

File - color Matt Wood

P.T. Apple also to go to Fed Reserve to Crisis

pay into a fund that does, requires individuals to buy insurance and offers government subsidies for families with incomes of up to \$80,000 who can't afford it. This sort of private/public mix is emerging among some progressives as the most logical, and most politically doable, step short of a government-underwritten single-payer system. "Single-payer is of course our gold standard," said one SEIU political organizer. "But we can't just do nothing before we get there." Representative Dennis Kucinich was the only candidate at the forum to propose a single-payer system, but he provided no details on how it would be achieved or financed.

"If the election were held today, we'd be supporting Edwards," said one leading West Coast SEIU official on hand for the forum. "When he comes into town, he asks what he can do for us. Hillary asks us what we can do for her." That sentiment, however, was contradicted by an unscientific sounding of the audience that elicited a pronounced preference for Clinton. A recent statewide poll of Nevada Democrats had Clinton leading with 32 percent, Obama at 20 percent and Edwards and former Vice President Al Gore tied at 11 percent.

In neighboring California, where the Democratic candidates are spending even more time (and mining millions in campaign cash), healthcare also looms as a major issue. Governor Arnold Schwarzenegger put the issue stage center earlier this year when he promised universal coverage before his term is up. California Democrats are also proposing a number of competing plans. The state's SEIU has praised all of the proposals but has yet to endorse any. The California Nurses Association has put its weight behind a single-payer proposal by State Senator Sheila Kuehl.

After the Las Vegas forum ended, Podesta and SEIU second-in-command Anna Burger said they were pleased that all the candidates offered specifics, but they expressed no preferences. Burger said SEIU isn't expected to make an endorsement until September and hasn't yet decided how much to spend on campaign '08. "But this time around," said Burger, "I can tell you it's not going to be anything less than \$65 million."

MARC COOPER

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## Stockman's Folly

After all these years, will David Stockman go to jail for cooking the books? His criminal indictment for investment fraud suggests he might. He is charged with faking the accounting, concealing facts and lying in the failure of a Michigan auto-parts manufacturer his investment firm owned. The historic symmetry is irresistible for anyone who remembers Stockman as Ronald Reagan's brainy young budget director twenty-five years ago. Back then, he was accused of similar sleight of hand—cooking the numbers in the federal budget and generating the monster deficits that took twenty years to correct. Nobody went to jail, but it was a big deal at the time.

I had a supporting role in that drama. I was assistant managing editor for national news at the *Washington Post* and produced an article in *The Atlantic Monthly*, "The Education of David Stock-

man," that revealed with shocking candor Stockman's gimmicks and deceptions—and accumulating doubts—as he struggled to fulfill Reagan's impossible campaign promise: to slash taxes, double military spending and yet also balance the budget.

Couldn't happen, and it didn't. Stockman was a true believer at first, but he gradually lost faith as he juggled the numbers, trying to conceal the exploding deficits ahead. When my article produced a political firestorm, we were both in bad odor: two "bad boys" who broke Washington's rules. But the article was true, and Stockman never tried to run away from it. It remains (I immodestly suggest) a rare and honest account of the true nature of government decision-making—chaotic, cloaked in deceit and confusion, propelled sometimes by irrational political objectives. "None of us really understands what's going on with all these numbers," the budget director famously confided to me. True then and true now. Keep it in mind whenever you read the newspapers.

Possibly, the long-ago experience explains why I feel a need to say a few words in mitigation for Stockman in his present troubles. We were not pals then, nor are we now; more like intellectual sparring partners. I haven't talked with him in years. When I read the facts in his indictment, I can sense an obvious parallel with the past. His overabundant confidence and sense of rectitude may have allowed him to cut corners with a feeling of self-justification. Arrogant overreaching may have morphed into desperate manipulations. I don't know the facts of the present case and am prepared to accept the possibility that the prosecutors have him nailed. Still, I feel sympathy.

After making a fortune in Wall Street, Stockman launched Heartland Industrial Partners, a private-equity firm with a difference. His idea was to take over ailing mid-sized and small manufacturing firms in the Midwest, especially his home state of Michigan, and demonstrate that smart restructuring and fresh capital could make them viable again. Furthermore, he made clear to investors that, unlike the usual rip-and-run pirates, he intended to achieve this in a labor-friendly manner. Improbable as that sounds, the hard-nosed Reaganite made common cause with unions. Some of their pension funds became co-investors.

Leo Gerard, president of the Steelworkers union, was a fan. "David is buying controlling ownership of these companies, and he's actually turning them around, and he's not doing it by beating the shit out of the workers," Gerard told me. The approach worked in a number of instances, but then Stockman bought into the auto-parts industry. Hubris again? Collins & Aikman, the firm he acquired, was taken down by the implosion of GM. Ford and DaimlerChrysler, not different from what happened to other parts suppliers.

But Stockman wouldn't accept defeat without trying another last-ditch salvage, juggling creditors and suppliers in desperate, impromptu arrangements. Stupid arrogance or incautious loyalty to a cause? Either way, this is when he is said to have committed the fraud. We can leave the question to the federal courts. But whatever he did, Stockman didn't enrich himself, unlike other more notorious financial buccaneers. He lost personally, and his firm kept pouring in capital and lost a couple of hundred million. Once again, I'm reminded of Clare Boothe Luce's wicked aphorism: "No good deed goes unpunished." WILLIAM GREIDER