughly fallacious as a matter of basic economics.

The costs that Sawicky and Molnar calculate are not variable or marginal costs incurred for or because of Channel One. They are fixed costs independent of Channel One that the schools have decided to incur whether or not they subscribe to Channel One. In other words, the costs that Sawicky and Molnar identify have nothing to do with Channel One. They are costs for teacher and administrator salaries, school supplies, books, and general school operations.

A valid economic analysis of the costs to schools of Channel One would focus on the variable or marginal costs for the school created by Channel One, not the fixed, general, aggregate costs the school will incur regardless of whether it subsidizes Channel One. The variable or marginal costs to schools for Channel One are zero. Again, Channel One charges schools no fee for its service. It also pays for, installs, and maintains all the necessary equipment to receive Channel One broadcasts. The school have to incur no new costs to accommodate or receive Channel One. Therefore, the true economic cost to taxpayers of Channel One is zero.

The same analysis applies to the 2 minutes of advertising on each 12 minute Channel One newscast. Sawicky and Molnar calculate that this portion of the newscast costs taxpayers \$300 million each year out of the supposed total \$1.8 billion Channel One cost. They determine this by just multiplying the supposed \$18 billion total cost by the proportion of Channel One's 12 minute broadcast devoted to commercials - one-sixth.

But this \$300 million is just again the fixed costs of general school operations independent of Channel One, not any marginal or variable costs incurred as a result of Channel One. School across the country are not spending \$300 million per year as a result of Channel One commercials. The marginal or variable costs to schools for Channel One commercials is again zero.

Sawicky and Molnar try to argue for their analysis by saying that time is money. But this nonanalytical slogan does not justify the economic fallacy of counting the general fixed costs of school operations

independent of Channel One as the costs of Channel One. As a matter of economic analysis, the costs of Channel One to schools are the marginal or variable costs schools have to bear as a result of Channel One. As shown above, these costs to the school are zero. Therefore, the true economic cost to schools of Channel One is zero. To tell the public that costs for teacher and principal salaries, school supplies, books, and other general school operations incurred independently of Channel One are somehow the costs of Channel One is quite simply misleading propaganda.

If it could be shown that the Channel One broadcast has no educational value and is a complete waste of time, then the numbers that Sawicky and Molnar calculate could be considered a rough approximation of the economic value of that lost time. But Sawicky and Molnar expressly disavow any effort to make this argument, saying at the outset "appraising the educational value of Channel One is beyond the scope of this analysis" and later "We make no judgment on the educational value of Channel One."

Indeed, any such argument would be foolhardy, for the considerable evidence discussed above regarding the educational value of Channel One just scratches the surface of the available evidence. The 2 minutes of daily ads in the newscast have inspired some ideological opposition to Channel One on the grounds that it "commercializes" education. But no credible, qualified source raises any serious doubt that Channel One offers at least as much educational value as any other educational materials that might be used during those 12 minutes each day.

In fact, the real market evidence we have as to the educational value of Channel One is that 12,000 schools, with 400,000 teachers, representing about 40% of all secondary schools, have decided that the educational value of Channel One is well worth the 12 minutes of time each day devoted to it. In other words, a large and still growing number of the people who are in charge in the schools of deciding what has educational value have concluded that the educational value of Channel One warrants the time devoted to its use. To argue that Channel One has no educational value, Sawicky and Molnar would have to substitute their judgment for the judgment of all these professionals employed for their very expertise in making such decisions. There is no sound basis, as a matter of economics or otherwise, for such a substitution of judgment.

Might the 2 minutes of advertising included in the Channel One newscast at least be considered as lacking any educational value? These 2 minutes are an integral part of the Channel One service; indeed, they are the key part that finances everything else. They cannot be separated from the rest of the service and considered in isolation. The question that educators must consider is whether the educational value of the Channel One service is worth the 12 minutes each day devoted to the newscast as a whole. A huge and increasing number of professional educators employed to make precisely that decision are saying yes.

The two minutes of advertising on the Channel One newscast are analogous to the ads in newspapers and magazines that might be used in class, or the ads seen on the Internet or on educational software, or the credits on educational films. Students utilizing these resources may spend some time reading the ads or credits. But educators consider the time so spent to be de minimis, and to not deprive the materials overall of sufficient educational value for the time devoted to them. The same point applies to Channel One.

Indeed, any private news source must include some advertisements in order to pay the bills. To say that all such ads are to be banned from schools as not educational would amount to a ban on all private news sources in schools, as well as all student newspapers. The only source of news broadcasts or materials in classes would then be the government. This would not be desirable in a free, pluralistic, democratic society.

The True Benefits of Channel One

While Channel One involves no actual costs for taxpayers, it provides them with several clear benefits. First is the 12 minute daily newscast itself. As the discussion above indicates, this newscast has substantial educational value. Teachers use the newscast to teach current events and social studies, as well as economics, history, geography, and vocabulary. A large and growing proportion of professional educators charged with deciding what has educational value has determined that Channel One is well worthwhile. The newscast has won over 200 awards for its content, which is developed by top media professionals with network experience. While it is hard to put a number on the educational value of Channel One, that value is clearly substantial. It would cost schools across the country close to \$15 million to replicate the daily news show. And that cost would not measure the full value of the programming to students.

Yet, while Sawicky and Molnar repeatedly state that they make no judgment or appraisal of Channel One's value, in a discussion of the costs and benefits of Channel One, they assert that "the logical market value of Channel One's programming is zero." Their discussion, then, credits no value to the Channel One newscast.

The authors reach this intellectual dead end by arguing that an alternative to Channel One is offered to schools by CNN: Newsroom-World View. Since this alternative is offered at no charge to schools, the authors conclude that the market value of the newscast provided by Channel One is zero. They conclude from this reasoning that there is no value of the Channel One newscast to weigh against their alleged costs of the program.

On this fallacious excuse for economic reasoning, there would be no value to the CNN newscast as well. Consequently, there would be no reason for schools to ever broadcast either news program. Indeed, on this reasoning, the "logical market value" of all cable and satellite TV services to homes would be zero, since a free alternative is available – the standard, over-the-air, broadcast networks and local TV stations. If Sawicky and Molnar had been advising Ted Turner, he would never have started CNN.

Moreover, the CNN newsfeed is not at all comparable to Channel One. CNN just splices together segments of its standard, daily, adult broadcast. It does not involve original programming designed to interest and inform teens. Nor does it involve accompanying materials to integrate the broadcast into the curriculum and assist in using it to educate, as Channel One does. It also, by the way, amounts to an advertisement for CNN, and is part of the company's marketing strategy.

A thought experiment will clarify the issue quite succinctly. Suppose Alex Molnar offered to play first base for the St. Louis Cardinals for free next season. Would that mean that the "logical market value" of Mark McGwire as a baseball player would fall to zero?

Another major benefit of Channel One is the several hours per week, amounting to 250 hours per year, of free educational videos that Channel One subscribers can choose to receive from Channel One. These are purely educational videos covering a wide range of subjects. If a school were to purchase the 400 different videos Channel One offers each year, it would cost roughly \$36,000. Alex Molnar's own school, the University of Wisconsin, in fact spends thousands of

taxpayer dollars each year buying many of the same videos Channel One offers for free, or videos from the same educational service and catalog that supplies Channel One. Over the 12,000 schools using Channel One, the yearly value of these videos would be over \$400 million. For just the public schools using Channel One the value would be \$360 million. Sawicky and Molnar completely ignore these educational videos in their study, and consequently, their analysis is incomplete and inadequate.

Finally, Channel One provides each school free of charge a full telecommunications network, including satellite dish, addressable receiver, TV monitors for each classroom, VCRs, internal wiring, and all necessary maintenance. Apart from the daily 12 minute Channel One program, this network is then fully available to the school for whatever use it chooses. Thousands of schools have taken advantage of the system to create in-house journalism programs. The market value of this telecommunications network is about \$25,000. For the 12,000 schools that use Channel One, the total value of these systems is \$300 million. For the public schools alone, the value is \$250 million. Indeed, schools could not get this equipment and maintain it as inexpensively as Channel One, with its bulk buying and developed maintenance expertise. The CNN service touted by Sawicky and Molnar, by the way, provides no equipment to schools.

Sawicky and Molnar insist that an economic analysis must consider only the rental value of this equipment. But that would not change the analysis in any significant way. The present discounted value of proper rental charges will just equal the market purchase price anyway. Providing and maintaining the entire telecommunications network for free is a major benefit whether considering the purchase price or economically equivalent rental price of the equipment.

Consequently, while Channel One is provided at no cost to schools or taxpayers, it provides them with several major benefits. These benefits overall are worth at least \$425 million for the public schools alone, providing a large savings for taxpayers. Channel One is quite simply a brilliant market innovation that greatly benefits schools, students, and taxpayers. Indeed, where schools are not using Channel One, taxpayers should question them as to why they are not taking advantage of this market windfall.

Conclusion

The true cost of Channel One to taxpayers is zero. Sawicky and Molnar's cost estimate is thoroughly in error because it attributes independent costs of school operations, such as teacher salaries, administration, school supplies, etc, to Channel One, even though those costs are not incurred to accommodate Channel One and would be incurred regardless of whether the school subscribes to Channel One. That is not valid economic analysis.

While Channel One imposes no costs on taxpayers, it offers important benefits for taxpayers, students, and schools. It provides an original, daily, newscast that aids in the education of students on a broad range of topics. It provides a wide array of free educational videos that are heavily used as well. And it provides each school with a free telecommunications network that it can use as it chooses apart from the Channel One broadcast. The total value to the public schools alone of these benefits is at least \$425 million.

As a result, Channel One is so beneficial that taxpayers whose school are not using it should question them as to why they are losing out on the windfall benefits from this major market innovation.

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The Washington Times

March 31, 2000, Friday, Final Edition

SECTION: PART A; COMMENTARY; OP-ED; Pg. A21

LENGTH: 829 words

HEADLINE: **Marvin Runyon.com;**
Former postmaster general makes a killing

BYLINE: Grover Norquist

BODY:

On the Internet, being first to market with a recognizable product name or service - or simply an idea - can mean instant riches. This creates a unique conflict of interest for regulatory officials who sometimes decide who gets this vital first-mover advantage, or in some instances, go private themselves and move to the head of the line.

Take the case of former Postmaster General **Marvin Runyon**, who oversaw the regulatory process for online postage. Mr. Runyon decided which companies could bring products to market, and then conveniently dealt himself stock options worth a cool \$3.8 million after leaving the U.S. Postal Service to become a director of Stamps.com.

The instant wealth of public officials who become dot-com millionaires should alarm taxpayers. We rejoice in the success of true entrepreneurs who legally and honorably apply skills and name recognition gained in public service to make their fortunes. But the possibility of self-dealing privatizations as the Internet economy forces independent government agencies and public corporations to undertake radical changes could mean that taxpayers - who capitalized these agencies and are effectively the shareholders - could get the short end of the stick.

In Russia, politically appointed officials have all too often looted formerly state-run corporations denying these enterprises both the capital and the responsible executive leadership they need to remake themselves. Most Americans believe such a thing could never happen here. They are wrong.

The U.S. Postal Service (USPS) is first and foremost among public corporations that must evolve to exist in a world where e-mail and electronic payments are essential tools of business. Under Mr. Runyon, the USPS was cleaned up but was not radically restructured.

The USPS has a labor problem. It cannot survive without ongoing taxpayer subsidies, both direct and indirect, unless it finds some way to reduce the labor subsidies that represent some 75 to 80 percent of its cost structure. It must streamline the antiquated work rules that constrict it. It must realign itself to handle the flood of new delivery tasks that are supplanting, though by no means eliminating, traditional first-class mail. In short, the USPS must become more like a business.

This transition is unlikely to occur while the USPS remains a quasi-governmental enterprise that regulates and competes with private companies offering delivery-related e-commerce services. The case of Mr. Runyon and Stamps.com is an unseemly, even if currently legal, example of the treacherous conflicts of interest inherent in regulating the e-world.

More worrisome, though, are plans the USPS is quietly floating to move into competitive e-

commerce and electronic payment services through a private subsidiary, which it would own and could eventually float, on the IPO market. Real privatization of the USPS is a good thing. But a Runyon-style privatization in which managers walk off with valuable properties and the unreformed company becomes a moribund wreck without the means to revive itself would be a disaster. Taxpayers, consumers, and the public have too much at stake to let this happen.

The recently announced postal rate increase is a scandal in itself and one more case of how the USPS wishes to have its cake and eat it, too when market forces are concerned. Calculations by economist Thomas Dueterberg show that the price of a first-class stamp has quadrupled in nominal terms (a-real increase of about 10 percent) since 1970 while the cost of other communications technologies has plummeted.

To the extent technology has improved efficiency at the USPS, a study by Professor Rick Geddes of Fordham University and the Hoover Institution shows that due to lack of competition, economic gains have been retained within the USPS in the form of higher wages and benefits rather than passed on as savings to the consumer.

If the Postal Service is ever to become a dot-com company, exposure to competition without special privileges should be one of the ground rules. Another should be that postal privatization does not mean wealth for managers and political insiders while postal workers performing an essential service remain wards of the state.

Postal reform legislation now in Congress makes good headway on the problem of USPS competition with the private sector. It also explains what a private law corporation owned by the USPS should look like and what protections must be in place for the taxpayer. Taxpayers should give these reforms two cheers but keep close scrutiny on the process. Over the years, taxpayers have invested countless billions in the USPS. They must not permit this investment to be undercut by a dot-com offering that leverages the USPS name but leaves the underlying reality unchanged.

Grover **Norquist** is president of Americans for Tax Reform and a member of the Advisory Commission on Electronic Commerce.

GRAPHIC: Illustration, NO CAPTION

LOAD-DATE: March 31, 2000

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Copyright 2000 News World Communications, Inc.
The Washington Times

July 25, 2000, Tuesday, Final Edition

SECTION: PART A; COMMENTARY; Pg. A14

LENGTH: 783 words

HEADLINE: Harry Potter goes postal

BYLINE: Grover Norquist

BODY:

The nation is delirious with **Harry Potter** fever. Hundreds of thousands of kids are eagerly awaiting the mail delivery that will bring them their precious copy of the fourth installment of young Harry's adventures.

Little do these young readers suspect there's a far greater evil lurking without the book than within its pages. Because if the United States Postal Service has its way, these same kids will be hit with a 15 percent reader tax in time for **Harry Potter V**.

While most of Washington is basking in the aura of budget surplus and discussing tax cuts, the USPS has quietly proposed a 20 percent rate increase on books, 15 percent on magazines and 12 percent on rural newspapers delivered by mail. The \$300 million magazine rate increase alone is threefold the inflation rate and double what is needed to cover costs. This periodical rate increase is nothing more than a reader tax only **Harry Potter's** arch-enemy Voldemort could love.

The pretzel logic of this proposal defies even the magic practiced at Hogwart's wizard school. At a time when our educational system is struggling to turn out a generation of literate students, books like the **Harry Potter** series have inspired millions of kids to read. Magazine publishers offer schools special editions of newsmagazines to help those eager readers learn about the world. Both political parties pledge themselves to improve the reading scores of our kids.

Postmaster General William Henderson proposes to do his part by taxing them.

Any other tax proposed in Washington today that would affect 166 million Americans - that's how many people go to their mailbox each year looking for one of the more than 6,000 magazines published in the U.S. - would die a quick death in a Congress that is busy slaying the dual dragons of the death tax and the marriage penalty.

Alas, Postal rate increases don't have to be approved by lawmakers. The Postal Service, a government-protected monopoly, must propose new rates to the Postal Rate Commission, an independent five-member panel, which engages in a 10-month decision process. Yet in the end USPS management can ignore the commission's decision, raise rates as it pleases, and face no market competition to prevent the levy of a reader tax.

Congress should insist that Henderson recant the evil spell that is his rate-increase request.

How nasty is this spell? In it, the USPS has simply ignored a two-year effort by magazine publishers, jointly with the Post Office, to find more efficient ways to handle periodical mail. The study that resulted identified more than \$150 million in savings from better USPS organization, automation, facility location and transportation management. That is half the

proposed \$300 million increase - meaning the real need of USPS is for a rate increase of only 7.5 percent.

Mr. Henderson proposed this double-digit reader tax even though, at an October 1999 American Magazine Conference, he had pledged that any rate increase for magazines would be in the single digits.

One wonders how Mr. Henderson continues to defend this rate increase even though the Postal Rate Commission has demanded USPS management explain the runaway costs that have plagued this government-sponsored monopoly. (This is the same postmaster general who, at the Postal Forum in Nashville on March 20, declared that "we have to bring our internal cost structure down and restrain prices" at the Post Office.)

This double-digit reader tax proposal stands some two months after Mr. Henderson told a House subcommittee that the study's cost savings amounted to more than \$150 million and only a single-digit increase was needed to break even. Voldemort - sorry, Mr. Henderson - told the Senate just last week that "When we saw those cost studies we began working with the Magazine Publishers to try to identify strategies to reduce costs. And we think we've been successful with about \$150 million identified."

Perhaps this \$150 million is so hard to subtract from the rate increase because it has been affected by some sort of inadvertently cast invisibility spell. It happens.

Even Muggles (non-wizards, in **Harry Potter** land) don't need special powers to see that taxpayers are getting the short end of the broomstick. Congress should say a loud no on this horrible reader tax. Our lawmakers should tell Mr. Henderson and the Postal Service to implement the \$150 million in savings identified in the joint survey and cut the proposed rate increases in half. Because what this country's readers need is a lot less Voldemort and a lot more **Harry Potter**.

Grover G. **Norquist** is president of Americans for Tax Reform.

GRAPHIC: Cartoon, SO DON'T GO "POSTAL" ON US, OK?, By Mike Shelton/The Orange County Register (2000)

LOAD-DATE: July 25, 2000

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Tuesday, March 28, 2006, at 2:48 PM ET

Ridenour, one month later, reporting back to Abramoff and company on a letter s wrote to the editor of *Insight* magazine defending labor practices in the Marianas.

-----Original Message-----
 From: Amy Eidson
 Sent: Friday, April 14, 1999 12:16 PM
 To: Abramoff, Jack (DC); Fitzsimla, Patrick (DC); Stephens, Dennis (DC); Yarnall, Shawn (DC)
 Subject: Letter to Insight on the CHNI

FFF, the text of a letter I sent to *Insight* today at Shawn's and Dennis's request. Shawn will get a copy on letterhead just as soon as the *Printed* *Pages* fax machine answers. The letter is as long as I dared to make it, considering that they only allow one page for all of each issue's letters.

I'm sorry I did not use your draft, Shawn. I got your fax and wrote my letter before I read your e-mail with the draft in it. Your letter was extremely well done, however, so I hope you will give it to someone else to sign. I did want to use your draft because I couldn't help myself, but I re-phrased it so your draft could still be used by someone else.

Amy

April 16, 1999

Letters to the Editor
Insight
2600 New York Avenue, NE
Washington, D.C. 20002

Dear Editor:

It's not often that I've run across trade union and Clinton Administration propaganda in your pages, but your "Clotheshorse of a Communist Color" (February 15) about the U.S. Commonwealth of the Northern Mariana Islands (CNMI) certainly fit the bill.

The Administration's not-so-subtle goal is to force the CNMI garment factories to close by mandating wage rates that are out of line for that region. They hope that jobs lost in this U.S. possession will then be transferred to the mainland, where the workers can be unionized.

I spent a week in the CNMI investigating the charges you make. What you called "crude barracks" for workers, I saw as the equivalent of a U.S. dorm room. U.S. federal government inspectors told us that conditions for workers had dramatically improved on the island in past years, and expressed more concern about employment problems faced by domestic than garment workers. CNMI reported that garment factories on the mainland have twice as many violations per inspection (5.7) as do CNMI garment factories (2.1). Even your anecdote about garment factories having barbed wire fences rings hollow. Many U.S. government facilities are surrounded by barbed wire, yet the U.S. government does not, as a rule, abuse its employees.

Sincerely yours,

Amy Ridenour
President

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*Timothy Noah is a senior writer at **Slate**.*

*Photograph of Jack Abramoff on the **Slate** home page by Carlo Allegri/Getty Images*

Slate

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Amy Ridenour, Abramoff fellow.
posted March 28, 2006
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Tuesday, March 28, 2006, at 2:48 PM ET

Ridenour reporting back to Abramoff and company 12 days later about a news release her think tank is about to release defending labor practices in the Marianas.

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-----Original Message-----
 From: Amy Ridenour
 Sent: Wednesday, April 26, 1999 1:31 PM
 To: Stephens, Dennis (DC); Abramoff, Jack (DC)
 Subject: FBI Copy of CMI 4/29/99 press release

Dennis and Jack:

FBI, this is a copy of the news release. It will be released to the media via US Newswire tomorrow morning, will be circulated to part of our usual media list and it will be distributed at the press conference. I will mail you some paper copies to Dennis's attention in case you want ~~to~~ ~~send~~ ~~for~~ the ~~link~~ or circulation anywhere else.

Amy



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May 13, 2000, Saturday

SECTION: COMMENTARY

KR-ACC-NO: K7389

LENGTH: 875 words

HEADLINE: Postal Service's exorbitant price increases may stamp cancel on your favorite magazine

BYLINE: By Amy Ridenour

BODY:

WASHINGTON _ Americans are in agreement on one point: Gasoline prices, which recently hit record levels, are too high.

But we do have something to be grateful for: Over the last four decades at least, gasoline prices haven't risen as much as U.S. postage.

Back in 1962, a first-class stamp was four cents. Today it is 33 cents, and the Postal Service has asked the Postal Rate Commission to raise the price by another penny.

What's worse, over a hundred million Americans could be hit even harder by a postage rate increase three to five times higher than the 3 percent increase the post office is seeking for first-class mail.

The Postal Service has asked the Postal Rate Commission to increase postage rates for delivery of magazines and newspapers by 10 percent to 15 percent.

The 166 million Americans who subscribe to magazines will be hit hardest by this. They'll have to eat these costs via subscription rate increases. If they don't, and in some cases, they won't, some magazines will cease to exist. A price increase of this magnitude will cut down on magazine options for consumers.

Newspapers that rely on mail delivery will also be hard-hit. A price increase up to 15 percent isn't necessary. Even Postmaster General William Henderson agrees it is not.

Why has such a draconian postal rate increase _ three times the inflation rate _ been proposed by the Postal Service?

According to law, the Post Office must charge rates for each class of mail _ such as first class, magazines, books, newspapers and non-profit bulk _ that are sufficient to cover the cost of delivering them.

Throughout 1998 and 1999, a joint two-year U.S. Postal Service/Magazine Publishers of America task force identified ways to cut the Post Office's costs in delivering magazines by approximately \$150 million.

If the Post Office adopted these measures, the postal rate increase needed to cover costs for magazine delivery would have to be only 7.5 percent, not 15 percent. For the many

periodicals struggling with profitability, and many Americans, this is a major price difference.

Postmaster General Henderson has indicated that he agrees, in general, with this assessment. In an October speech, Henderson said magazine postage rate increases could be kept below 10 percent, in part because of cost savings.

Nevertheless, on January 12, the Postal Service asked the Postal Rate Commission to approve up to a 15 percent rate increase in magazine postage. The potential cost savings identified by the task force simply weren't taken into account.

Why not? One theory is that Postal Service management simply hasn't gotten around to it. Publishers have asked why not, only to be told that Postal Service management does intend to address the issue before any final decision is made.

But with the very survival of some publications in jeopardy if the 15 percent price increase is approved, and circulation numbers at risk for all publications, publishers are worried.

Some wonder why the Postal Service management didn't consider the cost savings issue before proposing such a sharp postage rate increase in January, especially since the Postmaster General publicly approved of the notion as early as October. The Post Office has every incentive to keep prices low by passing on cost savings.

The Internet is proving to be a formidable competitor. So much so, in fact, that postal officials are predicting that, despite the growing economy and population, the volume of first class mail will decline in 2003 and every year thereafter.

It is in the Postal Service's interest to make certain publishers aren't driven out of business or even suffer lower circulation rates. The Post Office needs this business, and doesn't want traditional publishers to start looking for alternative delivery methods. No one argues against the Postal Service charging publishers every penny it needs to recover costs of delivery. But it shouldn't charge a penny more. Periodicals serve an important civic and educational function in our society.

A December 1999 survey of seniors at 55 top colleges found that only a little more than half know general information about democracy and the U.S. Constitution.

These kids are voters, or soon could be. Clearly, many could benefit from more exposure to magazines, newspapers and books. The Postal Service should take this into account and request only what it needs _ a single-digit rate increase _ for delivery of periodicals.

But even if it doesn't, the independent Postal Rate Commission, which is currently reviewing the Postal Service's rate request, should refuse to approve any double-digit price hike.

ABOUT THE WRITER

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PHOTO of Amy Ridenour available from KRT Direct.

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June 25, 2006 Sunday

Correction Appended

Final Edition

SECTION: A Section; A01**LENGTH:** 2120 words**HEADLINE:** Nonprofit Groups Funneled Money For Abramoff;
Funds Flowed to Lobbying Campaigns**BYLINE:** Susan **Schmidt** and James V. **Grimaldi**, Washington Post Staff Writers**BODY:**

Newly released documents in the Jack Abramoff investigation shed light on how the lobbyist secretly routed his clients' funds through tax-exempt organizations with the acquiescence of those in charge, including prominent conservative activist Grover **Norquist**.

The federal probe has brought a string of bribery-related charges and plea deals. The possible misuse of tax-exempt groups is also receiving investigators' attention, sources familiar with the matter said.

Among the organizations used by Abramoff was **Norquist's** Americans for Tax Reform. According to an investigative report on Abramoff's lobbying released last week by the Senate Indian Affairs Committee, Americans for Tax Reform served as a "conduit" for funds that flowed from Abramoff's clients to surreptitiously finance grass-roots lobbying campaigns. As the money passed through, **Norquist's** organization kept a small cut, e-mails show.

A second group **Norquist** was involved with, the Council of Republicans for Environmental Advocacy, received about \$500,000 in Abramoff client funds; the council's president has told Senate investigators that Abramoff often asked her to lobby a senior Interior Department official on his behalf. The committee report said the Justice Department should further investigate the organization's dealings with the department and its former deputy secretary, J. Steven Griles.

Norquist has long been an architect of tax-cutting policies and political strategies that have boosted the Republican Party. He and Abramoff have been close since their days as young conservative leaders of the College Republicans more than two decades ago.

The Senate committee report also details Abramoff's dealings with two others from the College Republicans crowd: Ralph Reed, former Christian Coalition executive director; and Amy Moritz Ridenour, president of the National Center for Public Policy Research, which sponsored a golf trip in 2000 to Scotland for then-Rep. Tom DeLay (R-Tex.).

"Call Ralph re Grover doing pass through," Abramoff wrote in a stark e-mail reminder to

himself in 1999, a year in which **Norquist** moved more than \$1 million in Abramoff client money to Reed and Christian anti-gambling groups. Reed was working to defeat lotteries and casinos that would have competed with Abramoff's tribal and Internet gambling clients.

In a recent interview at The Washington Post, **Norquist** said that Americans for Tax Reform and Abramoff's gambling clients worked together because they shared anti-tax, anti-regulatory views. He denied that Americans for Tax Reform was used to conceal the source of funds sent to Reed.

Reed reiterated in a statement last week that he did not know the money he received originated as the proceeds of gambling at Indian casinos.

Ridenour, appearing before the Indian Affairs Committee last year, acknowledged that her organization had accepted grants lined up by Abramoff and disbursed funds at his suggestion. She insisted that she told Abramoff that the National Center for Public Policy Research would be willing to finance only programs consistent with the group's tax-exempt purpose, listed in tax records as "nonpartisan analysis, study and research."

But dozens of e-mails show that Abramoff and his team considered the national center and other tax-exempt groups a ready resource in their efforts to influence Congress.

In one instance, Abramoff's team wanted to send two lawmakers on a trip to the Mississippi Choctaw reservation in 2001, but one congressman's office had concerns about accepting such a trip from a gaming tribe.

"How about getting National Center for Public Policy Research to sponsor the trip?" Abramoff suggested. "Works for me," replied a lobbying colleague.

E-mails suggest Ridenour was well aware that Abramoff viewed her organization as a convenient pass-through.

In September 2002, Abramoff suggested to one of his associates placing \$500,000 in client funds with the national center because the group "can direct money at our discretion, anywhere if you know what I mean."

The same morning Abramoff messaged Ridenour: "I might have \$500K for you to run through NCPPR. Is this still something you want to do?" Ridenour was enthusiastic: "Yes, we would love to do it."

Ridenour did not respond to requests for comment on the Senate committee report or the e-mails released with it.

Earlier this year, after Abramoff pleaded guilty to conspiring to ply lawmakers with gifts in exchange for favors, IRS Commissioner Mark W. Everson said, "One of the most disturbing elements of this whole sordid story is the blatant misuse of charities in a scheme to peddle political influence."

Tax experts said it is impermissible for a tax-exempt organization to act as a pass-through for money destined for private business purposes.

"It's not a tax-exempt activity to act as a bag man for Jack Abramoff," said Marcus S. Owens, a tax lawyer at Caplin & Drysdale and a former Internal Revenue Service official.

Norquist's relationship with Abramoff's gambling clients began in 1995 when Congress was considering taxing tribal casinos.

Abramoff, then a newly registered lobbyist with Preston Gates & Ellis, e-mailed a colleague that **Norquist** was willing to fight a tax opposed by another of his clients -- a beverage company -- if the firm became "a major player with ATR." Abramoff suggested the firm donate \$50,000 to the group.

"What is most important however is that this matter is kept discreet," Abramoff said in an e-mail on Oct. 24, 1995. "We do not want the opponents to think that we are trying to buy the taxpayer movement." He promised that **Norquist** would be "very active" on the issue.

The following year, according to the Senate committee report, the Choctaw tribe donated \$60,000 to Americans for Tax Reform to oppose a tax on Indian casinos. By 1999, ATR was getting large sums of Choctaw money. "What is the status of the Choctaw stuff?" **Norquist** asked Abramoff in an e-mail that May. "I have a 75g hole in my budget from last year. ouch."

All told in 1999, the Choctaws gave Americans for Tax Reform \$1.15 million, most of which ATR passed on to Reed's for-profit political consulting company, Century Strategies, and Christian anti-gambling groups working to defeat a state lottery in Alabama.

Norquist said in The Post interview that the Choctaw tribe originally wanted ATR to direct the anti-lottery campaign, but his organization decided that it would be better to assist Christian groups already fighting the lottery.

"When we looked at it, we said they have an actual ongoing effort, we don't need to run it and [could instead] just contribute there, which was a continuation of the previous coalition," **Norquist** said. "They said fine."

But Choctaw representative Nell Rogers told Senate Indian Affairs Committee investigators that ATR "was not involved and was not considering getting involved in any efforts the Choctaw ultimately paid Reed and others to oppose," the committee reported. "Rogers told the committee staff that she understood from Abramoff that ATR was willing to serve as a conduit, provided it received a fee," the report said.

Rogers said the tribe had a long relationship with Americans for Tax Reform and assumed that the fee "would simply be used to support the overall activity of ATR."

Abramoff, however, grew annoyed at the amount that **Norquist** took off the top before sending the money on, e-mails show. "Grover kept another \$25 k!" Abramoff wrote in a February 2000 note to himself.

John Kartch, a spokesman for Americans for Tax Reform, said Friday that the group was not involved in Abramoff's lobbying business. The Choctaw tribe, he said, "was a longtime supporter of ATR. They had no business dealings with Grover **Norquist**, nor did Jack Abramoff."

E-mails show that Abramoff also moved client money through a conservative Jewish foundation called Toward Tradition, run by longtime Abramoff friend Rabbi Daniel Lapin. In January 2000, when Reed sent Abramoff an \$867,000 invoice to be billed to a Choctaw official, Abramoff responded: "Ok, thanks. Please get me the groups we are using, since I want to give this to her all at once." Reed responded: "Amy, Grover, Lapin and one other I will get you."

Abramoff tapped the same cluster of tax-exempt groups in 2000 to help defeat legislation to ban gambling on the Internet. Abramoff's client, an online gambling services company called

eLottery, donated money to ATR, the policy research center and Toward Tradition.

In May 2000, just before a key vote on the anti-gambling bill, the research center paid for the Scotland trip for then-House Majority Whip DeLay. Toward Tradition hired the wife of DeLay aide Tony C. Rudy, who later pleaded guilty to conspiring to corrupt public officials, saying his wife was paid in exchange for his official actions. Lapin has said his hiring of Lisa Rudy was not connected to any eLottery donations.

Americans for Tax Reform received \$160,000 from eLottery, and **Norquist** immediately sent most of the money to a state nonprofit group, which in turn sent the money to another Ralph Reed company to fund attack ads on Republicans who supported the gambling ban.

In the interview, **Norquist** denied that the purpose of the transfer was to hide the money's origin.

"Someone from eLottery talked to me or somebody on our staff and said, 'Will you help us with this campaign?' and we said, 'We're certainly supportive of it,' and they gave us resources and asked if we would contribute to the state group," **Norquist** said.

Norquist said he could not remember if he knew at the time that eLottery was an Abramoff client, but he said it would not have made any difference.

As far back as 1996, Abramoff was using Ridenour's National Center for Public Policy Research to hide the source of funding for trips and other ventures intended to boost the interests of his lobbying clients, e-mails show.

Douglas Bandow, a think-tank scholar and former Copley News Service columnist, received \$10,000 that year from Abramoff clients through the center, according to an Abramoff e-mail. Bandow has acknowledged that he accepted money from Abramoff in exchange for writing articles supporting the lobbyist's clients in the 1990s.

Abramoff used the center to hide his sponsorship of an all-expenses-paid trip in 2000 for three congressional staffers to the Northern Mariana Islands that now figures in the investigation. The trip is listed as an illicit activity in the plea agreements of Abramoff and three associates.

The congressional staffers on the Marianas trip worked on the campaign of a Marianas politician who pushed through a \$100,000-a-month government lobbying contract for Abramoff.

Abramoff e-mailed instructions to his assistant, Susan Ralston, and others to conceal the true source of funding for the "very important" trip. "The tickets should not in any way say my name or our firm's name," Abramoff wrote. "They should, if possible, say 'National Center for Public Policy Research.' We should pay using my Visa."

Ridenour readily agreed to help, e-mails show. A Marianas client wired about \$25,000 to the center's bank account. Abramoff instructed Ridenour to write checks to cover the travel costs of the congressional staffers and Edwin A. Buckham, a former DeLay top aide and lobbyist.

"We'll call the bank first thing in the a.m. and confirm that the money has arrived, and then I will get checks out to you and Ed," Ridenour wrote.

"Yes, we should get invoices for these. This is not only good for us, but if the IRS should later inquire, it is proof for you and Ed that you do not owe income tax on this money. The

invoices need not be fancy. Thanks, Amy."

Last year, Ridenour told the Senate committee that she thought the DeLay trip she agreed to sponsor in 2000 was "an educational trip" to Britain, not a golfing junket to Scotland. "The trip I believed I was approving -- and indeed the trip that I invited the member of Congress on . . . was simply to be a trip to London, meet with some members of Parliament and fly home," she said.

By this time, Abramoff was routinely juggling money among various groups. Months after the Scotland trip, Buckham complained to Abramoff that he was still awaiting reimbursement for costs incurred on the trip by DeLay and DeLay's chief of staff, Susan Hirschmann.

"Jack, I hate to bother you on this note, but I am still carrying the DeLay/Hirschmann etc. bills on my American Express Sign and Travel and the interest keeps adding up. Any hope on reimbursement by Amy's group?"

Abramoff replied: "Sorry about this Ed. How much is it again? Would it be alright to get the payment from somewhere other than Amy's group?"

CORRECTION-DATE: July 3, 2006

CORRECTION:

A June 25 article about the Senate Indian Affairs Committee report on the Jack Abramoff lobbying scandal paraphrased the report as saying the Justice Department should further investigate a nonprofit group's dealings with the Interior Department and its former deputy secretary, J. Steven Griles. The sentence in the report containing the committee's recommendation did not mention the Justice Department or name Griles. The committee said that "additional inquiry" by "appropriate authorities appears warranted" into the "veracity" of testimony from Italia Federici, the head of the nonprofit group. Her testimony included discussions of her relationship with Abramoff, his tribal clients and Griles.

LOAD-DATE: June 25, 2006

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Commentary

From CAGW Staff

Mailman's Monopoly

By Leslie K. Paige

Over the last seven years, the Clinton administration has demonstrated a prodigious appetite for battling perceived monopolies. The most prominent example of this lust for antitrust is the litigation against Microsoft, the primary result of which appears to be an extremely jittery stock market. But the government maintains its own monopolies and has always guarded them zealously. Take the U.S. Postal Service (USPS), whose government-guaranteed monopoly abuses have only become more pronounced in recent years.

The USPS is a heavily subsidized quasi-government agency. It is exempt from paying state and local taxes, permitted to borrow money at discounted interest rates, has the right of eminent domain, and the full faith and backing of the U.S. government, benefits valued at more than \$ 1 billion annually. Its monopoly control over letters means a captive rate base that generates about \$ 45 billion a year. Moreover, by law, it doesn't even have to be profitable. USPS is only required to break even yet it has raked in profits of \$5.5 billion over the last five years and implemented a billion dollar rate increase just over a year ago.

In January, the USPS launched another campaign to increase postage rates for all classes of mail. It seeks a one cent boost in the price of a stamp and a 9 to 15 percent increase for second and third-class mailers (newspapers, magazines, catalogues)

A good example of the USPS getting it wrong is the explicit promise by Postmaster General Henderson to hold the postage rate increase for magazines to a single digit. Henderson praises magazines as the anchor of the postal system. But although the Postal Service identified (with the help of industry after a two-year study) at least \$150 million in cost savings, these have not been implemented and are not reflected in the proposed increase!

In order to cover costs in an age of possibly shrinking mail volume due to the rise in electronic communicating, postal officials argue that they must raise prices for those whose mail must still be delivered in hard copy. That's exactly backwards. In order to keep letter carriers' mailbags full the Postal Service ought to be looking for ways to reduce costs and increase efficiencies, pass those savings onto consumers in the form of reduced rates, thus making the mail a more attractive alternative.

Given the Postal Service's captive customer pool, there is little incentive to be more efficient. USPS is a bureaucracy, characterized by all the waste, patronage, mismanagement and absence of accountability present in traditional bureaucracies.

For instance, of the total \$3.7 billion request by the Postal Service in new rate increases, about half (\$1.7 billion) is earmarked for a "contingency fund." A 50 percent rainy day fund? What will this money be used for? There is plenty of speculation.

Some suggest it simply will go to meet the demands of postal clerks for higher salaries which the Postal Service then cites as higher costs to justify further rate increases in the future.

The heftiest chunk of the USPS budget, 80 percent, is eaten up by labor costs, an exorbitant percentage by private sector standards.

Still another possibility is that the Postal Service is forcing those who send letters, parcels, magazines, books, and catalogues to pay for the Postal Service's ventures into e-commerce or other speculative endeavors. A 1998 GAO study reviewed 19 different Postal Service non-mission-related ventures, from selling phone cards to t-shirts, and found that they bungled all but one and lost more than \$85 million.

The waste in the USPS doesn't stop with dead-end commercial experiments. The USPS Inspector General, which has only been in existence for three years, has already uncovered millions in abuse and fraud. And then there are the recent press reports of how USPS paid two top executives \$250,000 in moving expenses even though they didn't change job sites. One employee bought a home ten miles away, the other thirty miles away. One of these executives was the USPS' Chief Financial Officer, who announced his retirement shortly after news of the moving expenses became public.

USPS has virtual carte blanche to raise rates. The Postal Rate Commission, which is mandated to engage in an elaborate 10-month quasi-judicial process before the increase goes into effect, effectively makes only recommendations. The USPS itself has the last word on its own rate structure.

Postal ratepayers should not be held captive to a wasteful, inefficient and obstructionist bureaucracy in perpetuity. As officials in Washington, D.C. debate the fate of Microsoft and the Department of Justice's antitrust division contemplates its next target, now might be a good time to recall that the biggest, most wasteful monopolies in the country are government creations.

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HEADLINE: Channel One and its generosity under attack from those who would prefer to use taxdollars for same equipment

BYLINE: By Rabbi Daniel Lapin

BODY:

Suppose that the Acme Restaurant Supply Co. began offering an expensive state-of-the-art food processor free to any restaurant that agreed to use Acme brand cooking oil. Many restaurants, hotels and company cafeterias analyzed the offer, examined the machine and tested the oil. Most happily signed on with Acme. After a year passed, 99 percent of the clients renewed the deal for another year. A total of 98 percent approved of the quality of Acme oil and would recommend the deal to other hospitality establishments.

Now, imagine we discover that the federal government decides to mandate that cafeterias in the veterans hospital and federal building, as well as the restaurant in the airport, all must refuse the offer. Not only must these government-run food establishments decline the free processor, but they also are instructed that the Acme Co. and its cooking oil deserve condemnation in the strongest terms.

While trying to decide what to make of this, we hear that taxes are to be raised to enable government kitchens to buy food processors and, as for oil, well, they will just have to do without.

Well, imagine no longer, this is really happening. The above scenario is taking place today, though not in the food-service industry, but in education. Channel One Network has provided televisions, videocassette recorders, satellite dishes and more than 7,000 miles of cable in all about half a billion dollars of infrastructure to America's classrooms. It offers about two hours of top quality educational programming each day, ranging from history to math, along with a 10-minute news program. All this, which is provided for free to interested schools, is made possible by two minutes of commercials.

Schools are signing on rapidly and renewing their contracts at the above mentioned 99 percent rate. Two thousand private schools, which really do feel accountable to their parent bodies, have become eager Channel One users.

Encouragingly, they are joined by 10,000 public schools that, likewise, have renewed with alacrity. Yet, from the way Channel One detractors speak, one would suppose they consider it an enemy of education. So evil must it be, that despite the fact that it particularly helps poorer school districts, they are attempting to mandate that such schools do without the benefits offered. Or are they?

No, as it happens, they still want the equipment. It is just that they prefer buying it from the proceeds of taxation to receiving it from the private sector. Surely taxpayers would want to

know what is going on here.

This is not the only example of prejudice toward America's private sector. In Seattle recently, a highly regarded local businessman, Stuart Sloan, made a long-term commitment of over a million dollars per year to an inner-city public school.

What was the initial reaction of the educational bureaucracy and local communal activists to Sloan's generosity? They responded with open skepticism and distrust, which delayed implementation of the gift for a full year.

The same educators and political leaders who never feel any unease over spending unlimited public funds (that is, wealth forcibly extracted from its owners) took many months to decide whether or not they could even accept a magnificent offer of private, voluntary charity. As if its private source might somehow fatally taint the entire educational enterprise. Furthermore, educators who have unhesitatingly implemented, and subsequently abandoned countless inane and destructive ideas, now warn us of the need to carefully test and measure the effects of Sloan's contribution.

One wonders what happened to this passion for empirical testing in the case of publicly funded disasters such as "whole language," "new math," and bilingual education. It appears that government-provided education abhors private innovation or generosity while developing a growing appetite, if not an addiction, to money claimed from taxpayers.

If **Channel One's** critics argued that education at its best is "a log with a teacher sitting on one end and a student on the other," it would all make sense. "We do not need expensive computers and audio visual equipment," they would be saying. "Lack of money is not the explanation for our failures," they would be confessing.

And we would heartily agree. But this is not so. They are the same people demanding that taxpayers cough up more money for much of the very audiovisual equipment and programming that they are rejecting from **Channel One**.

Some critics claim to object to the commercials aired by **Channel One**. To me this seems to be a red herring. After all, one seldom hears complaints about newspapers in the classroom in spite of the many advertisements they contain. Independent journalism requires advertising support to remain independent. Moreover, unlike newspapers brought into a classroom, **Channel One's** reputation is one of caution and care in accepting advertising. Neither do schools protest the "teacher packages" and study guides that major studios provide at no cost to schools in order to promote their movies. This, in spite of the fact that many of the movies thus brought to the attention of our school-going youngsters could never be described as educational.

Countless schools gladly accepted little goody bags from the makers of films like "Pocahontas" or "Amistad," although the historic distortion was notorious. There was a shallow pretense that the goal was something more than getting lots of little bodies into theater seats? Yet, because **Channel One** has undermined their arguments by winning the hearts and minds of teachers, it is a business they love to hate.

We have come a long way from when Calvin Coolidge said, "The business of America is business." In many schools today, a virulent anti-capitalism, anti-business message is being beamed at the next generation of voters.

"Corporations are vultures," declaim **Channel One's** critics, who go so far as to attack parents and teachers who support the network as "accomplices" of corporate "predators."

The debate on **Channel One**, by revealing the real motivation of many of its critics, should serve as a warning to our business community: Today's children _ the very people our personnel departments will hire in the coming years _ are being taught to distrust the motives and morals of business. Do we really want employees (and eventually board members, stockholders and colleagues) who were propagandized as young children to believe that making what used to be called "an honest living" is somehow illegitimate?

The opposition to **Channel One** is driven by a suspicion and dislike of corporate America excluding corporations that have prostrated themselves to the politically correct counter culture.

If gifts by entrepreneurs such as Stuart Sloan are treated with suspicion and reservation, it is not surprising that there are those who speak of **Channel One** with contempt. When we discover that **Channel One** has had the audacity to suggest that abstinence might be the best choice for teens, we can understand why it might be considered unsuitable by elitist educators.

When we discover that one of the commercial sponsors of **Channel One** is the U.S. Army, we see why two minutes of commercials are considered too expensive a price to pay for thousands of dollars of equipment and hundreds of hours of video instruction.

Education in America continues to deteriorate, largely thanks to big government tinkering. It is therefore heartening when business innovation and local ingenuity sire a product and medium that 98 percent of teachers recommend. This phenomenon is even more remarkable when one considers that these teachers come from a mix of public and private, religious and secular, urban and rural schools.

Channel One has earned this widespread acclaim and, in the process, offered an alternative to the breathtaking ransom now extorted from the taxpaying public. Those forces assaulting **Channel One** are once again using our schools as an ideological battleground, and as always, those most likely to suffer are our children.

Radio talk-show host Rabbi Daniel **Lapin** is president of Toward Tradition and author of the recent best seller "America's Real War." Readers may write to him at: Toward Tradition, 9311 S.E. 36th St., Suite 210, P.O. Box 58, Mercer Island, Wash. 98040.

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Jack Abramoff and Toward Tradition

Rabbi Daniel Lapin

In recent news reports Toward Tradition has been drawn into the whirlpool of the Abramoff lobbying scandal. Because news media are notoriously inaccurate I would like our friends and supporters to hear directly all the facts about the relationship between Jack Abramoff and the organization I have the privilege of serving.

Initially my name began appearing in connection with one of the stories circulating about how Jack Abramoff met Tom DeLay. Some articles claimed that I introduced them while others, including one in the Washington Post, have the two meeting at a DeLay fundraiser, introduced by Edwin A. Buckham, then DeLay's chief of staff. Although I have no clear recollection of having formally introduced them, it is certainly possible. I was at several Republican Party events at which both Tom DeLay and Jack Abramoff were present, including one at the 1996 Republican National Convention in San Diego at which I spoke.

Abramoff was not among the group of twenty two Jews and Christians who originally conceived of and founded Toward Tradition in 1991. However, he became a supporter and joined the board of directors a little later and eventually served a few terms as chairman of the board. He resigned his chairmanship at the end of 2000 and from the board in 2004. In total, on account of his time pressures, Jack Abramoff attended only five board meetings of Toward Tradition. He contributed to the organization at a level typical of the level of other board members. His giving to Toward Tradition was slightly lower than some board members and slightly higher than others. We now know that on one occasion, a contribution came in the form of a check from his Capital Athletic Foundation. It is not unusual for donors to submit contributions from foundations or organizations they are involved with. At no time have I personally ever received funds from Jack directly or from his various organizations.

During that period, Jack's access to the White House was being eagerly courted by many organizations both Christian and Jewish, usually in the hope of obtaining the President as a speaker for an upcoming event. I heard one of the leaders of a prominent pro-Israel lobbying organization

boast that Jack Abramoff took his phone calls.

In June 2003 I wrote to a number of Toward Tradition supporters saying that if they intended contributing substantially to the Bush Cheney '04 campaign they may wish to direct their support via Jack Abramoff.

Then came his fall which has almost Shakespearean overtones. Sometimes the most poignant tragedies are those in which the victim is complicit in his own destruction. But of course, that is true for most of us—we are often our own worst enemies.

On June 25, 2005, *The Washington Post* ran a profile of me with the heading "The Republicans' Rabbi-in-Arms." Alluding to Abramoff, the piece referred to me as "the Man Who Stands by His Scandal-Ridden Friends." Later the writer claimed about my frequent visits to Washington DC, "Usually on these trips Lapin stays with Jack Abramoff, a lobbyist who is an old friend of the Lapin family." The travel information is not true. Anyone familiar with my travel habits knows that I never impose on households and always much prefer to stay at hotels. However Jack was a long time friend of the Lapin family. He first met my brother, David, while he was shooting *Red Scorpion* in South Africa during the late 80s. In the early 90s, Jack Abramoff arrived in California with an introduction from David and became friendly with my father and me.

I did not serve as Jack's rabbi or mentor and our friendship revolved around our families, children's educational challenges and the difficulties of being a political conservative in the larger Jewish community. We shared occasional social and family events. I can recall no discussions about Jack's business and never heard anything from him that caused me to think he was doing anything unscrupulous. I never met or heard mention of names like Scanlon, Kidan, and others involved in Abramoff's business dealings. We did share an enthusiasm for Jewish Christian cooperation, for ancient Hebrew texts, and for the role of religion in politics.

The press located an email from Abramoff asking me to supply him with an award that he said he needed to gain admittance to an elite Washington DC club. Anyone familiar with Abramoff's jocular and often fatally irreverent email style won't be surprised that I assumed the question to be a joke. The very notion that an exclusive social club would regard a meaningless award from Toward Tradition to be adequate credentials for admittance was ludicrous. I responded in similar style offering to "wallpaper his office with awards." I regret the exchange. I should have candidly explained that Toward Tradition is not an academic institution and does not issue the kind of awards he described. Like most organizations, our awards only acknowledge the support provided the organization by the recipient. Whenever Toward Tradition has issued an award it has always taken place at a public event after considerable board discussion and a resolution. As a board member, Abramoff would have known this which is what assured me that he was joking.

Let me be clear. On no occasion did I, Toward Tradition, or any organization with which I was affiliated ever create an award for, or present one to Jack Abramoff. The affairs of a non-profit are documented by minutes and at no point did Abramoff's award request ever get treated in a serious manner by being brought before the board.

The scandal swirling around Jack deepened and then came the plea agreement on January 3rd. That was what was responsible for the current spate of negative publicity. Headlines such as "Abramoff Used Foundation as Conduit for Money" began to appear.

The Plea Agreement is 14 pages long, with another 15 pages of attachments, for a total of 29 pages. On page 13 of the attachments in item 35 out of a total of 41, appears a reference to "a non profit entity". Although it doesn't mention any name, the non profit entity alluded to is in fact Toward Tradition.

Toward Tradition staff members were extensively interviewed last August by the Justice Department about the events. Here is what happened.

Toward Tradition ran large conferences in Washington DC in the fall of 1994, 1997, and 2000. For a Seattle-based organization to hold a large national event across the country in Washington DC requires considerable work and someone on the ground in DC to act as a local representative and organizer. This person negotiates with hotels and caterers, stays in touch with the aides and schedulers for Capitol Hill speakers, arranges logistics such as transport and recording, and sees to the post conference wrap up, public relations, etc. A DC conference succeeds or fails upon the caliber of its roster of prominent speakers from Capitol Hill. A conference needs to confirm the speaker list as early as possible while legislators prefer to confirm as late as possible. Having a local organizer who knows the lay of the land and who can obtain confirmations from the schedulers of congressmen and senators is vital.

In both 1994 and 1997 Toward Tradition had succeeded in securing the services of such organizers. For the 1994 conference, Toward Tradition hired a politically experienced DC-based organizer to help put the conference together. In 1997, our conference coordinating was done by a DC-based organizer we hired who had previously worked in a congressman's office. In addition, two of our staff members flew out to DC to base themselves there in the period leading up to the 1997 conference. The point is that there is an incredibly long list of to-dos in arranging a multi-day conference in the nation's capital.

Sometime before the summer of 2000 Jack Abramoff asked Toward Tradition whether we had already hired the DC-based organizer for that fall's conference. Upon hearing that we had nobody appointed yet, he offered to provide someone. He mentioned that he knew an individual who had the experience and connections that we were seeking and that she was currently looking for work. This was Lisa Rudy. He added that he

might know a donor willing to donate a gift to Toward Tradition to be used to hire a DC based coordinator who would help us with our forthcoming conference.

It is not uncommon for donors to make specific gifts for specific purposes so we suspected nothing amiss and our board approved hiring Lisa Rudy especially since her salary was to be covered by a donor. It is also not uncommon for donors to enlist the support of their friends and business contacts for their cause. Thus we were not surprised when a check arrived from Jack Abramoff for \$25,000 made out by a firm called ELottery, with directions to pay Lisa Rudy \$5,000/month for her services as our local conference coordinator. We received a couple more checks from other Abramoff clients allowing us to continue paying Lisa Rudy until the post-conference work was complete which was January of 2001. Toward Tradition paid her the total of what we received from Jack Abramoff for that purpose. Nothing of those gifts was retained for Toward Tradition's general use; they were only used to hire a professional organizer in what we thought was a completely legitimate arrangement.

As I understand it, Abramoff pled guilty to intending to influence Lisa Rudy's husband who worked for Tom DeLay by "providing ten equal monthly payments totaling \$50,000 through a non-profit entity to the wife of Staffer A." The Justice Department questioned whether Lisa Rudy had actually done work for Toward Tradition. Toward Tradition documentation clearly demonstrated that, in all innocence, we had thoroughly employed her services and that she had in fact done for us all that the local coordinator was supposed to do at a fee within the range of what we expected to pay for the services provided.

To clarify, the \$25,000 check to Toward Tradition was NOT for lobbying purposes in favor of gambling. Not only has Toward Tradition or myself never engaged in lobbying but I have never written or spoken in favor of gambling. In fact we have radio shows and articles, as well as excerpts from my books in which my negative views of gambling, especially government sanctioned gambling are no secret. At the time, back in 2000, Toward Tradition assumed that Jack, still a member of the board, was doing what many non-profit board members do for the non-profit organization they serve, which was solicit a gift from a business associate for our benefit.

That supporters and friends of Toward Tradition have been embarrassed by the press linking us to Jack Abramoff disappoints me terribly. However, Toward Tradition and I interact with thousands of individuals and hundreds of organizations every year. It is just unrealistic to suppose that none of these relationships are ever going to become problematic. There was no reason for Toward Tradition to spurn Jack Abramoff's support.

For many years Toward Tradition was admired and envied for having someone like Jack Abramoff on our board of directors. In any typical

week I would field several calls from prominent business or political leaders, even from a sprinkling of celebrities, all seeking my help in gaining access to Jack Abramoff. As recently as April 3rd, 2002, *The New York Times* published a flattering front page profile of Jack Abramoff with nary a word of criticism. He was widely viewed in glowing terms both socially and politically.

The insinuations of wrongdoing on the part of Toward Tradition are untrue and unfair. This is to be expected. As a prominent conservative spokesman heading a conservative organization, we present a juicy target for a left-leaning press. But very few people get a fair shake in the press. The news media are not in the business of "being fair." They are in the business of selling. They sell subscriptions, advertising, and publicity. That is how they get paid. Obviously, the first rule of selling is—get the prospect's attention. This is what is happening when a used car salesman strolls up and asks you if you like the vehicle you're gazing at. It is also exactly what a journalist does when he attracts your attention with a sensationalistic headline. Despite high-minded and self-serving rhetoric about journalistic responsibility, the media is in business like just about everyone else and being in business means selling. But selling means attracting attention and good news simply doesn't attract attention. Sensational stories do attract attention. Wild accusations do attract attention. And when these wild accusations tar someone, it is notoriously difficult for a public person to obtain redress for libelous statements in the press. Years back, Ray Donovan, Ronald Reagan's Secretary of Labor who was acquitted of corruption charges in a court of law after being tried and condemned by media, plaintively asked "Where do I go to get my reputation back?" No, the press doesn't care about fairness. It is the nature of the beast.

On a personal level, this affair reminds me that human beings are far too complex creations to be evaluated with a simple balance sheet. Imagine a man who saved someone's life, raised money for the homeless and hungry, and did seven other wonderful deeds. However, during the same time period he also was cruel to a cat, had an affair and divorced his wife, and did eleven other horrible things.

We are tempted to do some simple arithmetic on this human being. A total of nine good deeds versus thirteen bad deeds results in a minus four rating. We then conclude that he is a moderately terrible human being. He is much worse than someone with a plus seven rating and not quite as bad as someone with a negative nine rating.

The truth is that this doesn't work. God created us as infinitely complex creatures. We are capable of both evil actions and good ones—very often on the same day. Even a moral reprobate like Schindler made a list that saved many innocent lives. Someone who does some terrible things but also does some good things is better for the world than someone who only does terrible things. Someone who atones for his evil is better than someone who feels no remorse. It is a mistake to label a person as 'evil'

because of his evil actions. We are better off evaluating only people's many varied actions, leaving God to evaluate people in their totality.

Jack Abramoff is a practicing Jew who has admitted doing things that his faith despises. This embarrasses other observant Jews as well it should. Heaven knows, religious people are just as imperfect as secular people. Being religious doesn't mean one is perfect and never sins. It does mean that when a religious person sins, he is tormented by pangs of remorse. He agonizes in knowing every day that he has let down, not only himself, his family and his friends, but also his God. Many of us are lured into the trap of sounding self-righteous and sanctimonious when we condemn the behavior of religious wrongdoers. While it is true that we are entitled to expect a higher standard of conduct from those who fear God, it is not true that God-fearing people who sin are irredeemable hypocrites. They are religious people who are not perfect. They are not proof of the general hypocrisy of faith neither are they a vindication of secularism. It would be admirably consistent were the press to identify most of the murderers, muggers, robbers, and rapists of society as miscreants who never had any exposure to religion.

I am terribly saddened by the tragic turn of events in Jack Abramoff's life and by the impact his actions have had and will have on the lives of many people including his own wife and children. Could I have foreseen the calamity and its peripheral but distracting impact on Toward Tradition? I don't really think so. Many shrewd lawyers and business professionals as well as experienced politicians in Jack Abramoff's orbit failed to sense any peril.

Had Abramoff's lifestyle been dissolute; replete with women, drugs, yachts, and fast cars, I along with many others would certainly have recognized the unwholesome warning signs and been uncomfortable. However, from what I observed, Jack's life revolved around his work, his family, and his faith. He spent money on subsidizing a kosher restaurant, a religious high school, Israeli causes, and helping poor relatives. These don't excuse illegal acts but neither were they warning signs to his friends and associates.

There are many who hate what Toward Tradition stands for and who will exploit this unpleasant association by hurling mud. They never had any interest in the truth and the truth won't change their actions.

Abraham Lincoln was reputed to have said, "If I were to read, much less answer, all the attacks made on me, this shop might as well be closed for any other business. I do the very best I know how, the very best I can, and I mean to keep doing so until the end. If the end brings me out all right, what is said against me won't amount to anything. If the end brings me out wrong, then angels swearing I was right would make no difference."

To those of you who always assumed that Toward Tradition conducted itself with integrity and propriety, I appreciate you giving us the benefit of

the doubt and I hope this account of a tragic episode confirms your assessment.

Rabbi Daniel Lapin.
Toward Tradition
Mercer Island, Washington.

Toward Tradition is America's leading bridge-builder between Jewish and Christian communities; spanning the divide between Christians and Jews by sculpting ancient solutions to modern problems in areas of family, faith, and fortune.

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