

States of the Union

BERT AND JIMMY

BY RICHARD J. MARGOLIS



PRIDE GOETH after a fall. The President said, "Bert, I'm proud of you." Bert's wife, LaBelle, said, "We are proud to walk in the way of Christ" (who threw the money-changers out of the Temple). The folks in Calhoun, Georgia, said, "Bert, we're proud to have you back." Bert said, "I'm proud to be here. My conscience is clear."

Bert Lance, apostle of the Balanced Budget, is gone. Long live the Balanced Budget.

He had wanted to work so many miracles for his friend in the White House—to introduce zero-based budgeting, to banish waste, to reorganize the government, to balance the bud-

get by 1981. "Let the spender beware!" he'd told the Southern Governors Conference last August. "President Carter will not tolerate the spending of one more dollar than he feels the taxpayer should tolerate. Not one more dollar than is necessary to help our country, through its own dynamics, help itself."

Jimmy and Bert—the engineer and the entrepreneur—would do it together, just as they had done it six years ago, when Jimmy was governor of Georgia and Bert ran the state Department of Transportation. The two had made quite a team: Bert was warm and easy-going, a big St. Bernard of a man, always ready with a

quip and a helping hand. Jimmy was slight of build and parsimonious by training. Efficiency was the second god he worshipped; when he talked, his lips barely moved.

The men were constant companions. They played tennis together; they supped together (sans booze); they joked and guffawed together; their wives exchanged gifts and trinkets. Bert and Jimmy laughed all the way to the bank, notably Bert's own National Bank of Georgia, fifth largest in the state, which extended a \$3.6 million line of credit to Jimmy's peanut warehouse.

You had to admire Bert Lance. Whatever the challenge, he managed; whatever the danger, he lucked out. He'd married the banker's daughter in his hometown and within a decade had risen to the presidency of his father-in-law's modest institution, the Calhoun First National Bank of Georgia. Wheeling and dealing, taking risks, he turned a marginal country bank into a highly profitable business. He bought a big house and a big car. He was a big man in Gordon County—worth about \$3.5 million by 1973.

That was the year Bert tried to get elected governor, with Jimmy's blessing. (Under the Georgia Constitution, Jimmy couldn't succeed himself.) He lost—it wasn't even close—but in the meantime he had spent a lot of cash on the campaign, falling into debt and bouncing checks. Well, they didn't actually bounce, because Bert's bank in Calhoun agreed to wink at his overdrafts. He ran them high enough—up to \$450,000—to engage the curiosity of the U.S. Treasury Department. The Comptroller of Currency began an investigation.

Yet nothing ventured, nothing gained—so Bert borrowed some more money, \$2.6 million from a bank in New York, and used it to buy control of the National Bank of Georgia. He was a big man in the state now, but he owed a lot of money and he was paying out a lot of interest, and that investigation of the Calhoun bank was still going on.

In December 1976, Bert finally made the real bigtime when his friend, Jimmy, appointed him budget director of the United States of America. That same week the U.S. Comptroller, without bothering to tell anyone on the Senate committee charged with evaluating Bert Lance's nomination, quietly dropped the Calhoun investigation. Subsequently, all except one of the senators on the committee approved Bert's appointment. The lone dissenter was William Proxmire (D.-Wis.), chairman of the Banking and Currency Committee. Proxmire said he had nothing personal against Bert Lance, only that his record didn't show much promise for such a responsible position.

For his part, Bert made it clear to the senators that in taking the job he was sacrificing an awful lot. As director of the Office of Management and Budget (OMB) he would be earning only about one-third of his banker's salary. Besides, in order to avoid even "a suspicion of impropriety" (Jimmy Carter's campaign promise), he would have to sell his stock in the National Bank of Georgia, and the stock was plummeting. Bert didn't go so far as to say, with Charles Colson, that he would run over his own grandmother if he thought it might help the President, but his thoughts seemed to be drifting that way. Jimmy was a friend in need; that was all he knew and all he needed to know.

Bert never questioned Jimmy's obsession with a balanced budget. Back in Georgia Bert had been thriving on borrowed money, but that was different. That was one man—just a country boy, actually—trying to parlay a little cash into a solid fortune. The Federal government couldn't afford that luxury. It had to be *businesslike*.

Moreover, the business of the country was business. Everybody knew that. So right off the bat Bert and Jimmy went out of their way to reassure the nation's business leaders. A lot of liberal campaign promises were put on the back burner.

America's unemployment rate

seemed frozen at more than 7 per cent—up to 40 per cent in the central cities—but Jimmy and Bert were not alarmed. Instead of lending their support from the outset to the Humphrey-Hawkins full employment bill, they pushed through Congress a timid "emergency" program that offered some jobs to some of the unemployed (less than 5 per cent) some of the time.

IN THE campaign, Jimmy had called for "a universal system of comprehensive health insurance." When he got to the White House he said universal health insurance would have to wait: It was "too inflationary."

In the campaign, Jimmy had promised farmers "maximum price supports at least equal to the costs of agricultural production." When he got to the White House he threatened to veto a bill providing precisely such supports and succeeded in jawboning Congress into writing in lower subsidies.

In the campaign, Jimmy had said he felt a special empathy for the rural poor, particularly for those who still lived in the South's Black Belt, and he promised to help them. When he got to the White House he and Bert proposed a budget (for fiscal '78) that would erase 300 workers from the already depleted rolls of the Farmers Home Administration, the only agency left in Washington that takes a continuing interest in the rural poor citizenry.

In the campaign, Jimmy had called the present tax system, with its many loopholes for the rich, "a disgrace to the nation." He promised to reform it forthwith. When he got to the White House he discovered that the problem was more complex than he had thought. Tax reform has had to wait until now and is not quite what had been promised.

In the campaign, Jimmy had pledged to trim the Pentagon budget by as much as \$15 million. When he got to the White House he increased military appropriations \$11 million.

In the campaign, Jimmy had said

help for New York City was one of his top priorities. When he got to the White House he announced that the blackout in New York did not entitle the city to disaster relief funds, even though Federal law would have permitted it.

Not everyone went along with Bert and Jimmy. In April, Senator George McGovern (D.-So.D.) suggested that the Administration was trying to balance the budget "on the backs of the poor and the jobless." Jimmy replied that McGovern's charge was "pre-mature"; Bert called the accusation "unfortunate."

In July, Vernon Jordan of the Urban League accused the President of breaking his promises to black Americans. Jimmy answered that such criticism could hurt the very people Jordan was trying to help. He said it bordered on "demagoguery."

Bert, meanwhile, was having troubles of his own. The newspapers had gotten wind of some of his down-home shenanigans—the big loans, the startling overdrafts—and they were having a field day. Reporters hadn't had so much fun since Watergate.

But Bert hung tough. He hired a smart Washington lawyer, Clark Clifford, and went up to the Hill to give his side of the story. Everyone agreed it was a brilliant speech and that Clifford had probably written it. (As Bert spoke, the urbane Clifford, sitting behind him, could be seen silently mouthing the words.) Bert told the senators he was totally innocent of any wrongdoing; his behavior, he said, had been consonant with the manners and morals of the banking industry.

Bert won that battle—the TV audience thought he was great—but he lost the war. Jimmy had to let him go, and maybe that was the hardest thing Jimmy ever had to do. Well, we won't have Bert Lance to kick around any more. He's back in Calhoun, recouping his fortune, helping himself—as he might put it—through his own dynamics. Bert will do all right in Calhoun. He's a natural born salesman.