Down and Out in Washington on $89,500 a Year

Congress isn't underpaid. The rest of Washington is overpaid.

by Jonathan Rowe

People knew him only as "The Xerox Man." His office, on an upper floor of the old Dupont Circle Building, was open until 10:00 or 11:00 at night. With the cheapest bulk rates around, it was a gathering place for the denizens of Washington's late-night public interest world.

He was a character out of Mark Twain: boyish face and ample belly, his business dress a tee shirt and Bermuda shorts. There were hustles in every drawer. An auto driveaway company, an estate liquidation business, and—his personal favorites—an escort service and outcall massage. The three telephones were constantly ringing. He loved to give indignant, jailhouse-lawyer disquisitions on the antisolicitation laws and the Mann Act and why the cops couldn't touch him.

His renegade spirit matched the decade perfectly. He bragged about rigging the meter in the Xerox machine to beat the leasing company. A true libertarian, he had model guns on the walls and never tired of telling how he once apprehended a bank robber and won a commendation from the police.

The Xerox Man isn't there any more. He seems to have drifted off into the night, along with the Washington he was part of. The Dupont Circle Building, once a haven for underfunded groups, now has an elegant, Hyatt-style entrance and rents to match. A few blocks down Connecticut Avenue, where imppecunious Washingtonians once dined at Sholl's cafeteria, limousines now wait outside a palatial new building featuring Duke Zeibert's power restaurant. The Sholl's at Vermont Avenue and K Street is now Les Gals.

It's that way all over town. Eighteenth Street and Columbia Road, once a hub of inventive neighborhood activism, now sports a chic ethnic restaurant row. The cheap rooming houses and apartments in the West End have yielded to luxury hotels. Developers are greedily eyeing old neighborhood shopping areas along Connecticut and Wisconsin Avenues, and no one is safe from their highrise schemes.

Many have lamented the way PACs have corrupted the legislative process. But the invasion of high-paid corporate lobbyists has had another, more insidious, effect. It has made Washington a very expensive place.

As recently as the late sixties, Washington was still a sleepy southern city. Twenty dollars bought a book of 10 tickets to the Circle Theater. (A real estate development firm called George Washington University has since torn it down.) A $1.95 souvlaki at the Astor was a fine night out. The activism of the sixties took root here in part because it was the kind of city that could foster it. Although people complained about the lack of "culture," one could live on a modest income and not feel deprived.

Not any more. Low budget groups of the kind that flourished during the sixties can no longer afford the rent. Citizens who come to Washington to petition their government can't afford a hotel. (In a subsidy that rivals the perversities of the Internal Revenue Code, District hotels offer special corporate rates. Ordinary citizens without expense accounts are on their own.)
Worse, the new upscale Washington has aggravated the local self-pity index. People who used to feel reasonably well off now feel poor. Which brings us to the subject of congressional pay raises.

The so-called "Capital Beltway" syndrome is greatly overblown. People don't have to be in Washington to be parochial and short-sighted. But the battle over the recently proposed pay raise showed that, in at least one respect, the Beltway mentality is undeniably real. Washingtonians have a warped perspective on what it means to have enough.

Volvos and huts

The Washington establishment—conservative as well as liberal—could not understand why taxpayers would begrudge their poor, beleaguered representatives a decent wage. The average American worker, earning just under $21,000, couldn't understand why the politicians couldn't live on more than four times that much.

David Broder gave voice to the establishment pique when he accused pay-raise opponents of "Know-Nothing demagoguery" and chastised Ralph Nader, a leader in the fight, for "moralistic blackmail." Nader, meanwhile, was lionized throughout the nation, and with reason. Most Americans see no reason to feel sorry for people who make $89,500 a year, plus generous pension and medical plans, plus subsidized meals, WATS lines, free postal service, a health club, and a tax-free discount store euphemistically called the "House Stationery Store."

Still, buried in the pay raise fight was a real problem: It's not that members of Congress are paid too little but that the rest of Washington is paid too much.

And that includes many in the media who rushed to Congress's defense. Surrounded by people who had never seen the kind of money they were making in government. Reagan's crowd, by contrast, hadn't seen so little for a very long time. Asked by a reporter what the influx of Reaganites meant for the Washington real estate market, one broker beamed, "It means wonderful things."

$1,000 suits

The sense of deprivation became especially bad during the Reagan years—which, not incidentally, is when the present pay raise push began. Carter's White House was full of people who had never seen the kind of money they were making in government. Reagan's crowd, by contrast, hadn't seen so little for a very long time. Asked by a reporter what the influx of Reaganites meant for the Washington real estate market, one broker beamed, "It means wonderful things."

Consumption is, after all, social—in an industrial society people have wants, not needs. Even Karl Marx and Adam Smith agreed on this. Smith defined a necessity as "whatever the custom of the country renders it indecent for creditable people, even of the lowest order, to be without." Marx wrote of the owner of a small house who finds a much larger one going up in the neighborhood, "The house shrinks from a little house to a hut."

In Washington, it's quite easy to feel as if you're in a hut these days. The nation's capital has always been relatively well-off. Before World War II, it had more cars per person and a higher average income than any place in the country. But in recent years, the riches have become positively gaudy. "There is no other major American market that comes even close to ours in terms of spendable incomes," concluded a report for the Greater Washington Research Center. Washingtonians are about 70 percent more likely to buy Volvos than Americans generally. Virtually every toney store in America has opened a D.C. branch in recent years.

"This has got to be the most affluent clientele we see anywhere;" the president of Kay Jewelers told The Washington Post.

Washington doesn't have the monumental peaks of wealth of a Los Angeles or a New York. But the norm is extraordinarily high. Average household income, after tax, is more than $47,000 a year, 42 percent above the nation as a whole. Almost 9 out of 10 D.C. households own corporate stock. Unlike the wealth of most other cities, Washington's affluence practically never flags. When Detroit's auto factories slow down, and Texas oil prices fall, the affected corporations often spend all the more in Washington to get relief.

People don't feel bad when just the rich are rich. But when everyone else seems rich too, it starts to hurt. The sense of deprivation became especially bad during the Reagan years—which, not incidentally, is when the present pay raise push began. Carter's White House was full of people who had never seen the kind of money they were making in government. Reagan's crowd, by contrast, hadn't seen so little for a very long time. Asked by a reporter what the influx of Reaganites meant for the Washington real estate market, one broker beamed, "It means wonderful things."

"I just want to get up to where the baseball players and rock stars are;" Jacobson laughed. Joseph D. Williams, head of Warner Lambert, commented on his $6.4 million salary: "In the scheme of what goes on in this world, it's a very little bit of money."

This kind of thinking is a treadmill to bankruptcy if ever there was one. At some point, we have to ask whether the highest salaries are justified, not whether everyone else can match them. In Washington that point has come.
themselves near the top of the heap. Instead, they find themselves trying to run with a very expensive crowd. No longer viewing Congress as a temporary break from a law practice back home, they assess their prospects primarily in Washington terms. And the people they consider their peers—top lobbyists, lawyers, trade association heads—all make more money than they do. “It’s hard for any politician to be expected to raise money on a personal basis when he’s in a $200 suit, and they are in $1,000 suits,” is how a friend of Tony Coelho, recently retired congressman and fundraiser, explained the feeling.

On any given night out, it’s the member of Congress and his spouse who have to watch the right column of the menu. (Or else take the free meal from the defense contractor.) At any cocktail party in Georgetown or McLean, the member of Congress is likely to be the lowest paid.

Peanuts and parachutes

And not by a little. A survey of trade association heads by the National Journal showed that, for all the heat they take, it’s not members of Congress who are living high off Washington’s hog. Charles DiBona of the American Petroleum Institute gets $330,000 a year, as does Richard Lesher of the U.S. Chamber of Commerce. Robert O. Anders of the Food Marketing Institute gets $406,000. James P. Mooney of the National Cable Television Association gets $559,000. And Jack Valenti of the Motion Picture Association gets $660,000. Valenti’s salary alone would have paid the salaries of the entire congressional delegations from each of 22 different states, including Oregon, Arizona, Kansas, and Mississippi.

Lawyers in Washington can do even better. At Skadden, Arps, a partner’s share of the earnings in 1987 was $885,000, according to Washington’s Legal Times. At Fried, Frank, and Harris, it was $560,000. According to the D. C. Bar Association, the average Washington lawyer—including the criminal lawyers on 5th Street—makes $91,000, more than a U.S. senator.

This is nothing, moreover, compared to the relative deprivation members of Congress might feel when they look at the larger business world. When Dan Rostenkowski, the House Ways and Means Committee chairman, addresses a group of corporate CEOs, he’s talking to men who average, according to BusinessWeek, more than $2 million a year.

If these sums seem like something out of Fantasyland, they’re nothing compared to what you get for running Fantasyland. Michael Eisner, president of Walt Disney Inc., got $40.1 million dollars last year,
including stock options. His number-two man, Frank G. Wells, got $32.1 million. Together these two moguls could pay the salaries for all the members of Congress and have $24 million left over. Meanwhile, for all the heat Congress takes for presiding over an inefficient government, BusinessWeek judged Eisner to be among the CEOs giving their shareholders the least in return for their pay.

It’s true that Reps. Dan Rostenkowski, Stephen Solarz, and other members of Congress elected before 1980 do get to keep whatever’s left over in their campaign chests when they retire—sums that can reach upwards of $1 million. But as golden parachutes go, that’s peanuts compared to the $53.8 million that F. Ross Johnson, the former president of RJR Nabisco, got after the buyout of that company.

It took 10 years for Jim Wright to bring in the $150,000 or so he stood accused of taking from his friend George Mallick. At the height of his career, Michael Milken, Drexel Burnham’s indicted junk bond wizard, made that much in 36 minutes. And then Congress has to sit there and listen to such executives demand tax breaks while bewailing their lot.

**Safire’s tower**

Even reporters make more than congressmen these days. Not only the network anchors but lots of people you’d hardly recognize. Of the Washingtonian’s list of 50 top Washington reporters, two-thirds make close to $200,000 a year or more. This helps explain why nowadays the press tends to see the congressional pay raise issue in Beltway terms rather than lunchpail ones. When David Brinkley and George Will discuss the pay raise on the Sunday morning talk shows, they are looking down from the rarefied heights of their million-plus incomes, not up from the $21,000 national median. It is not surprising that Will is now bemoaning what he calls a “childish impatience with imperfection” and “miniaturized ethics” in Washington. Questions of benefits and compensation hit close to home.

Consider “honoraria,” the politely named envelopes of cash that members get for showing up at industry events and imparting wisdom that could have been gleaned from The Washington Post for 25 cents. Journalists do the same thing. Obscure print journalists get from $2,000 to $5,000 per speech. Jack Anderson and Patrick Buchanan get $10,000 per speech. William Safire gets $18,000. Safire explained to The Washington Post that giving such speeches “gets you out of the ivory tower.” If a journalist has lost contact with reality it’s doubtful that an $18,000 speech to a well-heeled business lobby will restore it.

 Asked to disclose these payments, some journalists have reacted like a congressman caught taking a secret
loan from a Texas S&L. "I ain't talking," Sam Donaldson told The Washington Post. "My own personal business," said James J. Kilpatrick, who had written previously that it "smells to high heaven" when Congress takes such fees. "There is much to be said for letting people pay for what they are willing to pay for," wrote columnist Henry Mitchell in The Washington Post, in defense of honoraria for reporters, "and to let people gobble up all the cash they can. It's the American way." The Washington Post's way, of course, is to lambaste any member of Congress who utters a thing like that.

Given the elephantine incomes of the Safires and Donaldsons and DiBonas and Valentis, it's no wonder the capital goes through periodic spasms of congressional mopes. Fortunately, the voters are around to restore some perspective to the congressional mind. What we need now is a way for the voters to restore some perspective to the rest of the city, which is where Washington's salary bloat is most insidious. (See "Abolish the Lobbyist Maintenance Tax," page 14.)

The nation needs a slimmed-down capital because a democracy itself is like a city—it requires low-rent districts in which to renew itself. Apple Computers started in a garage, not in the Trump Towers. Washington used to be that way. The old low-rent DuPont Circle Building spawned all kinds of movements and causes, from the Airline Consumer's Action Project to the People's Bicentennial Commission. Take a walk along 18th Street. At the corner of S Street was Stone Soup, a grocery collective that sold bulk grains and fresh produce at low prices and was a social center for the Dupont Circle community. Today a restaurant called Lauriol Plaza occupies the site. All the way up to Columbia Road, the story is the same. The Adams Morgan Organization (AMO) led the battles against real estate speculators in the seventies. It even forced the Perpetual American Bank to devote a part of its portfolio to neighborhood loans as a condition of agreeing to let the bank locate at 18th and Columbia. But AMO's shabby old storefront has been swallowed up by the restaurant row.

Nothing is going to bring back AMO or Stone Soup, or the Xerox Man, for that matter. They were part of an era, as well as of a city. But it's important that there be places in Washington for such endeavors to begin. High rents tend to exclude anything not already established—that is, the future—in politics as in business, in Washington as in any other city. The Washington that fosters a sense of deprivation in public officials is also a Washington that's bad for democracy. What seems to have escaped notice is that the demand for a congressional pay raise is only one symptom of this much larger problem.

**Beyond Glasnost**

The Post-Totalitarian Mind

JEFFREY C. GOLDFARF

By first defining totalitarianism, Jeffrey C. Goldfarb makes us understand the magnitude of the achievements of those—such as Lech Walesa, Andrei Sakharov, and Milan Kundera—who have undermined it.

"Jeffrey Goldfarb has brilliantly distilled the significance of what has happened and is happening in Eastern Europe and the Soviet Union."—Michael T. Kaufman, former Warsaw correspondent for the New York Times

"Never before has anyone so seriously attempted to overcome the gap between Western and Eastern attitudes."—from the Foreword by Jan Jozef Szczepanski, president of the dissolved Polish Writers' Union

$24.95 cloth

The University of Chicago Press
At bookstores, or call: 1-800-621-2736. In Illinois: 312-568-1550