Nixon: With A Little Help For His Friends

by Bob Fitch
Ramparts, Mar 70

to tens of thousands of troops in Viet-N[illegible] Saigon correspondent, describing the reactions to the recent revelations of Americans in Viet-Nam, commented: "...There is a strong undercurrent of knowledge and fear that 'there, but for the grace of God, go I.'"

This is why the prosecution of isolated junior officers is quite inadequate. They are to be made scapegoats. The more wicked war criminals are the highest ranking military and civilian leaders, the architects of the whole genocidal policy. Have we so soon forgotten the regular White House breakfasts at which, Johnson boasted openly, he and McNamara and their closest colleagues selected the targets for the coming week?

This in turn is why it is ludicrous to suggest that an enquiry should be mounted by anyone associated with the government or armed forces. The whole establishment stands condemned, including those more moderate politicians whose every utterance is still dictated by caution and petty ambition. Goldberg's call for a commission of "concerned patriotic Americans" would be a sublime irrelevance were it not the very means whereby the full horror would be hidden. Only a Pentagon enquiry could do worse. Because I doubt whether any enquiry in the United States would be free from the most severe harassment, I have invited some 15 heads of state around the world to press the U.N. Secretary General to establish an enquiry into war crimes in Viet-Nam.

Several American newspapers have observed that reaction to the massacre revelations has been much more rapid and sharp in Western Europe than in the United States. This is highly alarming. The entire American people are now on trial. If there is not a massive moral revulsion at what is being done in their names to the people of Viet-Nam, there may be little hope for the future of America. Having lost the will to continue the slaughter is not enough; the people of America must now repudiate their civil and military leaders.

BERTRAND RUSSELL

Nixon: With A Little Help For His Friends

On a Tuesday night in September nearly 18 years ago, a nationwide TV audience of 58 million, having just absorbed the wit of Milton Berle, was treated to a classic soft-soap melodrama of political morality.

"I am sure that you have read the charge, and you have heard it, that I, Senator Nixon, took $18,000 from a group of my supporters. Now was that wrong?"

The 76 California oil and real estate men, bankers and defense contractors who had invested in Nixon and collected their political dividends didn't think so.

Others, including General Eisenhower, then campaigning against the "mess in Washington," were not so sure. Top party strategists wanted to dump Nixon from the ticket. William F. Knowland, the "Senator from Formosa," waited anxiously in the wings as an understudy in case the Nixon performance should flop.

But later that night, as the tubes cooled along the re-pacified Elm Streets across America, the remarkable impact of Nixon's speech forced the Eisenhower Crusade to recognize a pragmatism higher than opportunism. Local Republican clubs urged, "Keep Nixon." Nixon was kept. And so it was that the young man—advancing behind his wife Pat, camouflaged in a "respectable Republican cloth coat," and his black cocker spaniel Checkers—recaptured the citadel of lower middle class respectability.

Today the old Checkers scandal is largely forgotten. But Richard Nixon has become involved with another fund—not a political slush fund, but the world's largest mutual fund complex, the $8 billion Investors Diversified Services (IDS). In 1964, when Nixon's fortunes were sagging badly, IDS gave him a major break, making him a director of four of its affiliated mutual funds. The relationship brought cash and clients to Nixon and his law firm. To IDS, the Nixon connection at first had something of the value of a declining sports star's endorsement of a jiffy weight-reducing scheme.

After Nixon became President (having resigned from his IDS directorship in February 1968), the fund's managers received more than their annual dividend. One IDS lobbyist sits in the White House as the President's Special Counsel. Another was awarded an appointment to the second highest court in the land, from which vantage point he has continued to offer invaluable services to IDS: He even assisted in the secret offering of the presidency of IDS to the chairman of the Securities and Exchange Commission, an agency whose efforts to curtail some of IDS's controversial operations have meanwhile been themselves curtailed.

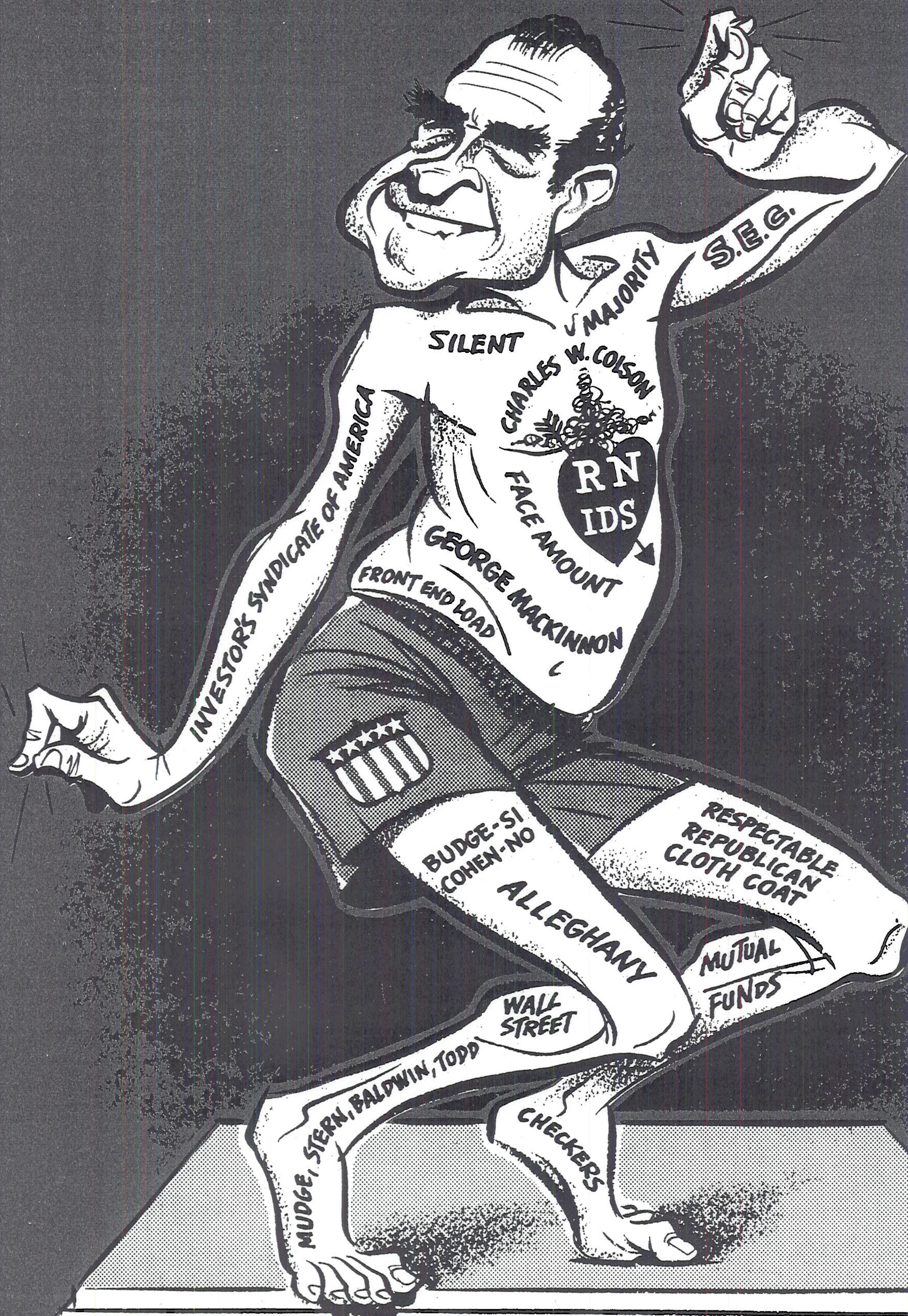
[ELM STREET CROSSES WALL STREET]

The low point of defeat from which Richard Nixon began his historic comeback drive was his loss to Pat Brown in the 1962 California gubernatorial election. Deprived of a home state political base and lacking the independent financial resources of a Rockefeller or a Kennedy, Nixon's career prospects looked dim. He was reluctant to return to his Los Angeles law practice, fearing—as he told a reporter at the time—that he would "vegetate" there. He longed for the "fast track" of New York.

Nixon's friends Elmer Bobst, chairman of Warner-Lambert Inc., and Donald Kendall, president of Pepsi-Cola, intervened for him with the Wall Street law firm of Mudge, Stern, Baldwin and Todd. Like Nixon, the firm had seen better days. Mudge, Stern (which later merged with the present Attorney General John Mitchell's municipal bond outfit) had a prestigious past but was no longer counted among the top half-dozen Wall Street firms. A firm with the corporate know-how of Sullivan and Cromwell or the governmental know-who of (Clark) Clifford, Warnke, could turn down clients offering retainers of less than $250,000 a year. Mudge, Stern often had to make do. With Nixon's somewhat battered prestige as a drawing card, the firm hoped to pull in new clients.

At IDS around this time, things were looking pretty rocky too. By 1964 it was just emerging from nearly a decade of management turmoil, proxy battles and litigation, all stemming from a marathon struggle for corporate control of IDS's "parent" corporation—a powerful personal holding company known as the Alleghany Corporation. Control of Alleghany meant control not only of IDS, but also of the New York Central Railroad, the Missouri Pacific, the Baltimore and Ohio, and other corporate prizes. It was a contest between new Texas oil money (the Murchison brothers) and old New York department store money (the Kirby family). The battle had drained IDS of much of its corporate credibility. Charges of fraud, mismanagement and inside self-dealing filled the air like frisbees. Control of the Board of Directors changed hands five times within ten years; five presidents took office, one of them twice. With a management that resembled a cabal of

by Bob Fitch


S.E.C.
MAJORITY
SILENT
CHARLES W. COLSON
RN
IDS
FACE AMOUNT
GEORGE MACKINNON
FRONT END LOAD
INVESTOR'S SYNDICATE OF AMERICA
BUDGE-SI
COHEN-NO
ALLEGHANY
RESPECTABLE
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CLOTH COAT
MUTUAL
FUNDS
WALL
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MUDGE, STERN, BALDWIN, TODD
CHECKERS
POLITICAL MORALITY LAUGH-IN
Ken

feuding Trotskyists more than the guardians of the world's largest mutual fund complex, IDS badly needed someone who would help their investor clients forget the high-level purges and bitter proxy fights among its corporate officialdom.

IDS, in search of a new image, and Nixon, in search of new clients, finally got together in 1964 when Nixon was made director of two IDS affiliates, Investors Mutual, then and now the world's largest at $3 billion, and Investors Stock Fund, with present assets of $1.9 billion. IDS later added a directorship with Investors' Selective and Investors' Variable Payment to Nixon's collection.

The man most responsible for bringing Nixon in was IDS fund's vice president George MacKinnon, who has continued to play a key role in the Nixon/IDS relationship. MacKinnon was an old Navy friend of Nixon's, had served with him in the 80th Congress, and was a speechwriter for him in the 1952 campaign.

MacKinnon's match-making blossomed into a perfect marriage. A senior staff member of the Senate Banking and Currency Committee has revealed that IDS vice president Robert Loeffler himself put Nixon's income from the IDS connection at $64,000. And Nixon's warm, 1950's, home town image—sober, stolid, never frivolous—suited IDS perfectly. For the IDS mutual fund customers were not slick Wall Street plungers, but small town, even rural, timid investors from middle and lower-middle income groups. Even today, their incomes average only $7500 to $10,000 annually. IDS boasts that one out of every 17 people in Aberdeen, South Dakota is an IDS customer; that there are 10,000 buyers in Sioux City, Iowa alone.

[BILKING THE SILENT MAJORITY]

IT IS BY CAPITALIZING ON just this isolation and lack of financial sophistication that IDS has attained its present financial girth. Many of its techniques are typical of those used by the mutual fund industry as a whole in selling a costly illusion of financial security. IDS as the management company creates a number of mutual funds whose first corporate decision is to award this management a contract for its advice; the contract provides for management fees to be paid regardless of how well or badly the advice turns out. And the huge mutual fund sales charges (8-1/2 per cent) are paid by the naive customer.

But IDS has also made its own unique contributions to American finance. First is its enormous 5000-man in-house sales force roaming the Midwestern steppes. Second are its "face amount certificates," much like savings bonds, except usually sold on the installment plan, and on terms difficult for the purchaser to calculate, but less favorable than virtually all other forms of saving. Face amount certificates are an IDS specialty—95 per cent of all those sold are theirs. The over $2.2 billion worth presently in force provide more than 50 per cent of IDS's total profits.

IDS describes the certificates as the "third cornerstone" of the firm's "four cornerstones of balanced financial planning" and as "a time-tested, proved plan that provides known results." A former IDS director, on the other hand, calls it a program of "forced savings for alcoholics and incompetents."

According to an unpublished Securities and Exchange Commission (SEC) study commissioned by the Senate Banking and Currency Committee, approximately 55 per cent of IDS's 370,000 face amount certificate purchasers actually *lost* money on the deal. Moreover, the SEC statistics show that the people who get taken by the IDS are, in fact, the personification of the silent majority—just the folks who also bought the Nixon candidacy. The average face amount certificate buyer has an income of $10,000 a year. (One in four earns less than $7500.) He is over 40, white, Protestant, and lives in a small town. With his relatively low income, he finds it difficult to keep up the installment payments that finally enable him to get his "full" two or three per cent.

It is no wonder that the selling of face amount certificates has been denounced as "unconscionable" by Joint Economic Committee Chairman Senator William Proxmire, and that their sale has been prohibited in several states. Yet all efforts to obtain a federal ban on this IDS formula have proved futile. Selling a product like face amount certificates requires not only a large number of neighborly salesmen, but some damn good lobbyists as well. Capital observers see the mutual fund lobby as a sort of nouveau riche among financial institutions. But what it lacks in political experience it makes up for in cash, numbers and political leverage in high places. For years Congress has considered passing a bill to limit some of the worst mutual fund and certificate abuses, but somehow the end of the session always finds the mutual fund industry home free. "They've hired all the lawyers in town on this bill," commented a senior staff member of the Senate Banking and Currency Committee on the industry's spring offensive against the 1969 reform bill. Now, with pressure for reform building up, it is nice to have a special friend at the top.

[WALL STREET CROSSES PENNSYLVANIA AVENUE]

EVEN SEASONED POLITICAL observers were surprised at the boldness with which presidential candidate Nixon in September 1968 promised a regulatory carte blanche to the mutual fund industry. At the height of the campaign, Nixon sent out a confidential letter to 3000 Wall Street "leaders," one of whom leaked his copy to the press. In the letter, Nixon denounced the code-crazed bureaucrats and fanatical statists in the Johnson Administration who "sought wide-sweeping new regulatory powers over the mutual fund industry, whose powers would be tantamount to 'rate-fixing' in a highly competitive industry." Referring obliquely to attempts to scale down management fees, front-end loads and face amount certificates, Nixon argued that he had no desire to mislead the investor. But the Johnson Administration, he said, believed that "the Government can make decisions for the investor better than he can make them for himself." "This philosophy," Nixon concluded predictably, "I reject."

A more exact and mellifluous echo of mutual fund propaganda could not have been produced if it had been written by an IDS lobbyist himself. And in fact Nixon aide Charles W. Colson, who was then a partner in the law firm of Gadsby and Hannah (registered lobbyists for IDS), admitted having "played a role" in drafting the letter when I talked to him recently. The role must have been considerable, since Colson worked busily through 1968 and 1969 for the defeat of mutual fund reform bills.

Colson joined the White House staff on November 1, 1969 and now serves as the President's Special Counsel. Asked about

the nature of his new job, the mutual fund expert replies, "I don't think I really can comment" because it involves "legal matters." Colson admits having played a role in drafting the letter, but minimizes its significance by pointing out that the letter was only one of many that the Key Issues Committee drafted. But then Colson was the only mutual fund specialist on the committee.

Colson says he's done no further lobbying for IDS since joining the White House staff, although he suggests that his law firm "probably" continues to represent IDS. "Simply as a matter of course, I would never get involved in this area," says Colson.

Though Nixon, a four-year director of IDS, and Colson, a lobbyist for the same corporation, would appear to have a lot in common to talk about, Colson says he and Mr. Nixon never even discuss mutual funds. The President, says Colson, takes no position at all on the pending mutual fund legislation.

[LETTER PERFECT]

EVEN SO, THE SEC under the present Administration has adopted the *caveat emptor* philosophy of the Nixon-Colson letter as its guidelines. When Manny Cohen, the Commission's reform-minded chairman, offered his resignation, it was quickly accepted by the new President. Cohen had pressed for strong legal measures: if mutual fund management fees weren't "reasonable," customers should be able to take corrective legal action; the front-end load would have to go, along with the fixed minimum sales charges that enable the funds to constitute a huge money trust protected from price competition. The Cohen SEC could move in this direction because it had at least minimal support from the White House.

Under Nixon, the SEC has moved away from all three positions. Even more has been done for IDS: The world's largest financial service company, IDS has been allowed to de-register as an investment company. This frees it from SEC rules governing capital structure and acquisitions in related financial fields. Also, the Justice Department has filed a joint brief with IDS before the SEC, holding that financial institutions should be allowed to join the New York Stock Exchange. This would allow IDS to gain commissions on mutual fund stock transactions, rather than paying them to NYSE members. But potentially the biggest benefit of all came from the Internal Revenue Service, when a new ruling opened up the $250 billion pension fund market previously closed off to mutual funds.

When it comes to taking public stands on regulatory policy, Nixon now affects a "hands off" position, which simply gives free reign to the special interests and perpetuates the drain on the savings of middle, lower-middle and working class people in a time of rising inflation and unemployment. It's Nixon's way of standing up for the silent majority.

[FUNDMAN MEETS THE PINBALL CONSPIRACY]

IF CHARLES COLSON'S IDS LINK brought him success in the Washington job market, George MacKinnon received a post commensurate with his loyalty in Nixon's time of need: on April 23, 1969, Nixon appointed him to the Washington, D.C. circuit of the U.S. Court of Appeals, the second highest court in the land. MacKinnon not only was responsible for bringing Nixon onto the boards, but consistently argued in board meetings for throwing legal business to the Nixon firm, despite the resistance of IDS board member and senior vice president Robert Loeffler, who is a partner in the law firm that would regularly get IDS business. At MacKinnon's insistence, Nixon was retained to provide the "advice" of counsel legally required in certain bond purchases.

MacKinnon had served IDS as counsel and chief lobbyist, along with his role of vice president. But while his competence as a lobbyist is unquestioned, neither his IDS salary—estimated by a knowledgeable Minneapolis attorney at approximately $250,000 a year—nor his present exalted judicial post, is easily laid to expertise in law. MacKinnon's background, which includes a stint as assistant football coach for the University of Minnesota, shows real courtroom experience only during his term as Minneapolis DA.

District Attorney MacKinnon was better at arresting people than at gathering evidence to support his charges. Despite lavish assistance from the FBI and other federal agencies, MacKinnon wound up with one of the lowest conviction rates in the country.

His most notable accomplishment was the prosecution of 39 minority group tavern owners who constituted what MacKinnon called "the pinball machine conspiracy." The fact that pinball players didn't win cash didn't mean, MacKinnon said, that they weren't gambling. Winners got a "free play" worth five cents, didn't they? "The so-called free play, which actually amounts to a pay-off," was, MacKinnon charged, openly available to pinball players. Yet the owners of the machines had failed to pay the Minnesota gambling tax.

MacKinnon eventually obtained felony convictions against all 39 pinball machine owners. He was proud of having taken on the men he called "the higher ups in the pinball circles."

Today the Minneapolis gangbuster seems to serve much the same crony-lieutenant role in the Nixon Administration as Supreme Court Justice Abe Fortas did for the Johnson team. Nixon wants MacKinnon around. One former IDS director suggests that this is why Nixon appointed MacKinnon to the Washington, D.C. district, rather than to his home base of Minnesota.

[FUNDMAN MEETS WATCHDOG]

MACKINNON'S NOMINATION as federal judge was confirmed by the Senate on May 8, 1969. One week after his appointment, MacKinnon was back in Minneapolis giving a report to the fund directors. Minutes of that meeting, marked "Distribution—To Members of the Board and Certain Officers," show that MacKinnon offered "in the months ahead" to help his successor, "without compensation," familiarize himself with mutual fund legislation pending in Congress, and also with the litigation in which IDS was involved.

Fund Chairman Harold Bradford, however, thought MacKinnon's offer too generous. Some way should be found, he felt, to compensate MacKinnon's efforts financially. Bradford asked MacKinnon to leave the room while he presented his plan to the remaining directors. He recommended that since MacKinnon had taken only a few days vacation over the years, he be given a sum of money as severance pay "based chiefly" on the unused vacation time.

Eight days later, MacKinnon returned to Washington to work on one of the most "complicated" of these matters. On

1969

the evening of May 16, MacKinnon and Bradford met in a Washington hotel suite with Hamer H. Budge, who had just been named to succeed Manny Cohen as chairman of the SEC. (Like Dick Nixon and George MacKinnon, "Judge" Budge is a charter member of the 1946 "Chowder and Marching Society" of freshman Republicans in the 80th, "Do-Nothing," Congress.) Budge took office amidst New York Times speculation that Nixon had removed Cohen because he was too hard on mutual funds. This was a bit oversimplified, but it made things difficult for Budge. On the one hand, the White House really didn't want any reforms; on the other, the whole purpose of having the SEC is to absorb the offensive odors that are inevitably given off in the trading of securities. An SEC chief can't very well behave like the best friend who never tells.

In his Congressional testimony on mutual fund reform, Budge had known enough to steer carefully between the Scylla of "yes" and the Charybdis of "no." He ducked questions on mutual fund sales charges and concentrated instead on the evils of conglomeration, a safe issue on which reformers, the SEC, John Mitchell and the White House all agreed.

With such matters in the air, Bradford and MacKinnon met that evening in the hotel with Budge to present him with a modest proposition. Bradford wanted to step down as president of the IDS funds. How would Budge like to take the post for $80,000 per year, plus $80,000 severance pay if his services were terminated before three years?

Budge asked for time to consider the offer. Then, on June 11, according to MacKinnon's report, which appears in the minutes of the Fund directors' meeting the following day, SEC chief Budge said he "would like to accept the offer." It would be "entirely in order," MacKinnon quoted Budge, "to adopt the appropriate resolutions," subject, however, "to the wishes of his present boss [Richard M. Nixon] who might want to ask him to remain in his present position for a period of time to make an orderly transmission to his successor."

After June 12, however, Budge began to vacillate, and the IDS directors were told on July 10 that he had turned the offer down. But by the time the Executive Committee met six days later, Budge had apparently changed his mind once more. That day the Committee unanimously resolved "that Hamer H. Budge is hereby elected, subject to his acceptance, to the position of President." Now, however, Budge was to be guaranteed *two* full years' salary ($160,000) as severance pay if he was terminated by the corporation within three years. Whether Budge's hesitation during the first summer of Nixon's presidency was a crisis of conscience or a negotiating ploy, one thing is certain: it induced IDS to sweeten its offer by $80,000.

Curiously, the Budge incident came only a few weeks after the promulgation of the Nixon guidelines on political morality. According to these guidelines, officials are not allowed to use their office for private gain, engage in actions that would impair their objectivity, or otherwise undermine public confidence. Yet here was a Nixon-appointed appeals judge recruiting a Nixon-appointed SEC chairman to be president of a corporation of which "the Boss" was a former director. And all this was going on while the SEC was drafting proposals on the future of the mutual fund industry. In particular, the Commission chairman would be presiding over decisions regarding the face amount certificate, which the SEC's unpublished studies had characterized as contrary to the public interests, but upon which rested fully half the profits of the firm whose presidency the chairman was about to assume. Now *there* is conflict of interest bordering on schizophrenia.

[WATCHDOG MEETS SENATE]

JUST AS RETIRED AIR FORCE generals can generally find employment with civilian missile-makers if they are capable of consecutive thought and their knuckles don't drag too badly when they walk, so all roads for high SEC officials seem to lead to the Wall Street firms they once regulated. Usually, however, this is done decorously, after some recognizable caesura like a change of administrations. The Budge affair, however, was gross even by lax Washington standards. Word that Budge was offered the IDS job was leaked to the Washington Post by New York Stock Exchange President Richard Haack (who had backed Budge's opponent for the SEC post).

Senate liberals were outraged, for they had relied heavily on SEC recommendations when they were considering mutual fund reform in April and May, a period during which Budge was dickering with MacKinnon over the job. Senator Proxmire demanded that Budge clarify whether he was regulating IDS funds or seeking employment from them. When Budge failed to clarify his relationship, Proxmire and Senator Harrison Williams of New Jersey called for Senate hearings.

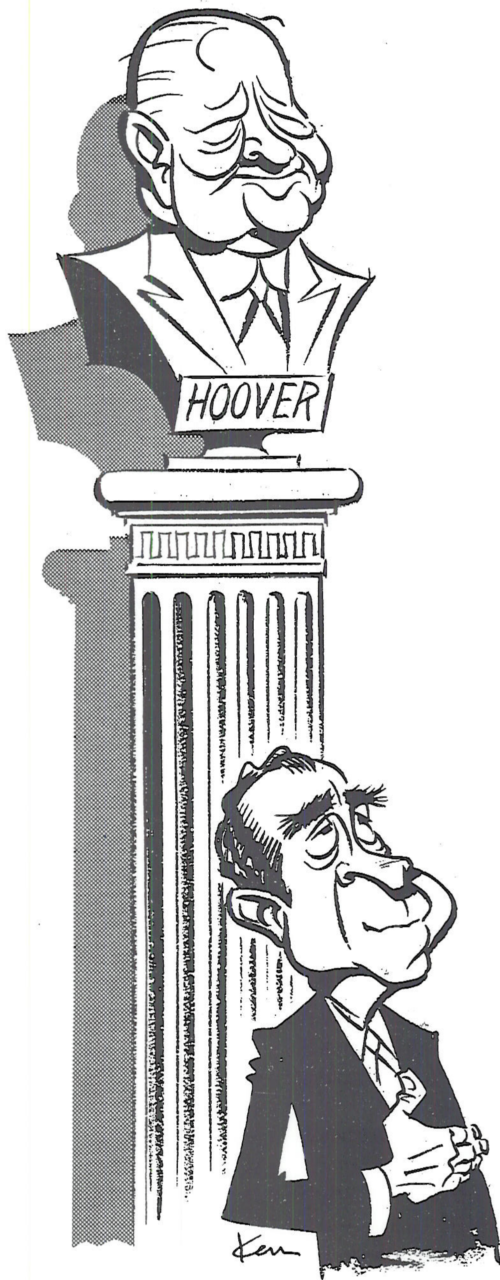
The hearings got nowhere, chiefly because Republican committee members Bennett of Utah and Brooke of Massachusetts backed Budge as if the credibility of President Nixon himself were at stake. The not entirely ineffective Republican counterattack was led by Senator Bennett, who recited a long list of high Democratic financial regulators who had gone on to take jobs with the institutions they regulated. In the last year, Democrat Joseph Barr, acting Secretary of the Treasury, had become vice chairman of American Security and Trust; his boss, Secretary of the Treasury Henry Fowler, had become a partner in Goldman Sachs; and James Saxon, the top U.S. official supervising national banks, had taken a job with Fletcher National Bank and Trust.

IDS vice president Robert Loeffler, bucking the morally permissive weight of such precedents, stated that he, for one, thought the job offer had been unwise. It gave an appearance of conflict of interest which would, he said, be "misinterpreted" by the public.

Loeffler's piety was too much for Budge, who pointed out that IDS had previously hired three top SEC officials, including the Director of Trading and Markets, Ralph S. Saul. "If IDS is sensitive in this area," Budge observed, "it must have been a recent development." Budge, nonetheless, has not yet taken the job, nor has he left the SEC.

[ANCESTOR WORSHIP]

TODAY THE DOLLAR ASSETS of IDS itself are equal to the entire mutual fund industry of 1929. The present industry as a whole is nearly seven times bigger; mutual fund shares comprise one half of all new issues. Their underwriters are key figures in the financial world. In the bear market of 1962, Wall Street looked to men like Joseph Fitzsimmons of IDS, Dwight Robinson of Massachusetts Investors Trust, and Walter Morgan of Wellington to shore up prices. Although they were unknown to the public, each



man controlled more money than did Morgan in his prime. They were able to prevent a '29-style collapse, but only because, unlike today, the stuff of the economy itself was strong. Mutual fund shareholders weren't forced to cash in their shares because of taxes or unemployment. Sales actually rose.

No one really knows what the 1970's will bring, as the widely predicted recession approaches. What would happen if the circus tent caught fire and all the elephants tried to escape at once; if the funds tried to get out of the market and the investors out of the funds? The idea troubles SEC Chairman Budge himself. "Since World War II," he said recently, "we have seen generally rising stock markets which may offset the front-end load. Before then, in the '30's, the experience was different. It is rather terrifying to consider the fate of small investors paying 50 per cent sales load if we should ever encounter a real bear market ahead."

The precedents are disturbing. The direct ancestors of today's elephantine mutual fund complexes were the investment trust mastodons of the 1920's. Then, as today, the little man was offered a chance to beat inflation, consolidate risk, and benefit from the accumulated market wisdom of Wall Street's sharpest heads. By 1929, the investment trusts' assets were over $8 billion; their shares constituted one third of all new capital issues. The influx of money through the trusts swayed the market for a while, creating enormous profits for their underwriters. Then they crashed. By 1931, it was often impossible to discover precisely what a share in an investment trust was worth, because the cost of an audit exceeded the value of the assets.

These funds have once again become dangerously shaky pivot points of the American economic structure. No one knows whether the stock market, whose self-destruct mechanism seems primed to go off every 30 years or so, is preparing to "do its thing" or not. But Nixon's economic-regulatory policy seems designed to maximize that possibility. On the one hand, Nixon uses the fine-tuning techniques of his ideological forebear, Herbert Hoover: high regressive taxes, high interest rates and high unemployment. At the same time, he resists the reforms of the mutual fund structure which might put a safety valve on the stock market should the blow-off come.

During prosperous times, it's hard for Mr. Jones to realize what's happening. But if hard times come, he won't need an accountant to tell him he's been taken.

The complacent indulgence of President Nixon in the face of this prospect can be unscrambled only as an expression of the dubious political principles spelled out in the Nixon letter to Wall Street. As candidate, Nixon promised to prevent new "wide sweeping" regulatory powers from being exercised over the mutual fund industry. As President, Nixon delivered. Candidate Nixon denounced the Administration's "legalistic and bureaucratic approach to mutual fund regulation." President Nixon takes regulation out of the constraints of law and bureaucracy and puts it in the context of hotel room deals and personal favoritism.

It was in the financial community, after his rejection by the California electorate, that Richard Nixon rebuilt his base, made his chief business connections, his personal friends, his campaign backers. That his personal, professional and political loyalty to this silent minority takes precedence over a rhetorical commitment to the silent majority should surprise no one.

More ironic is how the Nixon political enterprise takes on increasingly the characteristics of a mutual fund sales campaign. Both appeals ignore the blacks and the poor, who after all can't afford the product. Both are pitched at the white, the middle-aged, the marginally successful. Both tell the voter/investor to sit back passively and let the better brains make the system work for him. Meanwhile, the votes and dollars pour in.

All this shows that the slogan "You can't trust Nixon" and the jokes about Nixon as a used-car salesman missed the real point. Some people *can* trust Nixon. But they don't buy their cars in used-car lots.

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