

“One of the perils of excessive secrecy, after all, is that it can lull the public into optimism which is unwarranted. The real erosion of confidence comes when a major breakdown catches the public by surprise, and it turns out that warning signals have been blinking for some time, but were suppressed by good manners, habits of discretion, and hopes that the problem could be contained...”

“In Washington there is growing pressure, from the intelligence community and elsewhere, for some kind of Official Secrets Act to prevent the press from publishing secrets if the government objects — or for a law imposing heavy penalties on those who leak sensitive material to the press.

“In my view, these approaches have many defects and few benefits at all. For one thing, no law would stop those who act irresponsibly now...”

“Second, the controls being discussed would hobble the responsible press, by inhibiting our efforts to give context and perspective to the news we print.

“Third, any such law is bound to be applied selectively and arbitrarily, because of two unavoidable areas of discretion: first, who decides what is secret, and second, who decides whether to prosecute when something has been leaked...”

“To give the government that much authority is dangerous to democracy. It virtually insures that most of the conflicts between secrecy and openness will be resolved one way: in favor of greater official control over the content and even the topics of public debate. And it could make the press more like a bulletin board for official pronouncements, rather than an energetic, independent force...”

“So I come back to the need for responsibility, and judgment, and tolerance of tension in those areas where the genuinely tough problems cannot be resolved... Our system depends on the free flow of information and ideas, and on respect for certain basic rights; but it also relies on faith, the quite

extraordinary faith that ordinary people can act responsibly and bear the strains of freedom and complexity...”

“So instead of seeking flat and absolute answers to the kinds of problems I have discussed tonight, what we should be trying to foster is respect for one another’s good faith, knowledge of one another’s conception of where duty lies, and understanding of the real worlds in which we try to do our best.”

Joseph A. Califano, Jr.:
The Biggest Bureaucracy

Joseph A. Califano, Jr. was Secretary of Health, Education and Welfare when he addressed The Economic Club of Chicago on April 20, 1978, on the challenges of big government.



“No department of government faces greater management challenges than the Department of Health, Education and Welfare. And no department must perform better than HEW. Our programs, which are often not widely popular, touch the lives of this nation’s most vulnerable citizens: the elderly and the poor, the blind and the disabled, the minorities who suffer discrimination, the children who need compensatory education. If we are to earn the respect of the American taxpayer, we must demonstrate that sensitive social policy can be joined with strong, effective management.

“Tonight, to illustrate the potholes and minefields on the road to manageability, I want to discuss with you one of the many problems that I face as secretary of the largest department in the federal government: the growing crisis in the Social Security Disability Insurance program. This program, the cost of which has jumped by more than 500 percent in just over 10 years, today requires a thorough-

going, top-to-bottom review...

“HEW directly serves 115 million of this nation’s citizens with services that run the gamut from welfare payments, kidney dialysis and runaway youth shelters, to treatment of alcoholism, abused children and mental retardation. Indirectly, HEW’s programs touch the lives of almost every American. If you take a prescription drug tonight, its safety and effectiveness are guaranteed by the Food and Drug Administration; if you work, you are probably covered by the Social Security system; if you drink tea, our tasters have probably graded it...

“If you combined the budgets of all fifty states, not counting the federal dollars they receive, the sum would still fall \$50 billion shy of matching HEW’s budget. For HEW has the third largest budget in the world, surpassed only by the budgets of the U.S. government and the Soviet Union...

“Beyond the size of its budget and the number of its employees, HEW challenges those who would manage it by the sheer complexity, and volatility, of the responsibilities Congress placed there. It is our responsibility to determine whether saccharin is carcinogenic, whether laetrille is efficacious, and how dangerous marijuana is. We confront tangled social problems like poverty that do not yield to quick technical fixes....Often we are charged by law to solve human problems that other institutions, the family, the schools, the economy, local governments, have failed to address. HEW is, indeed, the only department in government in which both motherhood and apple pie are controversial...

“And most importantly today, we must deal with these problems in the new world of molecular politics. Power is fragmented in Washington these days, not just within the executive branch, but by legislative mandate within HEW itself; and not just between the executive and the Congress, but within the Congress itself...Political party discipline has been shattered by the rise of special interest politics in the nation’s capital. Washington has become a

city of political molecules, with fragmentation of power, and often authority and responsibility, among increasingly narrow, what’s-in-it-for-me interest groups and their responsive counterparts in the executive and legislative branches. This is a basic, perhaps the basic, fact of political life in our nation’s capital.

“...As with most issues of government, while there is often broad agreement on an objective, in this case on competent management, numerous problems emerge and cause conflicts when issues are more closely examined...Twenty two years ago, in 1956, the Disability Insurance Program was created to protect citizens against the devastating loss which a long term, total disability could mean: disability caused by an accident or a degenerative illness, like terminal cancer.

“Years after it was established...the Disability Insurance Program was only a modest part of Social Security. In 1965, it paid only \$1.5 billion to less than one million disabled workers... Today, this program has expanded into crisis...The programs costs are mushrooming... The number of beneficiaries is rising steeply... The program is not helping enough disabled workers regain their independence... Some beneficiaries receive excessive benefits... The program is a caricature of bureaucratic complexity...

“The program enacted in 1956 was deliberately limited in scope. Its purpose was to provide benefits only to the most severely disabled...For some time, this deliberately strict definition of disability seemed to keep down the number of beneficiaries... Today, we estimate that the program will be paying 5.4 million beneficiaries in 1980, double the actuarial estimate of just 10 years ago...

“If we were running a private disability insurance program, we would reduce benefits or increase premiums, or try some combination of both. So long as the bottom line satisfied the board of directors and the stockholders, and the customers kept coming, we would be in fine shape. But just ponder for a moment the impact of changes in the Social

Security Disability Insurance Program. Should we reduce benefits across the board? This would reduce benefits for people in real need as well as those whose benefits are excessive...Should we tighten eligibility requirements? This would leave some people who truly cannot work with no wage-replacement insurance at all...

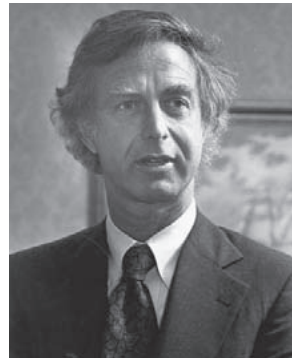
“As I mentioned, some 40 percent of those presently receiving disability insurance under Social Security do so because of cancer or heart disease, and an additional 3 to 5 percent receive benefits as a result of bronchitis or emphysema. Payments due to these diseases total more than \$5 billion. At least \$1 billion of that \$5 billion expense is directly attributable to cancer, heart disease or respiratory diseases related to cigarette smoking. We could, in other words, eliminate some \$1 billion in disability costs if we could persuade people not to smoke.

“Yet, as you are doubtless aware, HEW’s efforts to inform the American people about the hazards of smoking has run into singularly powerful and well-financed opposition from the tobacco lobby...

“The difficulties of public management are real and I do not underestimate them. I believe that we in government have no higher duty than attempting to bring some of these difficult problems under control, or at the very least to make clear to the Congress and the American people the choices that we face, and the implications of those choices. I am determined to do this.”

Arthur Levitt, Jr.:
The Greening of American Enterprise

Arthur Levitt, Jr. was president and chief executive officer of The American Stock Exchange when he addressed The Economic Club of Chicago on February 13, 1980, on the importance of small business to the American economy.



“Many of you know that it was my honor recently to chair the White House Conference on Small Business, the culmination of two years of nationwide meetings, caucuses and discussion.

“Anyone who witnessed the amazing performance of 2,100 representatives who attended that conference would agree that the entrepreneurial spirit in America is still alive and well. Let me explain why.

“First, and perhaps most important, small business people have discovered that congressmen, senators, government officials—even the President of the United States—are willing, even eager, to listen to them.

“Washington has finally heard how important they are to the future of the country. An MIT study completed last year by David L. Birch reported that small business is by far the largest employer in the United States. Sixty-six percent of all new jobs in the United States are generated by small businesses. A National Science Foundation study found that small firms produce 24 times as many innovations per research dollar as the largest firms. The nation is beginning to recognize that the health of the economy, indeed our entire enterprise system, may well be in the hands of the men and women who have put their livelihoods and personal savings at stake to start their own firms.

“Second, vested interests which have splintered the small business community in the past now have