PRESIDENT’S REPORT

PROJECTIONS FOR GROWTH

The spring of 1979 has brought two significant changes to the School of Management.

Dean Merrill J. Bateman has accepted a corporate staff-officer position with Mars, Inc., and will be leaving BYU this summer. (See article page 58). During his four years of service, he has done a remarkably effective job as dean, fulfilling our most optimistic expectations. Under his guidance, the quality of the faculty of the School of Management and the breadth and excellence of its instructional programs have made great strides. We genuinely regret his leaving. He has been an outstanding leader, and his departure is a great loss to the School of Management and to BYU. We wish him well in his new opportunity.

We hope to designate a successor before Dean Bateman’s July 15 departure. In order to do this, we are interviewing School of Management faculty members and carefully considering qualified persons both inside and outside the University. The individual we choose needs to be a scholar, a teacher, an educator, a good administrator, and a person with the requisite vision and stature to direct the School of Management.

The second important event is a result of the leadership of Dean Bateman and the efforts of many friends of the University. We have received approval to begin the planning and construction process for building the new School of Management building. We anticipate bidding the building in the summer of 1980 and occupying it before Winter Semester 1983. We have a superb location for the building, directly west of the Jesse Knight Building Annex on the hill just above where the baseball practice field is presently situated. This site provides excellent access to the campus and an extraordinarily prominent location for what we know will be a beautiful building.

Fund raising has been very successful to date. We presently have slightly more than $8 million in cash and collectible pledges. This represents four anonymous gifts of $1 million each, several gifts in the quarter of a million dollar category, several one hundred thousand dollar gifts, and nearly 300 donations in the $5,000 to $10,000 category. Many individuals have been involved in this fund raising program and we sincerely appreciate their efforts.

Of course, much work remains to be done. We must continue our fund raising efforts until we have $12 million, the estimated cost of the new building. We ask your continued help in that vital effort.

Dallin H. Oaks
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THE DYNAMICS OF CITIES
Understanding Housing and Neighborhood Change

by Kent W. Colton
Revitalizing Partnership

In 1978 President Carter announced a national urban policy, focusing on a number of goals, such as preserving the heritage of our older cities, maintaining urban investment, and assisting new cities in "confronting the challenges of growth." A large number of those suggested policies will be administered or monitored by the federal Department of Housing and Urban Development (HUD). Most of our government housing programs have focused on increasing the supply of housing and rebuilding downtown facilities, but they have failed in many areas to reverse the decline of cities. In fact, a number of government programs have proven counter-productive in their influence.

The future could be different as changing market forces and population demographics for the next 15 years offer a unique opportunity for neighborhoods, cities, and financial institutions to develop a partnership to stimulate revitalization. However, new problems will emerge, and a national urban policy can succeed only if public and private sectors can work together and if policies can be sensitive to the market dynamics of cities. A fresh approach to designing housing strategies, based on an understanding of these market dynamics, is available.

There is widespread confusion concerning the causes of neighborhood decline. Consider the desire to pin the tail on the donkey:

Who caused this neighborhood to decline? Why are there broken streets, vacant houses, boarded-up stores where there was once a solid, thriving community? A middle-aged woman cannot bear the thought of a second visit to her old neighborhood—"not after what they’ve done to it."

Who are they? Well, it’s obvious, isn’t it? The streets are full of black faces. Black people just don’t care. They’ve let the neighborhood go to hell. The blacks did it.

But according to a young staffer in a state regulatory agency, the banks did it. They’ve red-lined the area. By strangling the flow of mortgage money, they’ve made it impossible for a healthy replacement process to continue. They suck up urban deposits and place capital in more profitable, lower risk suburban developments. Quite clearly, the banks did it.

Not according to the bank president. If anyone deserves the blame, it is the city. It is the city, not the banks, who are responsible for dirty streets, inequitable assessments, venal building inspectors, indifferent police.

The city now suggests the Department of Housing and Urban Development. HUD did it with its ill-conceived, mismanaged FHA low down payment home ownership program—not to mention its financially distressed 211(d)(3) and 236 subsidized developments, or its public housing disasters.

In this confusion, various interests argue from differing premises for conflicting solutions. It’s an income problem. No, it’s a people problem. No, it’s a financial support problem, caused by banks . . . city complacency . . . corruption . . .

The dynamics of cities evolve around a combination of influences, rather than any one causal force. However, the situation is not impossible; and in fact, the demographic trends over the next decade provide a unique opportunity for city revitalization—although they also bring new challenges. The emphasis in formulating policy must be on understanding the dynamics of the urban marketplace and neighborhood change, and strategies must be tailored according to these neighborhood dynamics.

This article first reviews some of the influences that contribute to a new life for cities, with a special emphasis on the underlying population shifts. The next two sections discuss the importance of understanding neighborhood market dynamics. Using Boston as an illustration, a classification scheme is developed to explain the patterns of change that exist and to show how housing strategies must be tailored according to these dynamics. The concluding section offers an approach to achieving the "golden mean" of neighborhood stability.

A New Life for the City?

Until quite recently it was fashionable to debate whether cities were worth saving. Housing experts seemed on an endless quest to cure blight, and the focus was on efforts to arrest decline and to restore the tax base for struggling urban areas. Although problems of blight still persist in many neighborhoods, a countermovement is also building. Suddenly urban neighborhoods are being rediscovered, urban chic is becoming "in," and the cultural excitement and vitality of cities is receiving increasing attention. Experts now seek a cure for "dislocation," a new term describing established residents who have been priced out of their own neighborhoods. Magazine articles feature the "middle class poor," and declare "housing out-a-sight," while magazine supplements dwell on "brownstoning" (the restoration of nineteenth century city residences that fell into neglect).

A growing variety of influences has contributed to this renewed attention to urban neighborhoods. First, the 1973 oil shortages and embargo challenged people’s beliefs that energy would always remain cheap and that commuting times would always improve. Suddenly urban density, public transit, and even the availability of buses and taxicabs demonstrated advantages. Not only can city living be fun and culturally exciting, it can also cost less.

Second, the U.S. bicentennial fostered a reappraisal of our American heritage. Many now place a greater value on older things. And experience has taught us that newness sometimes means shoddiness, advertisers’ claims notwithstanding.

Third, and unobserved by many, an unprecedented flood of new households is forming from the babies born after World War II. These individuals crowded the suburban classrooms in the Kennedy years and then clamored to get into (and change) universities in the Johnson years. Large numbers of these young now seek to own houses of their own. Those with a penchant for a lifestyle that thrives on urban living are returning to the city. What percent will actually choose to live in the city as compared to the suburbs is still undecided, but undoubtedly demand for the existing stock will sharply increase.

Finally, housing is no longer viewed solely as shelter; rather, it is a form of investment, a way to keep pace with or ahead of inflation. With more women


(This article draws heavily from an earlier paper prepared by Rolf Goetze, Kent W. Colton, and Vincent F. O’Donnell, Stabilizing Neighborhoods: A Fresh Approach to Housing Dynamics and Perceptions, November, 1977, Public Systems Evaluation, Inc. and the Boston Redevelopment Authority, prepared for the U.S. Department of Housing and Development, Office of Policy Development and Research, Washington, D.C. 20410. The origins of this work trace back to June, 1972, when Rolf Goetze and Kent Colton began examining housing dynamics and census and market trends at the Boston Redevelopment Authority (BRA) Research Department. A purchase order from the Department of Housing and Urban Development in the summer of 1977 to Public Systems Evaluation enabled the synthesis of this initial research and subsequent research efforts at the BRA under the direction of Rolf Goetze. Contributors to this effort are too numerous to mention here, but we thank them all.)
working, young couples can afford to spend more on housing. By out-bidding the single-earner family, though, they may also add to the soaring inflation in property values.

We will not know for a number of years whether these forces actually portend a permanent and significant return to city living or whether it is a transitory phenomenon hyped by the media. However, some type of change is occurring, and we can no longer look back. We must focus at least part of our attention on housing and urban neighborhoods and the interaction which is underway.

Baby Boom. One of the biggest determinants of this interaction is the post World War II (1940 to 1965) baby boom noted above. While we have heard of overcrowded classrooms (now empty), the crush on colleges (with overbuilt dormitories), and the current intractable unemployment problems, we seldom connect these events. At each turn, accommodating this bulge has strained various systems, and housing is no exception.

Exhibit 1 shows this national bulge of people turning 30, the traditional time of settling down. Until 1955 there was a steady progression as the system accommodated a steadily increasing number of people. Then, between 1955 and 1975, there was a relative shortfall. In this period, the nation was short 14 percent, on average, of the normal number of people turning 30. But even more drama is in store for the period from 1975 to the year 2000, because during this period 16 percent more than normal will seek housing. The stresses this will cause are hard to visualize. Those who have spent the last 20 years fighting blight will be unprepared.

Decline is difficult to adjust to in our growth-oriented society, but between 1950 and 1965, the system was forced to adjust to a declining number of people in the housing market. Just when the system became reconciled to this slack period, the baby boom intruded with staggering numbers trying to form independent households and become wage earners. From the late 1960s to the mid-1990s, increases have been and will continue to be stunning.

Tidal wave accounts describe how the wave first pulls the waters back, exposing the hidden ocean floor, before rushing in and engulfing everything in sight. In the decade of the sixties and early seventies, we puzzled, exploring the mysterious ocean floor and arguing about questions of neighborhood blight, lack of mortgage credit, and dwindling city revenues. When the tidal wave of new households engulfs urban areas in the eighties, most of the existing housing supply will be brought into play because enough new housing cannot be produced in the next 15 to 20 years to meet the projected demand.

For policy makers, the implications should be clear. The last 20 years can be characterized as the period when problems of urban blight caused special stresses; and the coming 20 years may become the period of rediscovery, speculation, and dislocation. Since all neighborhoods in any urban areas are not influenced concurrently, policy makers will have to learn to separate healthy from unhealthy neighborhood evolution. Blight and deterioration will continue to be a problem, only less frequently. The new challenge will be promoting neighborhood stability and revitalization without displacement.

Neighborhood Market Dynamics—Boston

Housing condition alone is not a sufficient criteria for understanding neighborhood dynamics or for allocating housing and community development resources. In the analysis described here, it is assumed that, left to themselves, different neighborhoods naturally evolve in different ways. A neighborhood classification scheme will be introduced—using data from the city of Boston for illustrative purposes—which corresponds to these different patterns of change. In turn this classification scheme will be used in recommending policy choices. Only when the natural evolution of neighborhood housing markets is understood can the impact of various public sector housing program interventions be reliably projected.

The key dimensions for the classification scheme are housing condition and market perception. Housing condition data are essential for the analysis of various public interventions in different neighborhoods, serving both to indicate the need for such programs, and to set limits on the potential cost of a given program. However, although necessary, housing condition data are not sufficient for the purpose of determining housing policies appropriate to different neighborhoods. A host of other factors come into play in determining the future of a neighborhood, and we have character-
ized this interaction of factors as *market perception*. These two dimensions— *housing condition* and *market perception*—provide the basis for the neighborhood classification framework described below.

Based on an analysis of the city’s *housing condition*, housing in the neighborhoods in Boston was somewhat loosely classed into three categories: *good* condition, requiring at most minor repairs such as exterior painting (no more than $1000 per unit); *fair* condition, requiring moderate repairs to deal with deferred maintenance ($1000 to $3000 per unit); and *poor* condition, requiring major rehabilitation ($3,000 to $10,000) or demolition.1

*Market perception* determined the strength of the housing market in a neighborhood in relation to the number of households desiring to move into, stay in, or leave the neighborhood.2 Three types of markets were identified: a *rising* market (more applicants than vacancies); a *stable* market (supply and demand balance out); and a *weak* market (fewer households seeking to remain than available dwellings). It is important to realize that variations in housing market strength do not necessarily parallel housing condition. For example, comparison of housing condition and market strength in Boston revealed that areas in similar condition were subject to different market influences. There were neighborhoods—for example, the South End of Boston—which were in relatively poor condition but had a strong market. And in turn, some neighborhoods in fair to good condition had weak markets; owners of sound houses were disinvesting for fear that a lack of qualified buyers may change the neighborhood.

A matrix results from combining the *housing condition* dimension with the *market perception* dimension. (See Exhibit 2.)

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### Neighborhood Characteristics Associated with Housing Market/Condition Classification

<table>
<thead>
<tr>
<th>Housing Condition</th>
<th>Rising (R)</th>
<th>Stable (S)</th>
<th>Declining (D)</th>
<th>Rapidly Declining (RD)</th>
</tr>
</thead>
</table>
| Good (G) Minor Repairs Required | G/R
- Rising values
- Rising rents
| G/S ideal neighborhood | 15% 33,400 du | 17% 39,700 du | 32% 73,100 du |
| Fair (F) Moderate Repairs Required | F/R
- Reverse filtration
- Abandoned tenants
- Low turnover
| F/S blockbusting
- Unrealistic expectations
- Arterial or industrial blight
- Racial fears | 20% 48,300 du | 23% 56,400 du | 50% 117,500 du |
| Poor (P) Major Repairs Required | P/S market
- Bottomed out
- Some abandonment
- Realistic expectations
| P/D abandonment
- Foreclosures
- Multi-problems
| P/RD firebombing
- Disaster wholesale | 36% 81,700 du | 49% 118,100 du | 18% 40,900 du |


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of households desiring to move into, stay in, or leave the neighborhood.3

Some of the characteristics associated with different types of neighborhoods are also identified. The cost of maintaining and upgrading is a function of condition, but the incentive to do so depends in many cases on the strength of housing demand and the change in market value resulting from upgrading. Markets perceived by key individuals as rising or declining differ sharply in their behavior, and the futures, even of superficially similar neighborhoods with essentially the same housing condition, will differ widely. As an illustration, Exhibit 2 shows the estimated percentage of Boston units that fell into the various neighborhood types. Only about half of Boston's stock was located in neighborhoods where housing supply and demand were in balance, whereas one-third was affected by strong demand. On the other hand, one-sixth of the housing stock was estimated to be in a weak and ineffective housing market.

The significance of this classification scheme lies primarily in the fact that neighborhoods belonging to various cells in the matrix framework tend to be quite different, and will respond in a different manner to the same housing policy intervention. In designing housing strategies, it is essential to be sensitive to these differences in market forces and neighborhood dynamics.

### Strategies Tailored to Neighborhood Dynamics

As yet there has been little research on how neighborhood well-being can be monitored and confidence built. Without this sensitivity, policy makers who seek to revitalize neighborhoods are confused with conflicting objectives, and as a consequence it is difficult for clear policy recommendations to emerge. The national housing policy debate revolves around which is more important: maximizing housing choice, fixing up houses, restoring the tax base, promoting integration, housing the disadvantaged, or bringing the middle class back to urban living. Failure to rank these objectives in some priority and to identity explicitly the optimal strategies for each objective underlies the continuing housing policy debate. Explicit discussion of these objectives and their inherent conflicts is vital before the national policy map can be resolved.

To help such issues fall into place, the primary role of public policy should be building neighborhood stability (to bring neighborhoods to the "stable" column of the conceptual framework presented in Exhibit 2). Further, strategies must be tailored to neighborhood housing market dynamics.

Based on an understanding of neighborhood dynamics it is possible to outline a series of strategies tailored to neighborhood dynamics, depending on whether the market reflects stable, ris-
THE HOUSING AND URBAN RENEWAL PROGRAMS OF THE 1960s WERE LARGELY ORIENTED TOWARDS INCREASING THE SUPPLY OF HOUSING AND OFTEN PROVIDED FEW BENEFITS FOR THE EXISTING NEIGHBORHOOD RESIDENTS

...ing, or declining dynamics. Exhibit 3 summarizes these revitalization strategies in general terms. Stable Markets. Markets where housing is in good condition (G/S) do not require special neighborhood housing actions by the city beyond appropriate routine public improvements, city services, and equitable shares of general citywide housing credit and services. Where areas are stable but moderate fix-up is required (F/S), technical assistance, housing code enforcement, and possible property tax incentives linked to repairs will usually maintain stability and improve conditions. Stable areas needing major repairs (P/S) often require additional government or private sector support (i.e., special bank loan funds, federally assisted rehabilitation loans, or a homesteading program) if they are to be restored to good repair. As long as the market is stable such programs have a fairly good chance of success. But if the market is declining then an entirely different approach is required. Declining Markets. The strategies for assisting declining areas must differ radically from those appropriate for rising markets because the challenge is to appreciably increase housing demand. Homeowners, if they are concerned about the condition of their property, feel that forces they cannot fight are causing the decline: curtailed availability of lending and insurance; fear of lower rental incomes from new residents; racial change; and as the self-fulfilling trend continues, visible deterioration and accumulating debris and trash. Those who see housing primarily as an investment—both absentee property owners and banks—are inclined to overreact at the early stages of decline. Fearing deteriorating property values, they begin to disinvest, curtail maintenance, and extract what they still can out of their properties. Under these circumstances, a very unstable situation results, changing long-term resident owners into sellers. Statistics in Boston, for example, indicate that annual owner turnover is normally between 4 and 8 percent, meaning that among a thousand structures, perhaps 50 seek a buyer annually. As long as there are over 50 willing and qualified buyers, the neighborhood remains stable; but if only 40 buyers show up, the other 950 owners become inclined to disinvest unless active neighborhood promotion begins. Suddenly, there are many more sellers than buyers. Some owners may panic, willing to sell now rather than face the uncertainty of obtaining less later on. Other owners, hearing of price declines, may become frightened and also start unloading their property for whatever price, however low, it can bring. As people overreact, the bottom falls out of the market.

An effective fight against decline in neighborhoods such as F/D or P/D in the matrix must first change the market perception of the area. This often depends on initiative and promotion from within the neighborhoods. Attempts to save a declining neighborhood solely from the outside through government action generally fail. The attitudes of residents are the most important variables: will the most capable local leaders stay and promote the neighborhood, or will they flee? City services and the strategies previously discussed for stable neighborhoods can prevent decay only in neighborhoods that have confidence in their own future. Code enforcement, technical assistance, and even special loan funds are useful only when they complement neighborhood self-initiatives. Imposed from the outside, or brought in by an insignificant minority of residents, they will be unable to effect housing upgrading.

To make public improvements visible and to promise an improvement in city services are not enough. Rebuilding or replacing existing housing under programs similar to the federal subsidy programs of the 1960s is not only too cumbersome, but tends to undermine neighborhood confidence, and to reduce market demand when the subsidized beneficiaries are not seen as meritorious by the existing residents. The housing and urban renewal programs of the 1960s were largely oriented towards increasing the supply of housing and often provided few benefits for the existing neighborhood residents. They did not reckon with the need of low-income households for jobs and more income resources. Too often they rehoused a few, while scattering the majority and provoking resident owners to depart.

If programs in declining neighborhoods are to be successful, direct household assistance to all eligible residents may be necessary. Direct financial assistance—housing allowances or income supports, coupled with job training and counseling—gives priority to helping households, rather than saving or replacing specific residential structures. Although there is no guarantee that an "income approach" would result in better housing by objective standards, it could open up a wider range of choices for such households. The focus in declining areas, then, must be on the individual instead of the housing; and upon changing market perceptions and demand instead of providing greater government assistance focused on physical improvement.

Rising Markets. The posture in rising markets must obviously be different than in stable or declining areas. Likelihood of housing revitalization is high due to private market focus. Emphasis is on assisting current residents—particularly renters—and on preventing or easing problems of dislocation. Speculative rent increases should not be necessary since the housing stock in these areas is basically in good repair, and outlays are only rarely needed to correct deficiencies or to modernize. However, in such areas speculatively inclined owners are tempted to profit from rising market values without any improvements in services. Proper code enforcement and publicizing property tax reassessments on those who sharply inflate rents can help encourage responsible ownership.

When speculation does get out of hand, tenant-landlord polarization increases, and formerly sound housing can erode at an alarming rate. When
such collapse of the housing market occurs, the shrewdest owners usually have already taken their windfall gains elsewhere and sold their properties to amateurs or newcomers.

Appropriate neighborhood strategies for F/R areas include special emphasis on code enforcement, monitoring illegal conversions, and widening ownership options. Wherever repairs are required amidst a strong market demand, the rights of tenants with limited incomes who remain must be clarified. Should they be allowed to live in substandard dwellings? If not, how much of the improvement costs should be passed on in increased low-interest loans or direct rental assistance to tenants (through Section 8 leased housing)? Such subsidies could be granted to owners upon the condition that they make the improvements and continue to serve the existing tenants. But at present, neither subsidy nor direct assistance is generally available, and conditions involving income limitations tend to develop into an administrative nightmare, even when such assistance programs are operative. Creating condominium options may therefore offer promise. This would enable tenants to become owners, thus sharing in the rising market instead of being displaced by it.

General Strategies. Besides the specific program recommendations noted in Exhibit 3 and discussed above, several general points should be stressed. First, public policy must be designed to increase confidence in the future, not simply to underwrite fix-up costs. Without replacement residents to fill the vacancies of those who move away through natural turnover, any neighborhood quickly becomes blighted.

Second, a housing restoration program must distinguish between strategies which are designed to upgrade the housing in a neighborhood and those which are designed to help the people. For example, in a rising market, private forces may assure the upgrading of the physical attributes of the neighborhood, and it is the needs of the residents who are being forced to relocate that must be dealt with.

Third, neighborhood strategies must be formulated within a citywide, statewide, and nation-wide housing policy context. Certain elements are essential in almost all programs; it is their application that must vary. These include adequate credit; equity in, and reduction of, the burden of property taxation; reorganization of city agencies (such as code enforcement agencies) toward serving the housing consumer; availability of public sector funds to inject at the margin and thereby stimulate confidence; reorganization of city agencies to improve the delivery of housing services; and developing better partnerships between public and private efforts.

Finally, a housing restoration program must distinguish between problems that can be resolved by a single injection of public resources and problems that will require more sustained public support like income maintenance, employment opportunities, or transfer payments. Where household income is adequate to guarantee routine upkeep, one-shot fix-up funds through government subsidized loans and grants coupled with area-wide code enforcement may be effective in returning neighborhoods to good condition. But in some lower income areas, such tactics will only temporarily improve housing because inadequate cash flow will soon lead to a recurrence of deferred maintenance.

Policy recommendations should add the dimension of neighborhood dynamics to housing condition in an effort to arrive at a newly orchestrated set of housing tools. Many of these tools have been available for a number of years, and there is nothing magic or absolute about them. Based on individual needs, preferences, and experience, particular cities may want to alter or shift the emphasis of the program's outlines. The most important point is that strategies must be tailored to neighborhood dynamics. What may prove effective in one neighborhood facing one set of market conditions may be counterproductive in another.

The "Golden Mean" of Stability

Maintaining the health of existing urban neighborhoods requires an approach radically different from the special interventions devised during the 1960s, such as Urban Renewal, FHA

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**Strategies for Neighborhood Housing Revitalization**

<table>
<thead>
<tr>
<th>Housing Condition</th>
<th>Rising (R)</th>
<th>Stable (S)</th>
<th>Declining (D)</th>
<th>Rapidly Declining (RD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Good (G) Minor Repairs Required</td>
<td>G/R - dampen outside demand - assist residents to remain - construct additional housing</td>
<td>G/S - no special actions</td>
<td>neighborhood</td>
<td></td>
</tr>
<tr>
<td>Fair (F) Moderate Repairs Required</td>
<td>F/R - code enforcement - prevent illegal conversions - increase resident ownership - new elderly and mixed income housing</td>
<td>F/S - code enforcement - technical assistance - tax incentives for repairs</td>
<td>F/D - demolish housing - excess housing - direct household assistance - quotas on occupancy</td>
<td></td>
</tr>
<tr>
<td>Poor (P) Major Repairs Required</td>
<td>P/S - code enforcement - technical assistance - special loan fund - homekeeping - demolition - new elderly and mixed income housing</td>
<td>P/D - direct household assistance - demolition</td>
<td>P/RD - direct household assistance - relocation - demolition</td>
<td></td>
</tr>
</tbody>
</table>

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**EXHIBIT 3**

SPRING/SUMMER 1979
MUCH OF OUR HOUSING POLICY SYSTEM IN THE PAST HAS BEEN FORMULATED ON THE IDEA OF FILTERING OR "TRICKLING DOWN" WHICH ACCEPTS DETERIORATION AS INEVITABLE

Many of our housing policy systems have been based on the idea of delaying or filtering the effects of neighborhood decline. This approach, referred to as "trickling down," assumes that deterioration is inevitable and that policy interventions should not be overly aggressive. The philosophy behind this was that if we didn't respond aggressively to disinvestment, it would eventually work itself out. However, recent evidence suggests that disinvestment is not a self-correcting phenomenon.

The idea of filtering or trickling down, which accepts deterioration as inevitable, has been shown to be problematic. It can lead to long-term harm if not properly managed. On one hand, subsidies and mortgage insurance programs can help stabilize neighborhoods, but on the other, these same policies can also lead to overinvestment and speculation that can exacerbate the extremes of disinvestment. The stabilization approach identifies a "golden mean" between market extremes as shown in Exhibit 4. As market demand surges, areas now declining will be rediscovered and will rise. However, new policies need to be developed to balance these forces.

In conclusion, a number of observations can be drawn for managers in both the public and private sector, based on the dynamics described above. Revitalization strategies must be tailored to stabilize neighborhood dynamics. Traditional government assistance tools may be appropriate for stable neighborhoods where supply matches demand, but in areas experiencing decline, counteracting market forces with effective interventions is key.医生们可以采取一些治疗手段，但并非完全有效。目前我们拥有广泛的公共政策工具，但它们往往并不对所有问题都有帮助。这同样适用于系统性滥用和投机的治理机制。医生们在治疗疾病时，往往需要考虑副作用。

一旦我们能够区分不同的病理类型，它就相对简单得多。例如，患者可能对青霉素过敏，导致严重的不良反应，从而引发更严重的疾病。医院环境下的轻度疾病可能发展成为更严重的疾病，从而引出更复杂的治疗方案。医生们需要在治疗疾病和预防副作用之间找到平衡。

我们目前在公共政策领域拥有的广泛工具，可能在某些情况下并不那么有效。例如，补贴、抵押保险和建造项目等，虽然可以帮助维持健康，但不那么有效。这同样适用于系统性滥用和投机的治理机制。医生们在治疗疾病时，往往需要考虑副作用。
demand, but their effectiveness appears limited even where stability already prevails. The problem is even more severe for the neighborhoods where supply and demand are becoming mismatched. The new focus of policy should be to understand these mismatches and to correct them before they become wasteful and traumatic. In weak areas, simpler, more direct owner and tenant assistance is required to rebuild neighborhood confidence and induce more demand while encouraging residents to remain. At the same time, the excessive demand affecting certain neighborhoods should be channeled off into essentially similar, but as yet less “chic” sections.

In order to design sensitive revitalization strategies, further indicators must be developed to monitor neighborhood status and change. We need unobjectionable ways to classify neighborhoods and to identify shifts in market forces. How do neighborhoods respond to interventions, and what counterindicators can be identified that will inform us in time to avoid situations when residents begin to disinvest or leave? Such signaling devices will help us to reveal whether our current tools promote or undermine neighborhood well-being.

Public and private resources should be used in cooperation in order to stimulate private investment. Partnerships must be developed between the neighborhood, financial institutions (banks and savings and loan associations), and the city government. Government programs formed “on high” will mean little if they are not in tune with neighborhood market dynamics. However, if people within a community identify a problem, hopefully they can work with the private and public sectors in seeking a resolution.

Federal, state, and local government programs should be inventoried and reviewed in light of the realities of neighborhood market dynamics. “Neighborhood Preservation: A Catalogue of Local Programs,” done under HUD contract by the Real Estate Corporation, represents an initial step in this direction. These programs should be reevaluated in light of the neighborhood stability theory. Which ones still operate effectively? To what neighborhoods are they each appropriate?

As we monitor neighborhood dynamics and change, perhaps a relevant illustration lies in driving down the road into the future. All neighborhoods can be seen as traveling into the future. The demographic trends noted on Exhibit 1 provide an influx of demand that may help to support revitalization within our cities over the next decade. This new demand may provide an opportunity to overcome disinvestment, but it is also accompanied by a new set of problems—speculation and displacement. What we need is a feedback system to track our progress into the future to help identify when we are moving toward the edge. As long as we move on course, there is no need for intervention. However, if the course begins to veer, if the neighborhood path becomes erratic into speculation and displacement on the one side or disinvestment on the other (or if a neighborhood is caught oscillating between speculation and disinvestment), then certain actions (such as tax incentives for fix-up, favorable mortgage terms, direct home-ownership incentives, etc.) might be triggered by both the private and the public sectors in an effort to redirect neighborhood dynamics toward stability and the “golden mean.” In a few years it will be apparent how extraordinary the chances are at this time.

“This time, like all times, is a very good one if we but know what to do with it.”—Emerson.

1. This “dialogue” is excerpted in part from a newsletter/report prepared by Rolf Goetze for Boston’s Parkman Center For Urban Affairs, Boston, Massachusetts, 1977.

2. Although not the subject of this paper, it is important to note that the trend will shift back around the turn of the century. As the number of households seeking housing drops around the year 2000, demand will fall, and a new set of problems will develop.

3. There are a wide range of definitions related to housing quality ranging from census definitions (tied to such considerations as lack of plumbing and overcrowding) to actual inspections of housing code standards. In order to develop data in Boston on housing condition, trained housing inspectors conducted a “windshield survey,” driving by each of the houses in the city and making estimates as to condition.

4. This article maintains that market perception is often the critical factor in neighborhood dynamics, although it is sometimes difficult to measure. This seems more intuitive when one remembers that perceptions are also important in a number of other areas of human behavior, e.g., stock market interactions, decisions to buy or sell a liquid investment, and overall consumer purchasing.

5. If the reader is interested in a more detailed discussion of these strategies, see Rolf Goetze, Kent Colton, Vincent F. O’Donnell, op. cit., or Rolf Goetze, Building Neighborhood Confidence, Ballinger, 1976.

FITNESS
or What Are Stairs for Anyway?
by Joyce M. Harrison
Carolyn J. Rasmus
General Motors’ employee health programs cost $825 million annually--more than GM pays its principal supplier of steel

“Jogging can KILL you!”
“Running is a natural high.”
“I get my exercise flagging taxis.”
“Had to give up racquet sports. I got tennis elbow.”
“Eat sensibly and you don’t need to exercise.”
“Competitive sports are my medicine for tension and stress.”

Who’s telling the truth? Current magazines and newspapers are filled with articles about exercise and health. There are more than 1300 books on fitness and health currently in print. Not to be overlooked are the fitness converts eager to testify of newfound health, energy, and enthusiasm. A Gallup poll estimated that there are between 15 to 20 million Americans running. Sports centers, health spas, and exercise gyms are increasing in number and popularity. Americans are spending 65 million dollars annually on treadmills, stationary bicycles, barbells, and other exercise equipment. What accounts for this physical fitness craze and this desire to “shape up”?

Billions in Bills

One explanation is expense. Poor health doesn’t come cheap. The cost to industry for heart disease is $50 billion a year. A recent survey by the American Heart Association shows that heart attacks alone cost companies more than $20 billion a year in disability payments and medical bills. Losses in annual production time because of premature coronary death are estimated to be $19.5 billion; and $15 billion is being paid for employee sick leaves. General Motors’ employee health programs cost $825 million annually—more than GM pays its principal supplier of steel. In the federal government, the rate of disability retirement has increased 170 percent since 1977. Absenteeism costs the executive branch alone $1.34 billion and more than 25 million sick days a year.

These staggering figures have forced business and government to look at the possibility that prevention might be cheaper than the cure. W. W. Keeler, former chairman of the board of Phillips Petroleum, has said: “The benefits of a physical conditioning program go beyond our personal well-being. When our employees are gaining physical fitness through regular exercise, they become more productive and happier individuals.”

Many private businesses and government agencies are promoting exercise programs by providing facilities and released time for exercise. The results are encouraging. In a study conducted in a Soviet factory, workers began running and reduced the number of days lost annually through illness from 436 to 42. Two hundred and sixty executives who participated in a regular exercise program reported that more than 50 percent showed improved work performance, over 60 percent lost weight, and 90 percent said they felt better. Xerox Corporation has supported an employee fitness program since 1965. W. Brent Arnold, manager of physical fitness and recreation, believes exercise is preventative medicine for Xerox as well as the individual. He states, “People in our business are convinced that the physically fit employee feels better, has a better mental attitude, and is more productive on the job.”

Many businesses agree and are building new facilities for their employees or transforming unused rooms into gyms and exercise areas. Joining this trend are companies such as Arco, Bonne Bell, Chase Manhattan, Exxon, Goodyear, Firestone, Phillips Petro-

leum, Rockwell International, Merrill Lynch, Boeing, Xerox, and others.

Issues of the Heart

Approximately one million people in the United States die each year from cardiovascular disease. This represents 55 percent of all deaths. The cost of heart disease to industry is approximately 132 million dollars annually.

At one time the accepted way to treat heart disease was bedrest and restricted activity. Today, the emphasis is on prevention. Obesity, high cholesterol and triglyceride levels, high blood pressure, stress, and lack of exercise are risk factors associated with cardiovascular disease. It is well known that as the activity level increases, other factors that contribute to heart disease decrease. Exercise can increase the effectiveness of a diet program and help control obesity. Research studies document the fact that high blood pressure can be lowered by participation in a regular exercise program. Likewise, the level of blood cholesterol and triglycerides can be reduced as a result of exercise.

Although there is no positive proof that exercise prolongs life or prevents cardiovascular disease, it is true that people who exercise regularly have fewer heart attacks and live longer than those who are more sedentary. One study, headed by Dr. Ralph S. Paffenbarger, Jr., concluded that consistent, hard physical exertion can reduce the risks of fatal heart attacks. His research involved 3,600 longshoremen in the San Francisco area. The findings indicate that the longshoremen who were cargo loaders and involved in doing heavy labor on the docks had only one-half the risk of sudden, fatal heart attacks as did workers who performed lighter, more sedentary work.

The heart is no different than any other muscle in the body. When it is not used, its strength decreases. When
Research indicates that exercise reduces tension more effectively than tranquilizers

the heart is strengthened through exercise, its ability to pump blood increases. Vigorous exercise also increases the volume capacity of the heart. (Volume capacity refers to the amount of blood which can enter and then be pumped out of the heart.) As the capacity of the heart increases, the resting heart rate decreases because the heart is able to pump more blood with each beat; therefore, it does not need to beat as rapidly. Well-conditioned athletes frequently have resting heart rates of 50 beats or less per minute. Resting heart rates that do not exceed 80 beats per minute are considered normal. To be in optimal physical condition, the resting heart rate should be around 60 beats per minute.

Most physicians start their patients on a walking program after a heart attack. Of course, optimally you should get started before you have a heart attack. There is no guarantee of absolute protection, but evidence reinforces that an aerobic exercise program will greatly increase your chances of avoiding a heart attack. Just as importantly, documented studies show that even if exercise doesn’t prevent a heart attack, your chances of surviving one are greatly increased if you’ve been exercising regularly.

Burning Calories

A conservative estimate places 30 to 40 percent of the adult American population as “overfat.” It is estimated that two years could be added to an individual’s life span if deaths from cancer were eliminated; life expectancy would increase by seven years if deaths related to obesity were removed. Jean Mayer, M.D., cites lack of exercise as the most important cause of obesity in modern societies. Recent studies indicate that lack of physical activity is more often the cause of obesity than is overeating.

If you exercise enough to burn off the excess calories you eat, you will not gain weight. To lose one pound of fat, you must burn off 3500 calories. It has been estimated that you would have to chop wood for seven hours or walk for fourteen hours to burn up 3500 calories. On the other hand, if you walk fairly fast for one hour per day (perhaps to and from work) you would burn up enough calories in two weeks to result in a one pound weight loss (providing you didn’t increase your calorie intake). In a year, this would amount to a 25 pound weight loss. To lose more or faster you need only to increase the intensity and/or duration of the activity.

Why not control or lose weight through dieting alone? Diet is important, but studies have shown that combining diet and exercise is a more effective way to lose body fat. A recent study used three programs: one group dieted only, one group exercised, the third group had a combined program of diet and exercise. It is no surprise that the diet and exercise group had the largest body fat loss. The interesting fact is that the exercise group lost more body fat than the group that dieted only.

A study by the U.S. Public Health Service indicated that long life is associated with careful weight management. Although there is no guarantee that slim people will outlive their heavier friends, it is clear that the odds favor the chances of the more slender.

The role of exercise in weight control has only recently been emphasized. This emphasis should not minimize the need for proper nutrition in keeping fit and in maintaining a desirable weight.

Stress and Tension

Stress is recognized as a factor contributing to many types of poor physical and emotional health. There is no question that tension and stress place a strain on the heart. When the body is in a stress situation, the hormonal systems speed up the heart and increase the blood pressure. If these hormones remain in the bloodstream, the heart and blood vessels are under constant pressure which frequently results in a form of heart disease.

Research suggests that active people seem better able to handle emotional stress; that even high risk takers can be helped through increased exercise. Dr. Herbert A. de Vries, University of Southern California’s School of Medicine, and Gene M. Adams of USC’s Gerontology Center, conducted a study with volunteers from a retirement community. They ranged in age from 52 to 70 and described symptoms of nervous tension, irritability, sleeplessness, and constant feelings of worry and panic in everyday situations. Adams and de Vries tested one group of men after they had taken a 400-milligram dose of meprobamate (a tranquilizer). The other group took an identical-looking placebo and exercised moderately for 15 minutes. Testing proved that exercise reduced tension more effectively than did the tranquilizer.

The whole area of the psychology of exercise is just beginning to be explored. Running is now becoming recog-
nized as a treatment for depression and other mental illnesses.

Dr. Thaddeus Kostrubala, psychiatrist and medical director of the mental health unit at San Diego's Mercy Hospital, prefers to leave the hospital with his patients and run in the park. His patients include schizophrenics, manic depressive, sociopaths, and multiple drug users. After four years of running with over 50 patients, Kostrubala suggests that the body may be able to affect the mind; that activity can have a profound effect on the psyche of an individual.

Other exercisers stress that physical activity improves one's sense of self-worth, feelings of self-esteem, and independence; some runners talk of a sensation of omnipotence and of feeling invincible. Many have described sensations of euphoria that make them feel better and think more clearly. Runners who have made this claim now have scientific evidence to back them up. Dr. Thomas Forrester and Dr. Alexander R. Lind recently reported to the American Physiological Society that small amounts of the chemical adenosine triphosphate (ATP) are released by exercised muscles. Although the amount of ATP released is almost too small to be measured, it is enough to dilate the blood vessels and bring circulation in the brain to the maximum possible level. This small amount of ATP is responsible for the sensation that many runners describe as euphoria.

To date, there is little documented evidence as to the psychological benefits accrued from exercise programs. However, the personal testimonies of those who extol the benefits of regular exercise are difficult to ignore.

Getting Started

Before embarking on a fitness program, a medical evaluation is recommended. In addition, if you are 30 or older, a resting ECG (electrocardiogram) is recommended. If you are 35 or older you should also have an exercise ECG (an ECG taken while you are walking on a treadmill) to see how your body reacts to stress.

Once you have a clean bill of health, you are ready to decide on the kind of exercise or activity you will be doing. By activity is meant aerobic or cardiovascular endurance activity. An aerobic activity forces the lungs to take in and utilize a continuous supply of air or oxygen. This oxygen is passed on to the body cells by the blood which is circulated through the blood vessels or vascular system by the increased activity of the heart, therefore cardiovascular.

In choosing an activity it is important to pick something that is possible in terms of time, facilities, and availability of other persons. At the same time, don't ignore the possibility of "making" time by changing priorities, seeking out new facilities, or making new friends.

Walking or jogging. Walk to and from work, the subway or train station, or park a mile or more from the office and walk or jog. Forget the elevator and take the stairs. In fact, jogging up and down stairs is an excellent aerobic activity. If you can't get out of the office, get a rubber mat and run in place.

Bicycling. There is no need to buy a car or find a parking space with cycling. Cycle to stores, work, around the neighborhood, etc. If all else fails, try a stationary bicycle while reading.

Swimming. A pool is an excellent place to exercise, particularly if you suffer from arthritic knees or sore ankles.

Rope jumping. Another activity that can be adapted to limited or indoor space is rope jumping. Do it without the rope and you have "aerobic movement." Either activity is usually more enjoyable if you work out to music.

Sports. Racquetball, handball, tennis, or basketball if played hard enough to keep your heart rate in the training zone are also effective aerobic activities.

The important components of an exercise session are duration, frequency, and intensity. In order for you to develop cardiovascular endurance, you should exercise 15 to 30 minutes (duration), every 48 hours (frequency), and at the appropriate heart rate for you (intensity).

Your training zone can be obtained by finding your age (see chart) and then moving directly upward to the colored area and reading the heart rate numbers at the left of the chart. (You can locate your heart rate most easily by placing your fingers next to your voicebox on your neck just under your chin. Since it is difficult to take your pulse while exercising, slow down or walk and count your pulse rate for 10 seconds. Then multiply by six to get your heart rate per minute.)

You will learn to exercise in the training zone by trial and error. Start by exercising slowly. Gradually increase the intensity over a period of time until you find that you are in the training zone. If you begin your fitness program at a low level of fitness, you may find that it will take several weeks to get your heart rate up to the training level. Don't rush things. Since the first few weeks are the hardest, take your time. Just try to exercise a little longer (20 to 25 minutes) at a very low level until you enter the training zone. You may decrease the duration (15 to 20 minutes) if you wish by exercising at a higher heart rate, or you may decide to continue at the lower level of your training zone. Keep taking your pulse at regular intervals until your body has learned to feel when it is in the training zone. As you continue to exercise, you will find that your cardiovascular system becomes more efficient, and you will have to work harder to stay within your training zone.
If you travel, become ill, or for any other reason do not exercise for several days, ease off and work your way back up to your previous workout pace. You may be able to substitute some indoor activity and keep up even while away from home or office.

Be aware not to overexert yourself while exercising. If you experience any chest pains or tightness, nausea, light-headedness, dizziness, breathlessness, or loss of muscle control, discontinue exercising immediately and consult your doctor before resuming activity. Also, decrease your workout intensity if you are overfatigued, drowsy during work, or unable to sleep.

Following exercise your body will require extra fluids to replace those lost. Drink plenty of water or juice, but don't drink iced drinks until your body has cooled down from activity.

Preventing Blisters

After choosing an activity, make certain that you have the appropriate clothing and equipment and that you are exercising under the proper workout conditions. For example, if you choose walking, jogging, jumping rope, or any sports activity, correct footwear is a must.

Shoes should have adequately cushioned soles to absorb the impact of the body weight. A cushioned wedge built into the heel also helps to absorb the shock of running and jumping. A wide heel with a slight elevation can take the strain off the Achilles' tendon. Of course, a comfortable width and arch support are recommended. Always wear two pairs of socks to prevent blisters.

When running in place or jumping rope a cushioned floor mat can also

Adapted from A. Garth Fisher. Your Heart Rate: The Key to Real Fitness, Brigham Young University, Provo, Utah, 1975.
By setting up your exercise sessions on your appointment calendar, you can make them appear to be more important

Besides doing you no good, they can also cause heat exhaustion by keeping you from normal perspiration.

Warming Up
Before you begin exercising, you need to warm-up your body to prevent cramps, strains, sprains, and even heart irregularities. Slow stretching exercises are best for warming up muscles. (Fast stretching activates a "stretch reflex" and makes the muscles contract.) The general rule is to warm up all of the muscles which you will be using, with special attention to the calf and thigh muscles. Two recommended exercises for these areas of the body are:

HEEL-CORD STRETCH
Starting position: Stand facing the wall with the palms against the wall and body at arm’s length. Spread feet apart slightly.
Action: Keeping feet flat and the body in a straight line, lean forward allowing the elbows to bend slightly until a stretch pain is felt in the calf muscles. Hold 3 to 5 seconds. Return to starting position.
Precautions: Keep knees and body straight and feet flat. For more stretch, put a book under the balls of the feet.
Repetitions: 5

SITTING TOE TOUCH
Starting position: Sit on the floor with legs straight together.
Action: Extend arms forward toward the toes, palms up. Stretch to or beyond the toes until stretch pain is felt. Hold 3 to 5 seconds. Return to starting position.
Precautions: Do not bob. Keep knees straight.
Repetitions: 10
You can warm up your heart and lungs using the activity which you have chosen, but start at a slow walk, jog, cycle, swim, etc. and gradually increase your speed.

After exercise, it is just as important to cool down your body by walking or jogging slowly in order to keep the blood circulating properly. A minimum of five minutes should be allowed to give the body time to adjust from the exercise to nonexercise status. A five-to ten-minute cool-down should allow the pulse to drop below 120 and the breathing to return to normal. Avoid taking a hot shower or entering a sauna or steam room immediately after exercising.

Habit Forming
After several months, your body will learn to enjoy the feeling of vigorous exercise and may even rebel if you miss an exercise session. However, those first few months are the hardest. One of the best ways to keep yourself going is to keep a record of your exercise sessions. Record the date, your resting pulse rate, the activity, duration and/or distance of your exercise session. You may also want to record your exercise heart rate on your log.

Even more effective than keeping a log is to make a contract with someone else to exercise, perhaps a colleague or neighbor. Turn in a daily or weekly log of your exercise sessions as contracted. You may feel more obligated to someone else than you would to yourself.

By setting up your exercise sessions on your appointment calendar, you can also make them appear to be more important. Your preventive medicine exercise sessions are just as important as your regular medical appointment. Having an exercise partner whom you would not like to disappoint will also be effective. Remember that your efficiency during the remainder of the day will more than make up for the time spent in your exercise session. Last, but not least, choose an activity that you enjoy doing. If you are having fun, you are much more likely to continue any fitness program.
Drug Enforcement Agent Curtis D. Fillmore photographs suspect while on surveillance. His work requires that his face not appear in print.

Undercover in the Big Apple

Curtis D. Fillmore works at being a convincing "junkie." He's also good at shadowing shady characters and "dealing" with drug suppliers.

As an agent in the New York region of the Drug Enforcement Administration, Fillmore's major activities are undercover work and surveillance.

Fillmore (MPA 1971) trained at the Justice Department in Washington, D.C., learning to use firearms, identify drugs, work undercover, plant wiretaps and bugs, conduct searches, etc.

"It is definitely not a nine-to-five job. In Federal Narcotics, we are dealing with the crime as it happens. We are there, watching the suspect deliver the drugs to another suspect or to an undercover agent posing as a criminal. If the crime has already taken place, we have lost the case."

Watching the crime take place requires following the suspect wherever he or she goes, even if heading for the airport to board a plane. Fillmore occasionally calls his wife from a distant city to report that he won't be home for dinner.

Not all surveillance work is eventful, however. There are times when it involves hours sitting in a car watching a doorway, or lying on a roof in freezing weather, peering through binoculars at a suspect's apartment.

"There are very few shootings and very few chases. There have been some, but most of the time there is very little violence. And that is the key to effective law enforcement. You control the situation so no one will get hurt."

Sometimes the suspects realize they are being followed. "One person actually waved and said, 'I'm over here.' I might as well have gone home."

"For the most part, they may think they know who you are, but they really don't. Several people I have talked to after they were arrested said they hadn't seen me before, yet I sat right next to them in bars." (A nondrinker, Fillmore orders tomato juice, claiming he doesn't feel well.)

His experience in undercover hasn't been as extensive as that of some of the other agents. "They are undercoverish. They look like they are really bad people. If there is critical surveillance in a bar and there are two or three choices of people to send in, I request that they send somebody else in because they give more credibility to the situation."

"New York City is and has been the major narcotic violation area in the country. You have ships arriving from throughout the world. You have three major airports in the vicinity. In addition, approximately 400,000 addicts need drugs. And when you need drugs, you need suppliers. Drug smugglers are smart. They know that New York airports are watched and the work force is being increased. Suppliers are moving into other cities."

Many drug dealers are international operators and find it isn't good business to drink or take drugs themselves, reports Fillmore. "They are intelligent and articulate men who live in the nicest neighborhoods and control millions of dollars. They have their board meetings, they plan who is going to finance, who is going to ship, who is going to receive, who is going to pay the credits and debits, etc. Many of these people wouldn't think of taking drugs. They're just in it for the money."

"We arrested a gentleman with a million dollars in the trunk of his car and he said it wasn't his. When we asked him whose it was, he said he didn't know. Then he offered us $15,000 to let him go." Tape recordings of the bribery attempt helped to convict the man of obstruction of justice.

Confiscated money is used as evidence in court, then turned over to the U.S. Treasury if the defendant is convicted. Fillmore has also seized boats, yachts, private airplanes, and cars (often a Mercedes Benz or Cadillac) which have been involved in narcotics violations.

"After an arrest," says Fillmore, "I know I've done my job. I think, 'I put a bad guy away.' But no one likes their freedom taken away, so I really don't enjoy seeing people suffer."

"I think the anticipation or fear of the unknown is the worst part of the job." Behind a door, Fillmore may face suspects with shotguns or clubs, or even trained attack dogs.

"It has been said that the Agency has a 90 to 95 percent conviction rate. I really attribute that to the high quality of the agents, the ones who are on the street on a daily basis. We are there at the scene of the crime; it is difficult to argue if an undercover agent buys the heroin from the defendant and another agent watches what takes place. You have two witnesses and you have the heroin in your hands."
Interest Rates High in Banking

"My greatest concern is working on a project here in Washington and having it implemented nationwide with flaws in it so that it won't work and people won't use it. For this reason, I feel I have a responsibility to keep in constant contact with regional offices and ask what they think. They can tell me if an idea won't work."

Jan Bradburn works with the Federal Deposit Insurance Corporation as an assistant in the Projects and Planning Branch, Division of Bank Supervision. She plans policy and research and does all necessary analysis before submitting policy recommendations to the director of bank supervision.

Many of Bradburn's projects arise from congressional or public inquiries. She recently conducted a survey on variable weight mortgages and alternative mortgage instruments that stemmed from an individual's request for more information. "This individual's inquiry reflects many people's concerns about rising interest rates and limited mortgage money: could we find alternative kinds of mortgage instruments that would allow people to go into the same high interest rate and yet have their payments reduced? This survey was checking for alternative mortgage instrument activities over all 14,000 of our commercial banks."

Bradburn decided that firsthand experience would be a valuable asset in writing policy, so she has been involved in bank examinations. "I felt I could be more productive and use information sent to me in more meaningful ways if I knew all aspects of what I was working with. It was quite an experience because I am not a bank examiner by profession. I went out for several months and examined banks on compliance and regular examinations."

Since the primary concern of the Federal Deposit Insurance Corporation is the safety and soundness of banks, examinations tend to expand as economic conditions change. Since 1975 when Bradburn joined the FDIC, the reported examination has been split into three separate examinations. Besides these, the FDIC still does a basic examination as well. All this means that a large bank or even a relatively sophisticated small bank could have four different examinations at one time.

"The FDIC receives its operating budget directly from the banks it serves, rather than from congressional appropriation. It examines the banks and assesses them a fee for insurance. Besides insuring the banks, the assessment covers the FDIC pension fund, budget fund, and operating capital-the FDIC does not receive government appropriations."

Although the FDIC insurance fund has been established to take care of bank failures, Bradburn does not feel there will ever be another run on banks as happened in 1933. "We have too much industrialization, very knowledgeable banking, sophisticated equipment, and we deal constantly with Euro-bonds and Euro-markets. Banks were more isolated in 1933, and that caused a lot of problems. Besides, our insurance fund is very large, and we can cover even a large bank failure."

Recently, with the Foreign Bank Act of 1978, the FDIC has been given the responsibility of insuring and regulating foreign banks operating in this country. "We have to be sure that when we apply standards to foreign banks, we aren't going overboard and doing something to them that they are not doing to our banks in their countries. Anything we require of foreign banks here in the United States could possibly affect our banks in those countries. We have to be very careful." Because the legislation is recent, information is still being gathered and policy being formulated.

When Bradburn began with the FDIC, she worked extensively with foreign bank regulation, an area for which she had prepared through her graduate study at the International Graduate School at the University of Stockholm. "After I graduated from BYU in business management, I felt like I should go to graduate school to learn more about a particular area of business. I also wanted to go to Europe." She studied international economics, with primary emphasis on international trade.

Bradburn chose the FDIC because she felt it was one of the smaller government agencies where she could get good exposure to international and domestic banking. As with all government agencies, the FDIC copes with a tremendous amount of new legislation. Bradburn sees this as a mixed bag. "Some of the legislation that has come down to us the last few years has been introduced and passed for very good reasons and has been very effective regulation. On the other hand, some legislation starts with good intentions and then mushrooms into something so complicated that no one can interpret it. Consumers hate it because ultimately the cost of interpreting and enforcing is passed directly to them. Bankers hate it because they can never keep up to date on all the forms they have to fill out. And regulators aren't always sure about how to interpret it."
A large engineering research firm was conducting an employee survey recently. As one middle-aged employee finished, she brought her completed questionnaire up to the front of the room, deposited it in the slit in the sealed collection box, and turned to the outside consultant who was administering the survey. "You know," she said, "I spend more time here at my job than anywhere else but home, and my job is important to me. Several times over the years I've worked here, management has said that it wants to know how employees feel about things, I've never believed them. Now I do." In another organization, at about the same time, the same type of a survey was being conducted. However, a number of the employees submitted blank questionnaires, leaving management unsure about what to do with the questionnaires that were turned in and perplexed as to why any employee would not want to state opinions regarding company policies, opportunities, and individual grievances.

Conducting and using employee surveys has become a large-scale operation in the United States and around the world. Employee surveys are often the best and sometimes the only means by which organizations can obtain important information about how employees perceive various aspects of the organization. Unfortunately, however, improperly administered or poorly used surveys can make employees apathetic, cynical, or even hostile.

When everything about a survey is right—the right questions asked the right way to the right people in a reassuring setting, with the results properly analyzed, reported, and used—there can be a positive impact on the organization. Management will obtain important information to be used in decision making. Employees will feel that they are an important part of the organization and that management recognizes their importance. In other words, both the substantive information and the psychological impact resulting from the survey can be positive for the organization and its employees.

On the other hand, a poorly handled survey can do real damage to the organization. Last year, a management consultant to a small midwestern manufacturing plant proposed to conduct an employee survey. The management agreed. The consultant arrived at the plant on the scheduled day to conduct the survey. To his surprise, almost 90 percent of the production employees refused to participate. Taken aback at this unexpected nonsupport, he told them they did not have to participate, and then probed to find the root of their decision and feelings. It turned out that several years before, a person from corporate headquarters had come out and surveyed the plant. He had given the employees all the usual assurances regarding anonymity of responses and safeguarding the results. However, no sooner had the survey results been analyzed than one of the plant foremen and some other employees were fired. The plant employees were certain that those jobs had been lost because of the survey, and as a result they had adopted an attitude of never telling management any sensitive information. They were sure that anything they said to management, even anonymously, would be used against them.

When the management in an organization first decides to conduct a survey, the purposes are usually only vaguely defined, and there is little awareness of possible side effects. One of the first and most important things to determine is just exactly what the organization hopes to learn from the survey and how it expects to use the obtained information.

Employee surveys can be loosely classed into two categories—those that serve a passive role as organizational thermometers, and those that serve as diagnostic tools from whose results will spring changes in programs, policies, and behavior. Both require careful planning, administration, and analysis. However, they require different approaches.

One fairly common type of passive survey is a regularly administered employee satisfaction survey. Many companies survey a random sample of employees every year or two. The questionnaire measures the general level of employee satisfaction with respect to such things as pay and benefits, supervisory behavior, and general company policies. By regularly conducting such a survey, a company can determine trends in employees' perceptions, compare different divisions or departments, and, if national norms are available, can compare itself with other similar organizations. A survey used in this way becomes something like an annual financial statement, showing where improvements have occurred, where problems have existed, and what is the general state-of-health of the organization. Such a survey is not especially intended to be used in action planning, but the results might very well prompt action.
Sometimes an organization may conduct a survey or series of surveys to measure the impact of some planned change. For example, suppose that a company has decided to loosen central control by giving managers greater authority over departmental budgets. An employee survey administered prior to the announcement of the change, followed by similar surveys conducted at regular intervals (such as every six months or annually) will allow the company to determine both immediate and longer-lasting effects of the policy change on employees’ perceptions.

One recent use of a passive survey was in one of the nation’s large automobile corporations. The company wanted to determine the characteristics that differentiate its effective dealerships from its less effective dealerships. The corporation selected one group of dealers that it felt was effective and another group that it felt was ineffective. None of the selected dealers was given any information regarding the selection procedure—the participants simply knew that they had been selected as part of a corporate study on dealer effectiveness. Information was gathered, including responses to an employee survey given to all employees in the selected dealerships. The data were then analyzed to create typical profiles of effective dealerships and ineffective dealerships. The survey will shift into the active category as the company’s management incorporates policy changes that should help dealerships become more effective. Initially, however, this could be considered a passive survey since it was used simply to define typical profiles for effective and for ineffective dealerships.

Several years ago, another large American manufacturing firm used a passive survey for an unusual purpose. Some months previously, the head of one of the company’s divisions had left to join a rival firm. However, not only did he leave, but within a short time several of his most valuable subordinates left and joined him at his new firm. The former employer filed suit against him and the rival company, charging that he had been in conflict of interest during his last months of employment. The suit charged that the rapid change in his staff indicated that he had been recruiting them for the new company while he was still employed by the plaintiff firm. In determining the amount of damage to sue for, the plaintiff firm charged that the executive’s behavior had done serious damage to the human resources of the division. The company proposed to show this by doing an employee survey and comparing the results with previous survey results.

The evidence was interesting. Whereas a survey taken several years previously had placed the defecting manager’s division at the top of the corporation in terms of employee satisfaction and leadership perception, the new survey showed the division to have dropped drastically. Those results held up even when the division was compared with a very similar division headquartered in the same city. The evidence clearly indicated that the departure of the executive and his key subordinates had done major damage to the division. Unfortunately for the plaintiff, the judge who handled the case held little sympathy for social science arguments and research. The plaintiff lost the suit. However, regardless of the outcome, this use of a survey was a very interesting “passive” application. The results were not used in any active program of change, but were simply a measure of what had already happened.

The most intensely active surveys fall under a general heading of survey-guided organizational development. Usually the most telling characteristic of such a survey is that there is an intensive effort devoted to survey feedback. In its most sophisticated form, the survey data are processed for each individual work group, consisting of a supervisor and his or her immediate subordinates. The group members receive the survey results for their own group, along with normative information, usually relating to other work groups in their own organization or to work groups at a similar hierarchical level in a national norm sample. The work group, including the supervisor, discusses the survey results in one or more feedback meetings, and develops action plans to maintain its strengths and make improvements where there is somewhat weaker. When a survey is used this way, each employee, whether supervisor or subordinate, has an opportunity to help make the survey a tool for organizational change.

Perhaps a more common type of active survey is one in which the management of the organization makes broad policy changes based on survey results. In such a survey the data need not and should not be processed at the work group level, but usually will be done for the different functional divisions in the organization and for different hierarchical levels. The organization might also find it useful to have the results classified by variables such as sex, age, education, length of service, or race. The differences between this type of active survey and a passive survey can become indistinct, and in terms of survey administration are more a difference in degree than in characteristics.

For example, one large manufacturing conglomerate has a strong policy regarding fringe benefits. It wants to have the best fringe benefit package in town. Consequently, in its employee surveys it makes sure that there are questions covering all aspects of the benefit package. When it finds an area of employee dissatisfaction, the company works hard in two areas: first, to make sure that people understand the benefit as it now exists, and second, to make improvements if they seem warranted. If the company did not have this “good fringe benefits” policy, it could use a survey questionnaire that asked only a couple of questions on benefits.

Regardless of why it is conducted, merely administering an employee survey raises questions and expectations in the minds of employees. Even if you have not promised changes, employees will expect them. If they see nothing happening as a result of the survey, and especially if they are not given any information about the survey results, the net impact of the survey will be negative. You must be open and honest with employees regarding the intended use of the survey. You must follow through by using the survey results as you intended and explained. And you must provide the participants with at least summarized results. Otherwise, you will obtain dishonest responses, foster cynical attitudes, and/or make employees apathetic toward any future surveys or perhaps toward management itself.

Once you have completed the initial stage of determining exactly what your survey purposes are, you are ready to select or develop the questionnaire. Most organizations are probably inclined to write their own questionnaire, often because they are unaware of all the points that should be considered in obtaining a reliable, valid questionnaire that meets their needs. To develop your own questionnaire can be difficult, costly, and time-consuming, and may result in one that is inferior to one already on the market. On the other hand, there may not be a questionnaire on the market that meets your organization’s needs.
"I don't understand the question"

1. The company should continue its excellent fringe benefit programs.
   a. Yes
   b. No

   **COMMENT:** The fringe benefit programs may not be excellent at all. By answering "yes," the respondent is implying that things are just fine as they are. By answering "no," he implies that the company should discontinue the fringe benefits. Don't place the respondent in that sort of a bind.

   **BETTER:** *How satisfied are you with the company’s fringe benefit programs?*
   a. Very satisfied
   b. Somewhat satisfied
   c. Neither satisfied nor dissatisfied
   d. Somewhat dissatisfied
   e. Very dissatisfied

2. Do you understand and like the company's new hiring policy?
   a. Yes
   b. No

   **COMMENT:** There are really two questions here:
   (1) Do you understand the company’s new hiring policy?
   (2) Do you like it?

   The answers to the original question are ambiguous.

   **BETTER:** *Do you like the company’s new hiring policy?*
   a. I don't know what the company policy is.
   b. I don't like it.
   c. I neither like nor dislike it.
   d. I like it.

3. Your supervisor is handling the frequent and serious problems with work quality better now than six months ago.
   a. Strongly disagree
   b. Disagree
   c. Neither agree nor disagree
   d. Agree
   e. Strongly agree

   **COMMENT:** The statement automatically puts respondents in a box, since it assumes that there are frequent serious problems with their work groups' work quality.

   **BETTER:** Compared with six months ago, how well does your supervisor handle difficult work-related problems?
   a. Much better
   b. Somewhat better
   c. About the same
   d. Somewhat worse
   e. Much worse

4. What makes your job a good one?
   a. The good pay
   b. The opportunity for advancement
   c. A good supervisor
   d. Interesting work

   **COMMENT:** This question assumes that the employee's job is a good one, while the employee may not feel that it is particularly good. There is no provision for selecting one or more than one of the choices. If you really want to find out what the employee likes best about his job, you may want to ask an open-ended question. Or you may need to ask a series of questions about different aspects of the job.

   **BETTER:** What do you like best about your job?
   a. The pay
   b. The opportunities for advancement
   c. The working conditions
   d. The people you work with
   e. Your supervisor
   f. The work
   g. The fringe benefits program

**W**hether using an available survey or developing one, the same criteria should be considered. The first and most important criterion is **relevance**. Does the questionnaire cover the major topics in which you are interested, or does it cover areas that you would prefer to exclude? Remember that most commercially available questionnaires reflect the author's theoretical framework. They will cover those topics deemed important by that author, and will ignore other items. However, many published questionnaires make provision for the users to add supplemental questions. In this way, the questionnaire retains the core of questions that its author feels are most important, while allowing the user to cover (or to cover in greater depth) the areas of his or her particular concern.

**Example 1.**
A. To what extent do members of your organizational peer group exhibit open, sensitive, and supportive behavior in their interpersonal interaction patterns?

   **B.** To what extent are the members of your work group friendly and easy to get along with?

   A group of psychologists might prefer **A**, but a person working on an assembly line would surely find **B** more understandable.
Example 2.

Part A is given as a statement where the respondent answers on a five-point scale ranging from "Strongly Disagree" to "Strongly Agree." Part B is given as a pair of questions and the respondent answers on a five-point extent scale.

A. My supervisor spends the right amount of time helping subordinates with their problems.

B. (i) To what extent does your supervisor spend time helping subordinates with job-related problems?
(ii) To what extent should your supervisor spend time helping subordinates with job-related problems?

Statement A illustrates two problems. One is that any response other than "Strongly Agree" is difficult to interpret. If the response is one of the other choices, there's no way of knowing whether the respondent thinks the supervisor should be spending more time or less time on subordinates' problems. The two B questions together provide a measure of whether the respondent thinks that the supervisor should be spending more time, less time, or is spending the right amount of time on subordinates' problems.

The second difficulty with part A is that it doesn't indicate the kind of problems that the supervisor deals with. It is clearly possible to have supervisors who are very helpful with job-related problems but who absolutely refuse to spend any time dealing with personal problems. Similarly, there are supervisors who enjoy being counselors, and spend a great deal of time helping with personal issues, but who are not inclined to deal with job-related problems to the extent that they should. An ambiguous question such as A provides little information. The respondents may be unsure how to answer it, and the user will be unclear about the meaning of the data.

A third criterion for selecting or developing a questionnaire involves response choices. There are four basic types of response choices that you can select:

Dichotomous. This is usually a yes-no response. For example:

- Is your supervisor friendly and supportive?
  - Yes
  - No

The advantage of dichotomous questions is that they are usually straightforward. They are easy to ask and usually fairly easy to respond to. They have some measurability, because one response can always be thought of as meaning that there is "some" of the characteristic present, while the other response means there is none of the characteristic present. However, that measurability is very limited.

N-Choice Scale. The response choices are meant to indicate points on a continuum representing the quantity of some characteristic. The characteristic could be a variety of things: satisfaction, amount of agreement, degree of goodness, extent to which a described behavior is present, frequency of occurrence, relative importance, etc. For example:

To what extent is your supervisor friendly and supportive?
1. To a very little extent
2. To a little extent
3. To some extent
4. To a great extent
5. To a very great extent

The number of choices may range from three (the dichotomous case is just a special case of the N-choice scale) to infinity. In practice, most N-choice scales for questionnaires have nine or fewer choices. Probably the five-choice scale is most common. The advantage of N-choice scales is that they provide the respondent with a reasonable range of options and the user with some real measurement. Probably the major disadvantage is that some questions simply do not fit well into the structure of the N-choice scale. Forcing them into that structure may result in awkwardly stated questions, perhaps even in misleading questions.

Multiple Choice. Sometimes the logical answers to a question are qualitatively different, not quantitatively different. For example:

Which of the following areas is most important to improve at this time?
1. Working conditions
2. Salary
3. Medical/Dental insurance
4. Retirement benefits

Often, by taking a slightly different point of view, the question can be restructured to fit an N-choice scale, so that you can take advantage of its measurement characteristics. If the question cannot be changed from a multiple choice format, the user has to use other ways of data analysis.

Open-ended. Since questionnaire developers recognize that restricted-choice questions often are missing the richness that is available with free responses, there are usually provisions for some open-ended questions. Example:

What are the things you like about working for this organization?

The advantage of open-ended questions is that they can tap the various aspects of the situation that were not covered with the restricted-choice questions. The main disadvantage is that they require an extensive amount of time to analyze. It takes a great deal of effort and ingenuity to create a meaningful analysis of the responses to open-ended questions.

How do you decide which response choices to use? For most purposes, the N-choice scale is best. In order to get the advantages of quantitative measurement while maintaining enough simplicity so that participants can respond easily, the scale should be a five-, six-, seven-, or eight-choice scale. When an N-choice scale would be very difficult or impossible, use either the dichotomous or multiple-choice approach. It is good to have one or more open-ended questions to provide supplemental information, but except in rare instances, a questionnaire composed extensively of open-ended questions should be avoided.

Assuming that you've decided to use the N-choice scale, how do you determine what choice descriptions are best? Generally you will obtain more usable information with behavioral questions than with attitude questions.
This means that usually a questionnaire that asks, "To what extent does . . .?" is more useful than one that provides statements with a disagree-agree response scale. If your organization wants to find out how satisfied employees are, ask, "How satisfied are you with . . .?" If you want to find out how well they understand the retirement plan, ask, "How well do you understand the retirement plan?"

Reliability is an important criterion in questionnaire development/selection. Reliability is simply the issue of whether or not the questionnaire is consistent in measuring whatever it measures. There are several types of reliability, and they are all usually reported as a correlation coefficient. A perfectly reliable questionnaire would have a (reliability) correlation coefficient of 1.0, while less reliable instruments would have coefficients that could approach zero. If you develop your own questionnaire, you will need to pretest it on a sample of respondents. Pretesting will help you to find out if the questions are clear and appropriate, and done properly should allow you to determine the instrument's reliability. Any number of books on test construction are available, and they all describe the different types of reliability and how they are measured.

Another important criterion for a questionnaire is its validity, i.e., does it measure what it is intended to measure? Validity has to do with consistency, with theory, with other concurrent measures of the same characteristic, with the instrument's ability to predict future criteria, and with its apparent measuring of the desired characteristic. This last type, called face validity, is what we usually resort to. The other types of validity are usually difficult, and often impossible, to ascertain. Where possible, the various validities should be measured. At least you can look at the questionnaire and determine if it seems to measure what you want it to measure.

Another criterion is the availability of norms. Depending on your intended use of the survey it may or may not be important or useful to have norms. Many organizations are interested in knowing how they compare with similar organizations. Usually such norm information is available only when you use a commercially published questionnaire. If you develop your own questionnaire you can create intracompany norms, but will be unable to compare your organization with others.

Not to be overlooked are time factors. You need to consider the time required in order to develop/obtain the questionnaire materials, the time and complexity of survey administration, and the data processing time. The last major criterion in the selection or development of a questionnaire is cost. Prices for commercially available questionnaires vary tremendously. Some will be much more costly than your own development costs would be, while others will be quite inexpensive. In making a decision, less apparent costs must be considered as well as the printed prices. For instance, if you write your own questionnaire you must consider the cost of writing, pretesting, revising, printing, administering, computer programming, data entry, data processing, and data display. With some commercial questionnaires all of those costs, except the employees' time off the job, will be built into the price. Other questionnaires will provide only part of those services. Of course, in any case, the direct cost of the survey must be measured against the quality of the product to make sure that an apparent bargain is not a costly mistake.

Somewhere in the survey planning process it must be decided who is going to be surveyed. For many passive surveys, and for active surveys that will be used only for broad policy decisions, a random sample of employees may be adequate. If a sample is used, the sample should be selected in a way that meets criteria for representativeness. (You can learn more about sampling techniques in any survey methodology book.) If your organization intends to use the survey for organization development using the survey feedback method, or simply wants to include all employees in the survey, you have no sampling problem. Every employee is invited to take part. In this situation the focus is on two other issues. First is a means of coding the organization structure so that the data will be processed for each relevant organizational unit (usually supervisors and their work groups). Second is providing procedures that will assure the anonymity of the individual respondents. Both of these steps are critical to the success of a total survey.

Presurvey Preparation
Some major steps in presurvey preparation include:

- General publicity
- Planning meetings with managers, supervisors, and/or union leaders
- Informing the chosen employees of their selection to participate
- Scheduling
- Procuring of all necessary supplies: questionnaires, answer sheets, sharpened pencils, return envelopes or questionnaire drop boxes
- Reserving and preparing room(s) for survey administration if the survey is to be given in groups
- Developing identification codes if the survey results are to be broken down by such variables as organizational departments or hierarchical levels

Survey Day
If the survey is being conducted through the mail or is being distributed individually, the questionnaires should be distributed to the appropriate people and the collection procedure planned so as to ensure respondent anonymity and confidence in the survey. Included with the survey should be an honest, clear description of the survey, the respondent sample, the intended use of the results, and assurances that (1) the respondents' anonymity will be protected, and (2) the respondents will receive summarized survey results. If the survey is administered in a group setting, additional things should be considered.

Groups should never be larger than 50; 30 is a good size. (Avoid creating a test-taking atmosphere.) Do not schedule supervisors to take the survey in the same group with their own subordinates; this will create a trust problem.

Go over the questionnaire instructions with the group. Encourage the participants to ask questions, and remind them that it is not a test.

Allow people as much time as they need to complete the questionnaire.

Provide pencils for the respondents. You may run into problems of illiteracy or language difficulty. Individuals with reading handicaps can participate if another person reads them the questions, but this problem must be handled with sensitivity. If the problem is language, not illiteracy, either have the questionnaire translated in advance and printed, or have a bilingual person help the respondents on an individual or small-group basis. The extra effort it takes to include people with such handicaps will be repaid by their feeling of participation as well as by the greater representativeness of the data.

One final note on survey administration: Be sure that the manner in which the completed questionnaires are collected both ensures anonymity and reassures the employees regarding that anonymity. Providing a sealed drop box or having one of the partici-
mating employees collect the whole group's questionnaires, placing them in an envelope which is then sealed, are good ways of collecting questionnaires. A member of management should definitely not collect the questionnaires. Doing so destroys trust.

Once the data are safely gathered, the results should be summarized in the clearest and most complete way that will meet the organization's needs. Avoid techniques that dilute the measurement strength of your scoring scale.

For example, if you used a 5-choice scale, simply compute the mean score for each organizational unit for each question. A common scoring method that dilutes the scale is the "percent favorable" method. In this method, with a 5-choice scale the two choices on the "favorable" side of the midpoint would be included. Then, for each organizational unit one would simply count the number of "favorable" responses and report them as a percentage of all those responding. Such a technique for all practical purposes reduces the 5-point scale to a dichotomous scale, and leaves one wondering why the author even bothered to give the respondents five choices.

Sometimes statistical tests are performed on the data. Such tests are designed to indicate whether the differences among groups are meaningful and can thus help to determine whether certain strengths or weaknesses in an organization are centered in a few groups or are rather widespread.

Another useful approach to data processing uses the statistical relationships in the data to develop summary variables. Factor analysis is probably the most well known of these techniques, but there are others, e.g., cluster analysis, smallest space analysis, and stepwise multiple regression. Using analyses such as these will allow you to describe and present the survey results in a simpler way than if you had to deal with all of the questionnaire items separately.

The processed survey results must be examined to determine what they mean, and then those meanings must be conveyed both accurately and concisely to management and employees. Far too often, results are misunderstood or poorly displayed, sensitive results are presented to the wrong people, or too much data are given to a busy executive. (Handling management a huge stack of computer print-out will virtually ensure that the survey will have been a useless, costly exercise.)

Before ever presenting the results to the ultimate audience (management, employees, etc.), you must make sure that you understand what the data indicate. If there seem to be peculiarities in the data, try to understand them, and check to make sure that they are not data processing errors. Several years ago, a group was involved in a project that included surveying most segments of more than 20 colleges and universities. The respondents included faculty, staff, students, administrators, and members of governing boards. When the first college's completed answer sheets came back, they were processed as usual, and the results sent back to the college. A week or so later, the word was out that something was 'odd'—the various respondents group results showed the wrong number of members in most groups. In checking it over, it was found that one quality control check had been overlooked, and a critical error in the program that read the machine-scorable answer sheets had been missed. Every answer, including the group identification codes, had been recorded incorrectly. There were other difficulties with that particular project, so the quality control error was not the only problem, but it was one of the most serious. Ultimately, and understandably, it cost the surveying group the contract.

On the other hand, what at first appears to be an error may turn out to be a real result that needs to be studied and understood. In the study of effective vs. ineffective automobile dealerships, a stepwise multiple regression technique was used to determine what were the most significant factors affecting the degree of effectiveness. The results of the regression were puzzling because it seemed that supervisors who were using more participative methods of supervision were less effective in terms of objective performance measures. Checks were made for computing errors. After looking at the impact of each variable separately and at various combinations of variables, the picture began to make sense. In fact, more enlightened supervision methods were strongly associated with more effective performance. However, if the environment in which the supervisor worked was harsh, his or her participative supervision methods could be dysfunctional. In other words, supervisory leadership, a major component in effective management, needed to be consistent with the overall policies and practices of the organization. Harsher supervision methods could result in short-term increases in effectiveness, while participative methods could lead to less effectiveness, depending on the philosophy of the overall organization.

In almost any survey you will find some results that are a bit difficult to understand. You need to make sure that you really know what the results mean before you turn them loose on your unsuspecting (and usually unscrupulous) audience.

After the results are analyzed, display figures, tables, and/or a written report should be prepared. A report should be either short (less than ten pages) or have a short executive summary (three or four pages). Busy executives have neither the time nor the interest to read a 150-page report on the survey. Neither do the employees. Employees will be interested in a brief summary of the overall results and a slightly more detailed report on their own part of the organization.

Figures help illustrate main points. Simple graphs (no more than three comparisons per graph) usually convey the main message more simply and accurately than wordy reports. Tables are a good way to convey a lot of information in a small space, too. However, tables should be simple. Whole pages full of numbers are confusing; if they must be included they should be part of an appendix to the main report. Simplicity and accuracy should be the standard.

Conducting employee surveys is an activity that is gaining increased acceptance in all kinds of organizations. Organizations can get a great deal of benefit from employee surveys, but conducting surveys can also be risky. The next time your organization decides to do a survey, approach the task with great care. Proper planning can reap benefits and avoid pitfalls that lurk in the survey process.
Q: Do you favor wage and price controls in reducing inflation?
A: Let me say very emphatically, I am in full opposition to government-imposed wage and price controls. We should have learned from the sad experience in 1971 when President Nixon imposed wage and price controls. It was good short-term politics then, but it was horrendously bad economics. The net result was that it contributed to the inflationary forces that became so evident in 1973 and 1974.

One of the things that I did after becoming president was state strongly and repeatedly that under no circumstances would I seek or impose, if the Congress gave me the authority, wage and price controls. They are a band-aid on an internal illness. I have never found that putting a band-aid on an illness did much to cure it. Therefore, we fought and finally, I think, convinced the Congress and the American people that the best way to defeat inflation was to go to the root causes: fiscal policy on the one hand and monetary policy on the other. With some pride, I'll tell you that we took the rate of inflation in August 1974 from over 12 percent down to 4.8 percent by 1976. We did it with a responsible fiscal policy. It wasn't perfect—the multiple wills of Congress must be dealt with. I did have veto 66 bills. If I hadn't, there probably would have been some $30 billion in additional spending. We were also helped by the fact that we had a very close working relationship with the Federal Reserve Board, and of course it controls monetary policy. That is the way to really get results. And I say with some sadness, I think that the new administration, by not pursuing those kinds of monetary policies, has let the horse out of the barn. Now they are trying to corral the animal, and it is a lot tougher under those circumstances.

Q: Do you feel that a tax cut would stimulate the economy, or do you view it as being inflationary?
A: I have endorsed the concept of the broad proposal tax cut with two modifications. First, that it be coupled with relatively corresponding reductions in the rate of growth of federal spending. And second, instead of a 10 percent per year reduction over a three-year period, my modification would be an 8 percent reduction the first year, a 10 percent reduction the second year, and a 12 percent reduction the third year.

Now, what do those two modifications mean? By restraining the rate of growth of federal spending and consequently the rate of inflation, you get a reduction on the spending side at the time you are getting more money into the hands of the taxpayer, whether it is a business or an individual. You are getting less money in the hands of government, but you are also restraining the rate of growth of government spending, so that is a coupled or joint operation. That coupling is absolutely essential. I could not support a tax cut without reducing the growth of federal spending. Having a lesser tax re-

duction the first year is vitally important if we are to have a responsible fiscal policy in dealing with inflation today.

In short, I think it is important to have some stability related to tax reductions so that consumers, to some extent, and businesses, particularly, can make plans for expanding, for modernizing their plants and equipment.

Q: Some countries, such as Germany, have managed to keep inflation below 4 percent. What is the difference between the U.S. and, say, Germany?
A: I think the Carter administration's economic policies have been a disaster. When we turned over the reins of government to them on January 20, 1977, the rate of inflation was 4.8 percent. If they had followed many of our programs, the rate of inflation today would be in the range of 4 percent or less. However, they immediately increased appropriations; they immediately increased federal expenditures. I admire Chancellor Schmidt's policies in West Germany. They've been wise and they've been firm. The net result is West Germany today has a very healthy economy with a 4 percent inflation rate and relatively low unemployment. They have followed the kind of responsible fiscal and monetary policies that we were pursuing, and they're different from the policies pursued by President Carter.

Q: Would you comment on the international monetary situation and the stability of the dollar?
A: Outside the United States today about $500 to $600 billion are held by foreigners in Western Europe, Japan, etc. Obviously, as the dollar declined in value, particularly in October [1978], those individuals who were holding U.S. dollars were getting more and more apprehensive. Imagine the consequences if sizable numbers of people who hold that magnitude of dollars suddenly cashed them in because they had no faith in the domestic economic program of the United States. And there was considerable evidence that that might happen. We would have faced a very dire situation here in the United States. If, of the $500 to $600 billion in U.S. currency held overseas, 24 percent were suddenly turned in, we would have had a near catastrophic situation. And I am told by responsible people that that was almost a certainty.

The action taken by the Carter administration called for a budget deficit of less than $30 billion, restraint in the rate of growth of money supplies, and a program for foreign purchase of U.S. dollars. Happily, they stopped the decline of the dollar in October, but many individuals are waiting to see what is going to happen. They are waiting to see if the Federal Reserve is really going to take the kind of action promised. If it doesn't, I think people may resume their mistrust of our economic programs.

Q: What was your relationship with the Federal Reserve Board? What are your views on the Carter monetary policy?
A: The relationship I had with [Chairman] Arthur Burns couldn't have been better. We respected each other's position, and yet we had a close unofficial working relationship. I met with him frequently, and I think our policies were effective. They fitted admirably, and without his cooperation we couldn't have made the headway we did make in coming out of the recession of 1975. I might add, if I'd been elected I would have kept Arthur Burns on. I think he was an outstanding chairman of the Federal Reserve Board.
The new administration decided to reduce the unemployment rate significantly. They had made a lot of political commitments, and they attempted to meet these by adding to the budgetary expenditures. They were able to convince the Federal Reserve that there ought to be an expansion in the M1 money supply. Now what they did was to reduce the rate of unemployment from about 7.1 to 6 percent. From their point of view that was an achievement. But they're paying the pretty heavy penalty right now, because as their expansionary fiscal policies took over in conjunction with the movement of M1 over a 6.5 percent target, they developed an expansionary monetary policy. The combination of both has contributed to the problems we have today with the rate of inflation somewhere between 8 and 10 percent.

Q: Can President Carter keep his promise to balance the budget?
A: The next budget that he submits will be in January 1980, which is for fiscal year 1981 (which expires September 30, 1981). He is proposing that this 1981 fiscal budget will be balanced. But I would say from serving 14 years on the House Committee on Appropriations, and having submitted three budgets to the Congress as President, there isn't a prayer that that budget will be submitted balanced.

I could just run off some things over which he has no control. All the financing of government borrowing or refinancing was at interest rates of 5 to 6 percent. Every dollar that he refinances will be under a new interest rate—7 to 9 percent. He can't do anything about that.

Many of our transfer payments—social security, railroad retirement, government retirement—all have cost-of-living escalators. The inflation rate today is 8 to 10 percent. The costs of government transfer payments are all going up on the basis of the cost of living, and that is in the law. He can't do anything about that.

Finally, the President said he was going to increase, by 3 percent over the cost of living, our military expenditures for NATO, and, by implication, the whole defense budget. But that is a question that hasn't been resolved. How can he balance the budget with those kinds of costs—some of which he has no control over—unless Congress passes new laws? These are big ticket items—not peanuts. He doesn't have a prayer, in my opinion, of balancing the budget.

Q: Why did you pardon Richard Nixon?
A: When I became president, we had a lot of serious problems in this country. As I said before, I inherited an inflation rate of more than 12 percent. We were on the brink of a very serious economic recession. I was scheduled to meet with Mr. Brezhnev to negotiate the preliminary basic fundamentals for SALT II. Our Allies in Western Europe were uncertain about the role of the United States in the future. Our adversaries might easily have misjudged, thinking that we had enough problems, and that I could have spent 100 percent of my time dealing with them.

Now what was the circumstance from August 8 until the first part of September? I spent 25 percent of my time listening to Department of Justice lawyers and lawyers from my own council staff arguing, telling me what we could or couldn't do concerning Mr. Nixon's tapes and Mr. Nixon's private papers. I finally came to the conclusion that the overwhelming demands on my time ought to be spent for 219 million people, not for the legal difficulties of one—Mr. Nixon. And the only way I could get rid of the one was to do what I did. That allowed me to spend 100 percent of my time on behalf of the many serious problems we had in this country. I happen to think it was the right thing under the circumstances. In addition, we received word from Mr. Jaworski, the special prosecutor, that if Mr. Nixon were indicted, that a fair trial under our procedures could not be held. Also, the legal problems of Mr. Nixon, if he were indicted and convicted, would have been a front-page story for the next five years. I felt that the American people had had enough, that they had more important things to concentrate on, both individually and collectively. The way to clear the decks was to do what I did. I am glad I did it. I think it was a good thing for the United States as a whole.

Q: What are your views on Mr. Nixon's recent public appearances and how such appearances might affect the Republican party?
A: There is nothing I can do personally to direct or control what Mr. Nixon does. He's an American citizen and has certain rights. What course of action he takes will depend upon his own decisions and the reaction of the American people. I can't judge or control either one. It is my own feeling that Mr. Nixon would be well advised to stay in the background. I think that would be the view of the Republican party leaders as well.

Q: Would you relate an incident in your presidency which shows your style of decision making?
A: Let me take the incident of Mayaguez. We received information early one morning that an American merchant ship had been seized off the shores of Cambodia. I won't go into the sequence of events, but I can tell you that we held at least three national security meetings and in the process evolved the decisions to move as we did. Now unfortunately that was not an experience—because of the classification of material that we were handling—that was an open forum where the public could see what went on. The point I wish to make is that all—the Secretary of State, the Secretary of Defense, members of the Joint Chiefs of Staff—were able to present their views without fear of criticism as to the views they held, even though they may have had different views from the final decision that I made. There was never any
feeling on the part of these individuals that they couldn't speak up, whether I approved or disapproved of their views.

Now let me turn from something like that to a broad domestic economic policy. Shortly after I became president, the Democratic majority leader of the Senate, Mike Mansfield, recommended that we have a series of minisummits around the country where all groups could have an input as to what we ought to do to meet the inflation which at that time was over 12 percent. We held those minisummits, and they culminated in a national summit meeting and involved a number of prominent economists representing the total spectrum of ideologies. We had in attendance different groups that represented the housing industry, the cities, and the states. Those meetings were held totally in the public, and their recommendations were very significant to the final evolution of the policies that we eventually determined were in the best interests of the country.

Q: Has President Carter asked for your help in securing passage of his policies?
A: In at least three areas of foreign policy, at the president's personal request, I stepped forward and, I feel, was materially helpful in getting the necessary legislation through Congress. I believe that it was in our national interest that the United States Senate ratify the Panama Canal treaty, and I was helpful. Secondly, I made a number of phone calls and inquiries and tried to be as persuasive as possible in the U.S. arms sale of military aircraft to Egypt, to Saudi Arabia, and to Israel. I think whatever influence I had was beneficial in achieving that result. Thirdly, I strongly helped the administration in getting Congress to lift the arms embargo against Turkey. If you look at the vote and the narrowness of the victory, you may see that the people whom I phoned who subsequently changed their vote made the difference. I feel a former president ought to help the incumbent president when their feelings and convictions coincide. But I don't think a former president, if he differs, ought to sit and be muzzled. I think he has an obligation to speak up. The closeness of the 1976 election created an obligation to reflect different viewpoints. A dialogue between different views has proved, over the years, to lead to better policy. When I differ on economic policy I think it's constructive; and where I agree, I feel it's equally beneficial to the country as a whole.

Q: The power of Congress relative to the power of the presidency seems to have increased in recent years. Why?
A: I think it is a combination of things. Watergate was certainly a serious contributor — no question about it. Vietnam was a major stimulant. On the other hand, there is another recent development: one-issue policies — whether it is abortion, ERA, tax reform, or a hundred other things. One-issue political problems have no relationship normally to the political party or their platform or leaders. The net result is that one-issue politics really undermines the two-party system and puts the pressure on the candidate regardless of his party allegiance. It makes each individual feel his own oats; so to speak. It makes him feel that he is as strong and powerful as the people down in the White House in the west wing. It develops an "I-am-something-because-I-have-handled-the-issues-independently-regardless-of-my-party-affiliation" philosophy. There is less commitment to a political party and its leaders, including the president. This has all come about within the last ten years.

I have said it before and I say it now, the ICC is the worst regulatory agency in the government

Also, I think some of the increase in Congressional power is a result of so-called congressional reform. Ten years ago there were roughly 10,000 congressional employees. Today there are 40,000. This tremendous expansion of nonelected individuals, who have a significant impact on legislation, also has contributed to the Imperial Congress. The initial effort to expand congressional employees was good, but it has gotten out of hand.

Q: What are your views of President Carter's human rights policy?
A: My objection to the president's policy is its lack of consistency. There is an apparent double standard to the application. There are many examples of how it seems to condemn one society's failure to recognize human rights, and then ignores the same nation in other areas. I think his administration did a poor job at the meeting held as the two-year follow up to the Helsinki Agreement. The 1975 Helsinki Agreement said that in 1977 there should be a review held in which the record of various governments would be examined to see whether or not those governments had lived up to the provisions of the Agreement. One of the agreements (I am talking broadly now) was a strong human rights stance. Yet our 1977 delegation at the meeting didn't pin the Soviet Union down. They didn't really bring up the hard, tough cases, which one would have thought they were going to do. In other words, they sort of backed off when the Soviet Union said, in effect, it is none of your business.

Q: Do you feel that the United States has a responsibility to help Vietnamese refugees—the boat people?
A: I watched this problem with considerable interest because in April and May of 1975 we were faced with a much larger problem than 2,500 or even 10,000. If you will recall, after the fall of Danang, Saigon, and Phnom Penh, we took the initiative, and I personally ordered the admission of approximately 120,000 Vietnamese and Cambodians. I felt that it was our nation's obligation. After all, we had been in those two countries over a long period of time. We had fought shoulder to shoulder. They had been on our side and they were humans deserving of an opportunity to come to
the United States. I used to get a little irritated with some of my friends or former friends in the House of Representatives and the Senate who said, "We don't want these people." I think that many of them had forgotten that this country was actually built on the influx of people from all over the world. Most of us have a foreign heritage, and it contributes to the strength of America. Doesn't the Bible say the beauty of Joseph's coat was its many colors? This is the strength of America, its diversity. We have an obligation to take our full share of those people who can't or don't want to live under oppression or the kind of terror tactics that exist in Cambodia and Vietnam today. So I hope that the current administration takes the same attitude and similar actions to those that I took in 1975.

Q: As a congressman, were you more inclined to vote in accordance with your own values and ideals, or in light of your constituents' views?

A: That's a very close call. And I say that sincerely. I represented a moderate constituency—probably a little more conservative than most areas in Michigan, but a moderate area across the spectrum. There are two kinds of issues that come to a member of Congress. One area deals with those issues where the public is quite knowledgeable; where the public has emotional feelings; where there are broad implications. In those areas, I feel that it is the responsibility of the congressman to respect his constituents' views and, almost without exception, respond to them affirmatively.

On the other hand, there are certain issues of a highly technical nature. For example, I was on the Defense Appropriations Subcommittee for 12 years, and in the process of listening to secretaries of defense and others I learned a lot about weapon systems, about military strategy, etc. I think a person in Congress who has that kind of technical knowledge ought to make the decision based on that know-how and not necessarily by what the public reads, which is, in many cases, superficial. In those areas, I think the congressman or senator has a responsibility to make his own judgment because he's been exposed to the intricacies of the problem. The public doesn't have the background that gives them the tools with which to make appropriate decisions.

Q: Do lobbyists have too much influence in the laws passed by Congress?

A: The role of the lobbying impact has multiplied in recent years. Don't be fooled. Lobbyists go back for many years. They have always been able to forcefully push for legislation. It is more obvious now. Communication is better, and the public is more informed. I happen to feel that putting the spotlight on lobbying activity through the news media is probably the best way to control it. There are some good lobbies. Don't get me wrong. Every lobbyist is not a sinister character. As a matter of fact, some of the lobbyists are the best informed people in Washington or elsewhere. They are professional in their particular area. As a congressman, quite frankly, instead of always buying what an agency or commission wanted, I used to bring lobbyists into my office and say, "You tell me from your point of view whether this is good or bad legislation." And their expertise equaled that of the government specialist. But you have to keep yourself at arm's length, too. Otherwise you get yourself in trouble like some of my "friends" have.

Q: What efforts did you undertake as president to decrease government regulation?

A: The proposal that my administration put forward would have brought about the deregulation of the airlines from under the CAB jurisdiction. We worked out an agreement with Senator Kennedy, who was a proponent of deregulation, and although we got action in the Senate Committee, we never got it to the floor of the Senate. But I'm glad that bill, pushed by President Carter, is law now, and we are having deregulation of the airline industry. We started it. We didn't have time to stay there and finish it, but I'm glad that it is operating. And the interesting part is that despite all the opposition of the airline industry and organized labor, they are all prospering better than they ever did before deregulation.

We also recommended the deregulation of the trucking industry. The problem there is more serious. Again, we worked with Senator Kennedy. But in the case of the trucking industry, we faced the trucking lobby and the Teamster lobby, and the truth is that they are awfully tough. We had a meeting at the White House in the cabinet room one time with 15 to 20 trucking executives, and they came with tears running down their faces because we were going to deregulate them. Bill Coleman, our secretary of transportation, did a super job, but they have a great influence on the Congress. There is no question about that.

Also we advocated the deregulation of the railroads. In that case, we had to put some pressure on the railroads because they wanted some specific legislation which meant that they would get significant federal financing at one time or another. We just said we would veto it unless we got some deregulation. Bill Coleman worked it out, and we made some significant headway in getting a headstart on deregulation.

It is my own feeling that Mr. Nixon would be well advised to stay in the background. I think that would be the view of many Republican party leaders as well.
Now those are the three major areas where we sought deregulation. I hope that President Carter is successful in doing something effective about the trucking industry. I have said it before and I say it now, the ICC is the worst regulatory agency in the government. They have some competition, but they are the ultimate. There are some sinister groups that have some influence on that organization, and it is not, in my opinion, good for the country.

Q: What could we do right now to help with the energy problem, and what would you do if you were in office?

A: Well, let me go back, as a point of reference, to 1975. We submitted an energy program, which I think was very comprehensive, that involved almost 200 pages of proposed legislation. What it aimed at was deregulation of domestic crude oil, deregulation of natural gas, authority to impose penalties for nontransfer of energy-producing plants from crude oil to coal (a requirement that would have forced new plants to use coal rather than oil), some tax benefits for people who installed solar heating, etc. That was a program that I think would have been helpful in reducing our total foreign imports by 1985 to 6 million barrels per day. At that time (1975), we were importing roughly 8 million barrels per day. Congress really passed only about 60 percent of what I recommended, and none of what it passed dealt with the hard choices.

President Carter came along with his program in April 1977. It didn't call for deregulation; as a matter of fact, it called for comprehensive regulation of domestic oil and gas by federal agencies. Now the Congress, in its final wisdom, passed an energy bill that was a far cry from what President Carter recommended. The parents wouldn't have recognized the child, but nevertheless Congress created one. I think it was marginally better than what President Carter recommended. There are few people that I've talked to or listened to who will tell me that there will be any significant increase in U.S. domestic crude oil production or new natural gas. There may be some increase, but nothing to match the need that exists today. At the same time, handling some aspects of the energy program will be an administrative monstrosity. I know an outstanding lawyer in Los Angeles who is part of a big law firm. When the new energy law passed, it added 22 or 23 additional categories of domestic crude oil or new natural gas. That one law firm, to handle only business related to the new energy bill, has rented two additional floors of building space in Washington, and is planning to hire 48 new lawyers. That's one law firm. The legislation will be a bonanza to CPAs and to lawyers. It will produce darn few extra barrels of fuel. I think we ought to deregulate. We ought not to impose a wellhead tax, and we ought to give the producers an opportunity to show what they can do domestically. I think they'll surprise us.

Q: As you look back on your administration, what do you assess to be your greatest contribution?

A: The greatest contribution was perhaps the significant job of healing America. When I became president there was a very deep resentment among the people toward government. There were divisions in families and in communities. We had gone through a period of riots on our campuses and in a number of our metropolitan communities. There was a very great unrest. I believe the greatest contribution I made was to heal some of those differences. Not that everyone agreed. Don't get me wrong. But at least we could disagree without being disagreeable. That's probably the major thing we accomplished.

In addition, I feel we did an excellent job of handling the economy. We still had unemployment too high, percentage wise. But we provided many more new jobs, and we reduced the rate of inflation significantly. In a substantive way, I think that is perhaps our greatest achievement. When I took over, inflation was at 12 to 13 percent and unemployment was about to go up. We ended up with an inflation of 4.8 percent in 1976, and we added five million jobs to the figure of 84 million at the depths of the recession in April 1975. I think objective analysis would say that we came out of it and were on the road to a good, healthy economy, a growing economic base with an expanding private sector, and a minimum of inflation.

I also think we restored the faith of our Allies in the United States. We were able to convince our adversaries that they couldn't walk over us. When you add it up, I think we did especially well in the healing process and very well in the economic scene. And we made a lot more right moves than otherwise in foreign policy.

Q: How about the disappointments?

A: I think the biggest disappointment was that we were unable to reduce the rate of unemployment as rapidly or as much as we wanted to. As I said, we increased employment, but we were still unable to reduce the rate of unemployment. We had around 7 million still unemployed. That is too high, particularly among the young people and particularly among minority groups. But I think we could have made progress there in additional time because we were expanding the private sector, and that is where the real opportunities are. Nevertheless it was a disappointment.

Q: What will influence your decision whether to run for president in 1980?

A: The basic consideration, from my point of view and the point of view of my wife, would be whether my participation would be constructive. I don't have any insatiable appetite to be president. I only feel I would want to if my participation would be constructive in the political arena. To just soothe my pride and to prove something, no. If I could be constructive and helpful, then I will do it. We'll have to make that decision as time moves along.

Q: How do you assess a Ford vs. Carter rematch in 1980?

A: This is purely hypothetical. I am not making any commitments. A rerun would be interesting because it would be the performance of one against the performance of another. You would have a measuring stick. It wouldn't be performance versus promise. It would be performance vis-a-vis performance. That would be an interesting contest.
If we decentralize the reporting and budgeting areas...

Colluding in Exclusion

by Marta Clark

Talking-it-over is a part of nearly every professional's day—staff meetings, business luncheons, budget audits, brainstorming, planning and evaluating sessions, and more. The emphasis is on "teams" and "teamwork." And while meetings and groups are, in their own right, often peculiar, the process becomes even more peculiar when one of the team members is the lone woman.

Quite often the woman appears as the odd-person-out, even in a group of men who say they are sincerely supportive of a professional female. It is to this group of men that these comments are directed. Recognizing some general group behaviors will strengthen the commitment of these men to reverse the odd-person-out experiences of the women with whom they work.

Women who watch male behavior make four frequent observations of the not-being-heard phenomenon. A group may manifest one or more of these characteristics:

1) Ideas from men often seem more legitimate than ideas from women. One woman expressed frustration at not being taken seriously, adding that, in her experience, open hostility toward her ventures into traditionally male domains was much easier to deal with than were men who saw neither her nor her comments as legitimate. Many professional women have observed "signals" from their male counterparts that question their career commitment and reinforce traditional societal norms about women. These signals most often include lack of eye contact, speaking at the woman instead of with her, and a general posture of inattention or impatience. Frequently these signals indicate male stereotyping of females in the work force; she's not a serious contender... cute but dumb... working just for pin money... not a colleague in the true sense of the word... not committed to a career... looking for a husband... bright but pushy.

2) Another experience of a woman in a predominantly male group is that after her comments or suggestions have been ignored, her idea will subsequently be voiced by a man, then receiving full acknowledgement and support. A recent incident involved a woman who manages the land subdivision approval process in a state planning department. She met with directors and assistant directors (all men) of various areas to discuss consolidation of the subdivision process. Speaking from significant hands-on experience, the woman proposed that the interdepartmental committee assigned to review all subdivision applications initiate their review within 30 days after the receipt of the application to identify, at the outset, any problems with each application. (Up until this time, the committee was meeting at the end of the process;
and if any problems were identified, the approval time was extended significantly.) None of the men acknowledged or responded to her suggestion. Subsequently, one of the men suggested that the application process time could be greatly reduced if the committee reviewed the applications immediately and assumed the role of a trouble-shooter for each application. All agreed that this was an excellent idea, to the dismay of the woman who had originally proposed it and been ignored.

3) When a woman's comments are being overlooked, men in the group usually do not assume the role of "gatekeeper" to insure that all opinions are given equal consideration. Women frequently comment regarding the difficulty of finding mentors in an organization. Likewise, most women in management must fend for themselves and, if ignored, run the risk of being considered too aggressive if they attempt to be more assertive. A man who assumes the role of a gatekeeper, bringing the woman into the discussion, will assist other men in acknowledging her resources and contributions to the group's task.

4) A fourth characteristic is the frequent, unintentional "moment of silence" hesitation when a man responds to a woman. Some women who have found themselves in this situation have noticed a tendency on their part to respond to his hesitation by explaining, justifying, clarifying—covering the silence. Again, a man who assumes the role of a gatekeeper may initiate a response which will invite other group members to acknowledge and respond to the woman's comment. Hopefully, the behavior of other males would be modified to the degree that a woman's ideas are given the same initial consideration as a man's.

Men, stereotyped as "more aggressive by nature," tend to reinforce that stereotype in their professional relationships. They are more accustomed to team efforts and competing aggressively to assert themselves and their ideas. Women, usually conditioned to be less assertive and less group oriented, must cope with the odd-person-out phenomenon that results from a totally different perspective on life.

Margaret Hennig and Anne Jardim in The Managerial Woman state that "a woman's presence will change the group's identity. The group is no longer all-male." While this seems obvious and expected, women report that in a group setting they are frequently considered as women first and group members second.

Professional groups would function more productively, avoiding the problems mentioned above, if women were considered as fully legitimate team members, and gender were not an issue. Singleness of purpose for the task at hand will help the team work together effectively without the risk of losing energy from misunderstandings or underutilization of all human resources available to the group. Habit, well meaning intentions, "oversight," individual prejudice, lack of "facilitating skills," and personal threat are not justifiable explanations from professionals who regard themselves as competent workers and problem-solvers.

Organizations and managers must become more aware of the untapped resources of women. It is the responsibility of male group members to examine the behavior and attitudes that block female colleagues from being heard and acknowledged. For too long the responsibility to "stand up and be heard" has been placed solely on women. Effective organizations must work to remove barriers from the full participation of all professionals.
PASSPORTS & TEXTBOOKS
BYU's International Accent on Management
by K. Kim Fisher

- With work experiences as varied as banking and counseling, and languages ranging from the more or less familiar (Spanish, Dutch, Japanese) to the seemingly exotic (Somali, Thai, Hindi), the international students add diversity to BYU's Graduate School of Management. The foreign students in the Master of Business Administration (MBA), Master of Public Administration (MPA), Master of Accountancy (MAcc), and Master of Organizational Behavior (MOB) programs represent 21 different countries. - A recent survey sponsored by the BYU Office of International Student Relations shows that approximately 13 percent of all of the foreign graduate students at the University are enrolled in the Graduate School of Management. Although most of them are northeastern Asians or South and Central Americans, others come from the Middle East, Polynesia, Africa, and Europe. - A majority of these individuals plan to work in multinational corporations where their cultural expertise can be coupled with an American business perspective.

Ernesto Olascoaga

Ernesto Olascoaga and his wife are two of the partners in the Instituto de desarrollo personal y comunitario, a private consulting firm for human resource development in Mexico City, Mexico. "The firm advises businesses, as well as schools, families, and church and community groups, on matters of training, group dynamics, and social action."

The Instituto encouraged Olascoaga to come to the United States in order to obtain a graduate degree in organizational behavior. After deciding to return to school, he was awarded a Rotary Scholarship which pays his University expenses so that he can concentrate full-time on studying.

Olascoaga did electrical engineering undergraduate work at the Universidad Iberoamericana before he entered the consulting firm with a colleague from the university.

"One of my biggest adjustments in coming back to school," he says, "was concerned the differences between a hectic life in Mexico and a quiet one in Utah. I normally spent about two hours a day commuting for my job, and now I can walk wherever I need to go in just a matter of a few minutes."

Olascoaga's wife is specializing in family counseling courses at the University while he is working in business consultation. They both plan to return to Mexico City after they finish their schooling in order to resume their responsibilities in the consulting firm.
Sauan Sukham

"I expected to see roads paved with gold when I came to the United States," remarks Sauan Sukham. "I still consider the USA the most comfortable country in the world, but I was certainly surprised to land in a cold, smoggy airport in San Francisco where a demonstration outside the building required police surveillance."

Sukham spent most of his life in Khon Kaen, Thailand, about 300 miles from Bangkok, before going to Hawaii to finish a degree in government and business. At BYU he is studying public administration. He has vivid memories of the cultural shock he went through when he came to the United States.

"I suppose that the biggest adjustment I had to make was to American food. I could not believe that Americans ate turkey. At home, turkeys are house pets."

His background in government has made Sukham very sensitive to political issues in Thailand. "Frankly," he said, "the implications of the recent diplomatic ties which have been established between Thailand and Vietnam frighten me. I do not know whether I could go back and work in government or not. The restoration of political ties with a country that has Soviet backing could be a touchy issue with our Chinese allies. It's a volatile issue for me."

Sukham plans to become involved in some level of city or county government where he can apply his knowledge of city planning and policy-making. He is presently teaching the Thai language to finance his schooling.

Cornelius Van Langen

Last summer, "Kees" Van Langen worked with Procter and Gamble on organizational design, management training programs for management and technicians, and team building for the crews in the firm's Albany, Georgia, Plant. He plans to return to the Georgia plant to work as a training manager in the papermaking module.

Van Langen, a native of Heerhugowaard, Holland, notes that his education and work experiences have enabled him to realize that there are both similarities and differences in management philosophies of Europeans and Americans. Although motivation techniques and management styles are frequently the same, there are problems concerning human resource development that have prompted some varying perspectives on certain issues.

"Organized labor is much more pervasive in Europe than it is in the United States. Most organizations are already unionized, and that means that European management has often had to be more sensitive to the workers than Americans seem to be," says Van Langen.

"Many European firms have been working with government mandated policies concerning discrimination, for example, longer than U.S. organizations have dealt with these kinds of issues. In certain respects, American management is now dealing with some human resource issues that Europeans dealt with years ago."

Besides teaching class labs which specifically relate to his business discipline, Van Langen also teaches a Dutch literature and history class on campus. "I am not anti-American by any means, but I am as patriotic about Holland as many Americans are about the U.S."
According to Mei-Ling Yang, a candidate for the Master of Accountancy degree, "Taiwanese women frequently study accounting and business administration, while men generally concentrate on careers in engineering or science." One of the major cultural transitions that she has made at BYU is adjusting to an accounting department which is predominantly male.

Yang graduated from the Chung Hsing University with a degree in accounting before she decided to obtain a masters degree in the States. "It was quite a shock to move from Taipei, one of the world's most densely populated cities (1,400,000) to such a small city as Provo," she said. "I miss having the association of many friends and the feeling of unity which all the close buildings create."

Yang is presently a research assistant for K. Fred Skousen, accounting department chairman, who is writing a textbook on introductory accounting. Yang is working selecting problems and case examples.

She plans to return to Taiwan after she finishes her masters in accounting to pursue teaching opportunities at a university level. An American education can be an asset in the accounting field because the university instructors often use translations of American business textbooks in their classes.

"Professors in Taiwan," she explained, "generally teach about ten hours a week and don't maintain office hours at the school. However, they do open their homes to students with questions and academic problems. They are very open with students. If you have a question about the class, you go to the teacher's home to discuss it."

MBA student John Harris brings a bachelor's and master's degree in engineering with him to his business studies. He comes from Montevideo, Uruguay.

He spent three years in Argentina as the highest-ranking representative of his church for that country. In that position he had the power of attorney for the church and handled financial matters which included the purchasing of over $500,000 worth of real estate and the planning and construction of several buildings.

Harris decided to bring his family to the U.S. because of the benefits of an advanced degree from the States. "Foreign students with advanced degrees generally command more earnings, more respect, and they are able to advance into responsible positions more rapidly."

"But undergraduate degrees in the U.S. are generally concerned only with domestic and internal business practice and philosophy. Undergraduate work should be done in your own country."

Harris keeps busy with two part-time jobs on campus. "My only hobby is my family," says Harris, "I don't have time for anything else." One of Harris' jobs involves studying South American agricultures.

Harris will return to Uruguay after completing his MBA. "Although there are definite economic advantages to staying in the U.S., the personal satisfaction and individual growth facilitated by taking jobs in my own country is worth the financial sacrifice. I can choose either to become one in a million in the U.S. or to become a responsible element in my own country. I would like to return and teach others."

Mei-Ling Yang (top) was ranked in the top five percent of the students in the Graduate School of Management for her scholastic performance in accounting. Working with the chairman of the accounting department, Yang has developed many of the problems and examples in the chairman's forthcoming accounting text.

MBA student John Harris' classes include a balance of finance, marketing, accounting, and economics. He has studied South American agricultures while at BYU.
Daniel Shanthakumar comes from Coimbatore, a city on the southern coast of India. After completing a bachelor's degree in psychology and a master's degree in social work, he went to work for a leading bank in Coimbatore as a general banking assistant in accounting and records. He was employed there for nine years.

Shanthakumar's work experience has enabled him to recognize some major differences between Indian and U.S. business.

"Promotional business and advertising, for example, are much more aggressive here than they would be in a comparable Indian organization. Indian businesses are less concerned with competition than Americans seem to be."

Organized hierarchies are traditionally dissimilar. "Indian companies are generally owned and operated by families. Organizational hierarchies are often composed of family members."

Management styles which are dictated by cultural norms in India also differ from those practiced in the United States. A participative style in management, or close, informal ties between employer and employee are practically unheard of in India. There is an unspoken code of respect that demands that you address your managers as "Sir," for example, rather than by their names. If you call managers by their first names, they are offended at your impropriety.

Shanthakumar plans to return to India where he will work in the banking industry.

Last year, Daniel Shanthakumar's research included an analysis of a large corporate employee performance appraisal system. Shanthakumar, from Coimbatore, India, has studied course subjects such as motivation and control, and organizational structure and design.
Jongbub Lee

"In Korea," explains MPA candidate Jongbub Lee, "people seldom change their jobs. After we become employed by an organization, we generally work for that same company for our entire lifetime. We are so loyal to the organization that we will often stay with a lower paying company simply because they were our original employers."

Lee says that he thinks that one of the major distinctions between U.S. and Korean business and government is a result of the cultural differences between the two countries. The Korean sense of duty and respect makes the worker much more willing to compromise to management requests.

He explains the distinction in a school setting. "I was amazed to see students challenge the statements and arguments of their teachers. You would seldom, if ever, see that in a Korean school. Students do not challenge their teachers, and employees do not challenge employers. There are advantages and disadvantages, of course, to either way of dealing with one's superiors."

Decision-making in Korean organizations generally takes more time than similar decisions and commitments take in U.S. organizations. "Decisions take longer to make, but the implementation of the decision is rapid. Decisions are made by a few key persons, rather than by a selection of managers or employees."

Lee completed his bachelor's degree in political science at the Yonsei University in Seoul before finishing a second bachelor's in international management from the BYU Hawaii campus. He comes from Pusan and speaks Korean, Japanese, English, and German as a result of his three-year tour of duty in the Korean army.

Suleiman Elmi

Suleiman Elmi attended the State University of New York at Fredonia and received a degree in business administration before coming to the Graduate School of Management.

Elmi discovered contrasts between the way in which the U.S. and Somalia look at the family unit. "Within the cultural framework of Somalia, the family is the major social and economic stronghold of the country. In America, it seems that individualism is stressed as an important virtue, while in Somalia, the key to the entire culture is the unity of the extended family."

He has been working with Paul H. Thompson, the assistant dean of the Graduate School of Management, as a research assistant. One of his assignments has involved identifying better means of recruiting international students into BYU's management program.

Elmi is fluent in Somali, English, and Arabic. He hopes that his knowledge of Middle Eastern languages and culture may prove beneficial to concerns dealing with the Arabic States. He is presently working on an independent research project that deals with the difficulties which U.S. managers face in Arab countries.

"I would like to work with an international organization that has field offices in the Middle East. The growing economic strength of the Arab countries demands more individuals with cultural skills in these areas to work with multinational corporations."
**Liberata Ruscitti**

"Unfortunately, I have learned that if you have an accent, you have to prove yourself," says Liberata Ruscitti, a member of the organizational behavior program. "My experience suggests that many people automatically equate an accent with illiteracy. I know that this is a generalization, but I think I can understand why minorities and foreigners may feel an acute need to display their intelligence and general competence to their managers in order to overcome the traditional stereotypes."

Ruscitti became interested in human resource development while working for the Banco de Venezuela, one of the largest private banks in South America. The bank hired a U.S. consultant to help the bank assimilate certain management training concepts into their organization. "I was interested in his work, but I think he would have been much more effective if he could have translated his knowledge of U.S. corporations into concepts which were directly applicable to the different economy and environment of Venezuela." She adds, "I would like to be able to learn to cross some of those difficult cultural and national barriers."

Ruscitti has lived in Italy, Venezuela, Canada, and the United States and has consequently learned to speak Italian, German, Spanish, English, and a little Portuguese and French. She hopes to use her knowledge of languages and cultures in a multinational organization.

"I realize that we are all a little prejudiced," she concluded, "but I sincerely believe that we need to learn to work harder to accept each other as people instead of as national, sex, or ethnic group members. I believe that this will become a growing concern."

**Roshan Zamir**

"I came to America to study because I think that it will provide me with some important tools that I can use in Pakistan. Urban and rural planning and the political and social development needs caused by an influx of individuals leaving the cities and going back to the country have become extremely important issues in my country," says Roshan Zamir. "Transportation, various government subsidized agencies, and operations like the fire and police departments would benefit from looking at American systems."

Zamir, from Karachi, Pakistan, is completing his second master's degree as part of a midcareer inservice training program that is being funded by the Pakistani government.

Zamir's first master's degree was in geology from the University of Karachi. Since completing his degree, however, he has spent 14 years with the Pakistani federal government as a magistrate, industrial developer, and as a member of the ministry of culture and tourism. His involvement with the government prompted an interest in public administration and policy.

"The disadvantage, of course, of studying in America is the lack of concentration on the economies and politics of other countries such as the ones in Asia and the Middle East, but this education does give me a general background for American administration."

Zamir plans to return to Pakistan and continue working in the ministry of culture and tourism after he completes his degree in public administration. He feels that he is learning skills which will be beneficial to his government in the areas of planning and policy making.
Hidekazu Aida

Hidekazu Aida of Yamagata, Japan, would like to work with an organization that has ties with U.S. and Asian countries. He enters the Graduate School of Management with a degree in social psychology and notes that his stay in the U.S. has helped him to understand American management practices.

"I had an interview with a Japanese vice president of a corporation who asked me whether I was native Japanese or American-born Japanese. I think my business education has perceptively Americanized my attitudes towards management. Besides that, I have found that my business vocabulary is mostly English."

"Most Japanese management styles are quite different than those of the American businessman," he continued. "Japanese managers expect much more respect from their subordinates than most American counterparts do."

Aida has found that the Japanese group management concept has become an interesting issue for many U.S. corporations. "Businessmen and scholars are intrigued with the emphasis that the Asians put on the group, rather than on individuals. I think that it is a cultural difference, rather than just a philosophical one."

"Much of the social life, for example, is provided by the organization. A large organization will typically hold group calisthenics together in the morning and then have activities together in the evening. It is not uncommon for an individual's only social contacts to be those of the business."

Aida notes that government subsidies to business in Japan allow them more latitude for management experiments.

Maria Ortiz

After Maria Ortiz finished high school in Veracruz, Mexico, she worked for three years with an accountant before she came to the United States to pursue an undergraduate degree in social work.

"After graduating I worked at a mental health center as a bilingual supervisor and caseworker. I was involved in crisis interventions and counseling as well as screening individuals for referral to psychiatrists in the area." Her job at the center helped her to refine both her counseling and her linguistic skills.

Ortiz is presently developing a cross-cultural training program for organizations that have operations in Latin America. "You could call it a cultural awareness program. It helps people develop a sensitivity to Latin American cultures." The program includes compilations of American and Latin stereotypes and explains why individuals from the two cultures often encounter barriers in working relationships. It also helps Americans confront their ethnocentricity.

This fall Ortiz plans to fill an internship with IBM in New York. She will alternate between the company's Armonk corporate headquarters and White Plains, NY, groups during the four-month assignment.

Ortiz has taught undergraduate Spanish classes throughout her stay at BYU. She will be researching for the department of organizational behavior this summer.

Ortiz plans to complete her master's in organizational behavior and an additional master's in Latin American studies. She feels the two degrees will help provide the breadth necessary in understanding the "human side" of business.

Explaining concepts from his MBA organizational structure and design class, "Hide" Aida (left) outlines one approach for implementing change in businesses. Aida will return to Japan this summer to work with Procter and Gamble.

Maria Ortiz (above) from Veracruz, Mexico, will intern in benefits planning at IBM this fall. This experience in personnel will supplement her background in social work.
TWO CHEERS FOR CAPITALISM
Irving Kristol
Basic Books, Inc.

Irving Kristol is the Henry Luce Professor of Urban Values at New York University and is probably among the most brilliant and entertaining social commentators of our times. This book (with the exception of the last chapter) consists of a collection of Kristol’s articles which have appeared in The Public Interest, the Wall Street Journal, Imprimus (Hillsdale College), and Commentary during the period 1970 through 1977.

One is immediately struck with the question as to why Mr. Kristol entitled his book: Two Cheers for Capitalism. Why not three cheers? Or, why any cheers at all?

First, Mr. Kristol is admirably lucid as he argues that the historical association of capitalism and personal liberty is not fortuitous. Though capitalism may not be a sufficient condition for a free society, Kristol argues that it does seem to be a necessary condition for it; and that history does not provide us with any instance of a society that repressed the economic liberties of the individual while at the same time being solicitous of his civil or political liberties. Therefore, one cheer for capitalism.

Mr. Kristol also argues that if individual liberty and freedom are to be preserved in America, we must maintain an economy with a flourishing private sector, especially one that makes plenty of room for small- and medium-sized firms. Kristol is less approving of large corporations since the large corporation has ceased being a species of private property, and is now a quasi-public institution. The danger of this institutional shift is that society is demanding more and more that the large corporation should be thoroughly integrated into the public sector, and should lose its private character altogether. Kristol suggests that this transformation of American capitalism represents a continuing and serious threat to the individual liberties Americans have traditionally enjoyed.

Second, Kristol argues that capitalism as a social order is remarkably successful in a simple materialistic sense. People who individually or collectively subscribe to the social philosophy of a capitalistic order, and to those bourgeois virtues associated with it, do indeed better their materialistic condition. The history of the past two centuries, according to Kristol, affirms this truth unequivocally. It is also the case—as some critics will quickly point out—that this material prosperity is not equally shared by all. But over the longer term, everyone does benefit, visibly and substantially. Therefore, a second cheer for capitalism.

Why not a third cheer? Kristol argues that the better the capitalistic system works, the more affluent and freer the society, the more marked is the tendency (opportunity) for the individual to cope with his “existential” human needs—with the life of the mind, the psyche, and the spirit (soul). People, no longer hard pressed to better their materialistic condition, are all the more free to experience the limitations of the capitalistic system, to rebel against the system, and to participate in what Lionel Trilling called the “adversary culture.” Kristol believes that men cannot long tolerate a sense of spiritual meaninglessness in their individual lives, and they cannot for long accept a society in which power, privilege, and property are not distributed according to some morally meaningful criteria.

During the first hundred years or so, capitalism did lay claim to being the most just social order the world has ever witnessed, because it replaced all arbitrary (e.g., inherited) distributions of power, privilege, and property with a distribution that was intimately linked to personal merit—this latter term being inclusive of both personal business-related abilities and personal virtues such as diligence, rectitude, sobriety, honesty, etc. Kristol suggests that there was a time when most people in America believed that capitalism was the morally correct system because it promised: continued improvement in material conditions; an unprecedented measure of individual freedom; and the opportunity for the individual to satisfy his instinct for self-perfection—for leading a virtuous life that satisfied the demands of his spirit—and that the free exercise of such individual virtue would aggregate into a just society.

Capitalistic ethos, itself a good guide to worldly success, has consistently assumed that traditional religions would provide the answer to individualistic spiritual needs. Kristol argues that both traditional religions and the capitalistic system are currently failing to satisfy these needs. Consequently, it is not poverty, the urban crisis, or the ecological crisis, according to Kristol, that is contributing to the decadence of capitalism, but our inability to spiritually cope with affluence. The capitalistic ethos is being subverted by its own materialistic achievements. For as the ethos encourages us to better our materialistic condition, it simultaneously leaves us defenseless before the question: What do we do after we have bettered our condition?

Kristol does not predict the immediate demise of American capitalism. His feelings in this area appear not to be based so much upon the inherent strength of American capitalism, but rather upon his belief that the alternatives to capitalism—fascism, communism, and socialism—have turned out to be either “utopian illusions or sordid frauds.” Kristol suggests that all the various socialists have to show for the sacrifices they have demanded of their citizens is “tyranny and scarcity, or bureaucracy and bankruptcy.” Furthermore, he suggests that there is no such thing as socialism—understood as a voluntary cooperative community—in a real world of the twentieth century. Kristol suggests that these facts may form the most persuasive argument in favor of capitalism.

It is not entirely clear what Kristol believes should be done to save capitalism. He clearly believes that some concerted effort should be made to counter the influence of the “new class” (a class of intellectuals who perceive that it is in their best interest to undermine the capitalistic system) on the average American voter. It is therefore important, according to Kristol, for business leaders and Republicans to make appeals to the self-interest of groups of voters as direct as those made by labor and Democrats.

Perhaps Kristol’s greatest contribution is his lucid identification of the spiritual malaise of American society. This inner spiritual chaos of the times, so powerfully created by the dynamics of capitalism itself, is such as to make nihilism an easy temptation. A “free society” gives birth to massive numbers of “free spirits,” emptied of...
DOONESBURY'S GREATEST HITS: A MID-SEVENTIES REVUE
G. B. Trudeau
Holt, Rinehart and Winston

Enjoying G. B. Trudeau's humor requires intellectual curiosity, a familiarity with yesterday's newspaper, and a fairly well-developed sense of not taking either yourself or politics too seriously. Trudeau's Doonesbury cartoon strip appears in hundreds of papers across the country. Yet the strip is featured on the comic pages as well as the editorial pages of many newspapers. Trudeau is the only comic-strip artist to win the Pulitzer Prize for editorial cartooning.

Trudeau's entry into political editorializing was a breath of fresh, wry humor. He experienced instant success as an undergraduate at Yale during the Vietnam War years. The sixties provided him with a highly politicized milieu with which to observe society. He has aged well, moving on to Watergate, Korea, and the congressional morality era.

Perhaps the best way to describe Doonesbury is to call this comic strip a social commentary—a commentary whose audience has expanded beyond campuses. It is a message of reflection, subtlety, and wit. There is no intended meanness in Trudeau's statements. He makes critical distinctions between the ironic, the obvious, and the humor in human nature. His insights cut through the shame, pomp, and rhetoric of daily politics.

With the ease of an expert and the aplomb of a master, Trudeau succeeds in both praising and mocking liberals, feminists, environmentalists, the press, the establishment, authority, big business, and right wingers. It is his readers' delight to view sacred institutions reduced to the commonality of daily living. No single character is esteemed above another. Take, for example, the preparation to celebrate the sixties:

"We're having another sixties revival party?"
"That's right! Mark's been organizing it!"
"What's it going to be like?"
"Same as last year—period costumes, acid rock, granola, hostility towards authority..."
"It'll be a celebration of more carefree days. But at the same time a remembrance of the agony of Vietnam, the racial hatreds in our cities, and the clash between generations!"
"Wow... I feel guilty already!"
"I know! I'm pretty excited myself!"
The Doonesbury characters are prototypic roommates we have all heard of or had. Zonker is a spaced-out hippy who is void of social responsibility.
Joanie Caucus is a middle-aged flaming feminist who leaves her family to go to law school at Berkeley. Duke is the dope-dropping Governor of American Samoa (who, by the way, is patterned after the real Hunter Thompson, former national affairs editor of the Rolling Stone). Kimmy is the Vietnamese orphan who cuts her teeth on the daily political headlines. (Her first two words were Big Mac.) A favorite is B.D., the right winger, a postcollege jock who cannot part with his football helmet or his ideas on how we should have won in Vietnam.

When congressmen were being convicted in the courts and the press of improper moral conduct, Trudeau departed from the bandwagon and expanded his horizons with such penetrating bites as the Dan Rather ("60 minutes") interview:
"Does everybody else do it? We asked Melville Reese, noted critic and veteran Capital Hill observer..."
"No, Dan, of course EVERYBODY doesn't do it! Many do, but their indiscretions are usually harmless enough, and they certainly don't involve the taxpayers.
"Besides, is it really any different in the private sector? I mean, how about you TV stars, anyway? You know as well as I do from being on the road..."
"Reese went on to make a totally irrelevant observation. We'll be back in a minute with 'Point-counterpoint!'
The subtle, piercing nature of his humor leaves the reader with either a belly laugh, or a smug assurance of "knowing that I know-you know-that I know" attitude.

Readers should be informed on the national, political, economic, and social landscapes in order to best appreciate Trudeau. The person who smiles while reading Doonesbury is not likely to join EST or need a psychoanalyst.

Dagwood and Blondie familiarized us with a traditional 1940's marriage. Beattle Bailey gave us proxy military experience. Dennis the Menace reminded us of the precocious kid we sat next to in the fourth grade. Doonesbury is our front page, editorial, and "today's laugh" sections rolled into one cogent and digestible point. It helps remind us that we often strain to find meaning (or in the sixties' jargon, relevance) and forget to laugh at our idiosyncratic selves and others.

Omar Kader

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There are some biographies so well written that the intelligence and insights of the author become the focal point of the reader’s interest. There are others in which the biographer’s skills are overshadowed by the personality of the subject of the biography. William Manchester’s biography of General Douglas MacArthur falls in the second group.

MacArthur was an authentic American hero. Repeatedly decorated for bravery in World War I, he rose to be chief of staff of the United States Army. Although defeated in the Philippines by the Japanese, he fulfilled his promise to return a victor. He subsequently made military government in Japan a blessing for the Japanese people instead of a curse. And then when fired by President Truman, he returned home to a welcome unparalleled in American history. Yet he was never completely at home in the United States. He understood Filipinos; he understood the Japanese; but he never really understood Americans. His successful and frequently brilliant military career somehow never completely fulfilled his aspirations, and he constantly succumbed to the lure of political office. And each time MacArthur ventured into American politics he blundered badly. There was the letter to a Nebraska congressman at the height of World War II in which he agreed with the congressman’s view “that unless the New Deal can be stopped, our American way of life is doomed forever.” The publication of that letter killed any hopes the general may have had for the Republican nomination in 1944. His abortive presidential bid in 1948 ended in humiliation when the floor managers of the convention kept General Wainwright waiting until 3:40 a.m. to give his nomination speech for MacArthur to an empty auditorium. Finally there was his challenge to the authority of the president in his letter to Joseph Martin, speaker of the House of Representatives, endorsing the speaker’s view that the president was preventing 800,000 trained men on Formosa from opening a second front on the mainland of China, and that if victory was not the object of the Korean War, the Truman administration should be indicted for the murder of thousands of American boys.

Each of these forays into the American political arena underlined what, in retrospect, is abundantly clear: despite his brilliance and profound understanding of military strategy and tactics, Douglas MacArthur could not come to grips with the intricacies and realities of American political life. It is ironic that MacArthur, who in many ways was the most political of generals, was so naive about power politics of his native land.

But if MacArthur was naive about American politics, he was superbly realistic about Japanese affairs. His conduct of the occupation of Japan must be counted as one of the major triumphs of American foreign policy. Even his detractors admit that he played a major role in transforming Japan into a viable democracy. He drafted much of the Japanese constitution which remains almost three decades later the basis of Japanese political life. He introduced a far-reaching land reform which took the land from absentee landlords and put it into the hands of those who tilled it. He gave Japanese women legal equality, reformed the educational system, broke up monopolies, initiated public health services, reestablished labor unions, and restored Japanese trade. They were reforms which reflected MacArthur’s image of what American political and economic life ought to be, and they were, in most respects, sharply different from the political and economic rhetoric of MacArthur’s later speeches in the United States and his letters to friends and political supporters. In the sense that they represented MacArthur’s image of what American political and economic organization and policies ought to be, they were conservative. But they were not the kind of policies which the general’s political supporters had in mind when they tried to make him the leader of the right wing of the Republican Party.

MacArthur’s brilliant performance in Japan was matched by his military career. His conduct of the ground war against the Japanese excited the admiration of his peers. He used the naval and air forces at his command with the sure grasp of a military strategist who has a clear vision of the goal and the tactics necessary to achieve that goal. His decision not to contest the Japanese for each island, but to move toward the Philippines by occupying selected strategic strong points, was to save many American lives and shorten the war.

MacArthur was a man of great strengths; there were few who could resist the force of his intellect or the power of his personality. But he was also a man of great faults. The worst of these was his vanity. He once wondered why his combat generals were not on the cover of Time the way Bradley and Patton were. Manchester suggests that perhaps it was because the dispatches from MacArthur’s headquarters rarely mentioned anyone else but MacArthur. He had to be the center of attention—the focal point of every story. His vanity and his preoccupation with his own status were the source of another fault; his propensity to ascribe vile motives to those who disagreed with him or opposed him. He carried a life-long suspicion of George Marshall that sprang from Marshall’s service on General John Pershing’s staff in World War I when MacArthur was commander of the 42nd Division. MacArthur always believed that Pershing’s staff was out to “get” him and that Marshall continued the vendetta into World War II.

MacArthur was at his best in situations where he was in full command and where success was possible even though remote. He was at his worst in defeat. During the struggle for Batan, his headquarters were on Corregidor—only a five-minute boat ride from Bataan—yet he only visited his troops once during the 77 days he was on Corregidor. Manchester suggests that it was this failure to visit Bataan which led to the nickname “Dugout Doug”; a sobriquet which was unwarranted in view of his disregard for his personal safety as commander of the 42nd Division and on numerous occasions during the return to the Philippines. But those were times when victory was possible, and the battle was a step toward that victory. MacArthur exhibited the same inability to deal with defeat in the months after his recall from Korea when he sought to exploit his popularity as a military hero for partisan political purposes. His best qualities, which were substantial, were displayed in his determination to return to the Philippines in victory, in his insistence on making the occupation of Japan the occasion for assuring the victory of democracy, and in his respect for the lives and well being of his troops.

In the end, Manchester’s biography leaves readers with substantial respect for MacArthur, but we don’t like him very much. He would have made a splendid king, a role he played with consummate skill in the Philippines and Japan. But kings are not much liked in the United States where we prefer presidents, with all of their faults, to Caesars, no matter how brilliant.
How is Electronic Data Systems doing today?

When we went public in 1968, we had $7.5 million in revenues and $6.5 million in sales and 303 employees. Today we have nearly 7,000 employees and are over $200 million in sales and almost $20 million in profits. So the company is doing very well. It has the strongest balance sheet of all the computer service companies in terms of its financial resources. It is essentially debt free and is in first or second place in terms of profit margins in the computer service companies.

Why did you start the company?

I had the idea for EDS while I was working at IBM. All of the money and most of the good minds were being used to develop bigger, better, cheaper computers. At a time when we should have been training systems architects to use these computer systems intelligently in business, we were training carpenters—people to cut boards and drive nails. We were just training them to program. Nobody was really facing up to the fact that the design and creation of a system was a very complex series of events. So I felt that the limiting factor and the critical resource to future industry would be the skilled systems engineers. I took my idea to IBM. IBM turned it down because at that time 80 cents out of every dollar was spent for hardware, 20 cents was spent for programs, systems, etc. It just wasn’t a big enough percentage to interest IBM. I didn’t know that the ratios would change. I didn’t know how much they would change, but to give you a feel, 60 cents out of every dollar is now spent for systems and software, 40 cents on hardware. That’s on large machines. On the small machines (the microprocessors, the minicomputers, etc.), the forecasters feel that it will be 85 percent for software systems, 15 percent hardware. The large machines may someday get up to 70 percent software and 30 percent hardware. So, it turned out that I had the idea while I was at IBM, and IBM chose not to do it. I was underchallenged in my work and decided just to try it.

What role do you play in the company’s day-to-day operations?

I’m chairman of the board and president. We’re one of the oldest computer service companies. Senior management is young by normal business standards, but it is quite “elderly” by computer service standards, so our management is very mature and very skilled. My job is mainly to make policies, to plan for the future, and then if we encounter a very serious problem that can’t be handled by the operating officer, I become involved and try to solve it. I’m primarily involved in setting the overall policies of the company and long-range planning. I try to stay very much up-to-date on activities at a fairly low level of detail because I make better decisions if I understand what’s going on. There’s so much that goes on in the course of the day all over the world that I couldn’t run it all if I wanted to, and I don’t want to. We have extremely talented people in various parts of the country to help. It’s obvious that somebody needs to plan where you’re going, the strategies to get there. If you do that you can’t really stay burdened down with the day-to-day operations. I’m not really skilled and I’m certainly not a good technician or a good systems engineer. You can’t spend your time running the company and still keep up-to-date. You have to do one or the other. I have a good conceptual knowledge, but not a detailed knowledge of machines, systems, and programs.

What is your estimate of future growth?

We expect to be a billion dollar company by 1987. We don’t state it in those terms to our people internally. By 1987 we expect to have, after taxes, profits of $100 million. And if we have those, the revenues will take care of themselves. We don’t want to get our people focused on revenues because you can have a billion dollars in revenues and a $100 million loss. So we want to keep our people very carefully focused on the real target, and that’s profitability.

Are you looking to expand or diversify into other markets?

We have continued to expand and diversify. We’ll pretty much stay in the computer service business, but you’ll see continual diversification and expansion within that business.

So you have no plans to build a conglomerate-type organization?

No, I feel that would be a mistake. If we were in a mature industry or in an industry that didn’t have such dynamic growth, then that would be a consideration. But we happen to be lucky enough to be in this industry at this point in time. We think that the best use of our resources and energies is to build in the computer services segment.

If you were to start a new firm, today would you stay in the computer business?

If I were to start out again, I would say the best opportunity is the computer service industry. The computer industry is the fastest growing industry in the world, and the computer services segment of that industry is the fastest grow-
ENTREPRENEURIAL SPIRIT: H. ROSS PEROT

Had Horatio Alger's stories not been written in the nineteenth century, H. Ross Perot could have served as a prototype. (See box page 52.) Today he is president and chairman of the board of Electronic Data Systems, a publicly owned company Perot founded in 1962. In an interview with Editor Mary Kay Stout and MBA student Steven Preston, Perot talks about starting up a firm, problems in supporting charities, and his attempt to save a Wall Street brokerage firm, among other matters.

We didn’t plan it this way, but we are almost in an optimum situation. So I would start here. It would be very difficult to start a company like EDS now. Timing is terribly important; it was relatively easy to do when I did it. It would be much more difficult to do it now. You see, there was no computer service industry for all practical purposes. We created the facilities management market. People didn’t want to buy facilities management because it didn’t exist. We had the colorful experience of creating a market. We have some good experiences to look back on, but not one you could easily duplicate. It’s much easier to sell into an existing market than to create a market where none exists.

Would you advise others to go out on their own and start a new company of some type?

I think the concept of going out and starting your own business is romantic. But if you look at the statistics, the failure rate is incredible. The probability that you’ll succeed is remote. The probability that anyone will succeed to the degree that EDS succeeded is almost nonexistent. There is that little eye-of-the-needle that some people get.
An Eagle in Flight

As a paperboy for the Texarkana Gazette, H. Ross Perot rode horseback, starting at 3:30 a.m., on a route that stretched 20 miles. He delivered papers in a poor neighborhood that no one else wanted to serve. Soon the route grew to be so successful that the publisher decided to trim his percentage. Perot, age 12, warned the publisher that such conduct amounted to a breach of contract. The publisher relented.

Such persistence helped Perot win admittance to the U.S. Naval Academy at Annapolis. He finished in the middle of his class scholastically, but he was voted the best all-around midshipman. He served four years in the Navy, at first aboard a destroyer and later on an aircraft carrier.

In 1957 Perot and his wife, Margot, loaded all their belongings into their car and drove to Dallas, Texas, where he had accepted a position as a computer salesman for IBM. He was so successful as a salesman that IBM, in order that all salesmen might have similar incomes, cut Perot’s commissions by four-fifths and assigned him an annual sales quota beyond which he would get no commission. The next year, 1962, Perot met his annual quota by January 19, thus putting himself out of business for the rest of the year.

During this time, Perot conceived the idea for a new company. At IBM he was seeing companies buy computers without any thought as to the most effective use of the computer’s potential. Perot felt there was an essential need to design, install, and operate systems that would allow customers to best utilize the machines. He took his idea for a computer services company to IBM. They turned him down.

On his thirty-second birthday, Perot withdrew $1,000 from his bank account to start Electronic Data Systems (EDS). He named himself, his wife, his mother, and his sister as directors. He was turned down 80 times before he lined up his first customer for EDS’s services. (Initially many people confused EDS with ED’s, a local restaurant.) Once the company got going, the growth was explosive. Revenues doubled every year. In 1968 the company went public. The stock price jumped from an initial $16.50/share to over $180/share in its first two years. Perot, at 38, was a billionaire on paper, since he owned the vast majority of EDS stock. (Later, in 1970, the stock price tumbled and presently trades at around $20/share.)

Perot’s business experiences are not limited to computer services. In 1971 he attempted to save the brokerage firm of F.I. duPont, Glor, Forgan & Co. Perot’s efforts, although not entirely successful, did help Wall Street survive a very difficult period.

Today, EDS, is on a firm financial footing. In the last 10 years, revenues have grown 13 times—to $218 million in fiscal 1978. Net income has grown six times (to $19.7 million or $1.54 million a share). EDS enjoys a 9 percent after-tax return on revenues; it should become a billion dollar company in sales within ten years.

In 1969 Perot initiated a massive effort to help American prisoners of war in North Vietnam. Chartering a Boeing 707 just before Christmas, he attempted to fly presents, messages, supplies, and medicine to the POWs. The North Vietnamese government refused Perot permission to land. However, he didn’t give up and continued his campaign by flying wives of POWs to Paris to confront North Vietnamese officials. Such efforts focused world attention on both the plight of the POWs and on Perot.

Perot has given generously to help finance humanitarian projects other than the POW effort. He has helped fund the Dallas public school system’s efforts to upgrade ghetto schools and to institute a school lunch program. He has also supported drug abuse abatement projects, the Boy Scouts, the Girl Scouts, and programs designed to aid various minority groups.

In his Dallas office—still wearing the same closely cropped haircut, white shirts, and conservative suits that have become his trademark—Perot is surrounded by symbols that represent his interests and ideals: Frederic Remington bronzes of bucking broncs (reminiscent of his own experiences breaking horses as a boy); signed Norman Rockwell illustrations; books by Daniel Webster, Theodore Roosevelt, Washington Irving, Henry Clay, and Thomas Paine; a Gilbert Stuart portrait of Washington; a replica of the Iwo Jima statue; carved wooden birds that are native to Texas; and a portrait of his family. Not to be overlooked is his personal motto, hanging prominently behind his desk: “Eagles don’t flock, you have to find them one at a time.”
thing that you would find very satisfying. Then you must become better at that than anyone else. At that point, unmet needs will start to open up and that’s where your new business opportunity is. Now you can do all those things, and if you’re a poor manager or ineffective leader, it’s unlikely that you’ll build a big business. Even though you have picked the right idea at the right time, if you can’t put it all together and make it work, then you are still in trouble. So you really need to set yourself up in terms of what your strengths are and what your weaknesses are.

Let’s shift gears a little bit and look at your experiences with the brokerage firm of F.I. duPont, Giore, Forgan, and Co. How has that affected you?

I was called one day in 1971 by the Secretary of the Treasury, Chairman of the SEC, Chairman of the New York Stock Exchange, U.S. Attorney General, and a senior member of the White House staff. This was all before noon. To the last one to call, I said, "I’ve never been called by so many big shots at once. You guys must’ve had a meeting and decided on signals." The issue at hand each of them discussed was that duPont, Giore, Forgan and Co. was failing. Goodbody had already failed and Merrill Lynch had agreed to pick it up. Someone was needed to pick up duPont. Now, SIPC legislation (Securities Investor Protection Corporation) had not been passed. It protects small investors much like FDIC legislation. Fifty firms had already failed, smaller firms. The New York Stock Exchange was out of money. The New York Stock Exchange would have been bankrupt if either Goodbody or duPont had gone under because of its obligations and what it is supposed to do when a firm fails. If either one failed, there would be no stock market for an indefinite period of time. This was at a time when the markets were not liquid and the banks were not liquid.

This was presented to me as a $5 million problem. When I fully understood it I said, "Well I understand the problem, but have spent a huge amount of money on the Vietnam POW effort, so put me on the bottom of the list." They called me back in a few days and said, "Well, you’re back on top because nobody else will do it." They said that I should do it because I could afford to do it. "Well," I said, "I’ll put in a million and you get four other people to put in a million and we’ll do it that way. I’ll do my part." Nobody would do it and finally I said, "Well, you’re right. I can afford to do it, so I’ll do it." I said, "Now, how sure can you fellows be that it’s a $5 million problem?" Now, I had the "Who’s Who" of the Exchange and the SEC talking to me and finally, one of these fellows said, "We just finished a half million dollar audit." Now that really impressed me because it was incomprehensible to me that anybody could spend a half million dollars on an audit. I assumed at that point they had counted every paper clip. The numbers they gave me were based on that audit. The audit was conducted by a Big Eight team. They said, "If you just want to do heavy contingency planning, it could be $10 million, but that’s as bad as it can get." So we put the money in.

The books were out of control, and the vault with over a billion dollars in securities, was out of control. Restoring the books and restoring the vault was like untangling a kite string. It was not a logical act; you just sat there and untangled the kite string. It had never been done in the securities industry. Every time the books had gotten out of control, and particularly the vault, the firm would fail. 100 percent failure. Nobody had ever turned one around when they knew those problems existed. They never could bring everything back into balance. But, in six months we’d done it. Now, at that point we found that it was a $70 million problem, not $5 million or $10 million.

To make a long story short, one of the smart moves is always to know when to quit. My decision to go ahead was more an emotional commitment to the people who had untangled the kite string. They had done something no one else had ever done. But the thing I didn’t antici-

pate was that the only reason the rest of Wall Street had not really pillaged duPont and stolen all their salesmen was because the books were out of balance and the vault was out of balance, and they could hire you from duPont, but you couldn’t bring your accounts with you.

Once I had put everything back into control it was the worst raid you ever saw to get the top producers. "Join us, leave duPont and join Ajax Securities and we’ll let you keep 100 percent of your commissions for the first six months." That’s a lot of money. It sure beats 30 percent, right? Well, our only defense was to say, "Stick around and we’ll let you keep 100 percent." Well, you’re out of business. Most of the Street participated in that raiding activity. We were undeterred by that, because we decided to set up a huge training program. We just decided to take our losses knowing that in five years we would have the best sales force in the industry because we trained from the ground up. Then the volume disappeared in the market.

Now, all these things I’ve described so far are like mosquitoes at a picnic—they’re nuisances. What I’m about to describe now is a grizzly bear showing up at a picnic. He’s going to eat the picnicker if they are not careful. It’s clear that a retail firm makes money when people are buying and selling stock. If they’re buying and selling, you are making a commission. But when they’re not doing anything, you die. duPont was designed to break even at about 12 million share days, and we were having 8,
YOU TALK TO ANYONE WHO'S GIVEN TO A LOT OF CHARITIES AND THEIR FRUSTRATION LEVEL IS USUALLY HIGH. A LOT OF THE MONEY IS WASTED, USED INEFFECTIVELY, GIVEN FOR ONE PURPOSE AND USED FOR ANOTHER

9, 10 million share days. We thought things would improve and they did. However, the turning point with me was the Arab oil boycott because no one knew what it meant. I realized that people were buying oil at $3 a barrel and providing a service to the rest of the Street, transferring salesmen's accounts to the other brokerage firms. We did close the doors and it was done beautifully and the people in duPont did an incredible job. None of our customers were ever in a position for even an instant where they could not trade their securities. Being unable to trade is the worst thing that could happen to an investor. The fact that you're protected by the SIPC legislation and all that doesn't mean anything.

There's an interesting sidelight to this story that very few people have focused on. Prior to this time, the capital structures of all the broker age companies were weak. When we stabilized duPont, that gave the Street time to get the capital strength it needed to weather the storms that it has since been through. SIPC legislation was passed because we shored up duPont. Merrill Lynch and E.F. Hutton, the Who's Who of the retail firms, went public and were able to get a strong capital structure. We never got the breathing room we needed, as far as volume in the marketplace, to have time to clean the firm up, turn it around, and make it successful. So we got to a point where we had enough money to close it properly, or we could keep going forward, and run the risk of not being able to close properly. We chose to close it properly. Do you see the free enterprise system as being seriously threatened?

I guess I've changed my mind over a period of time. Hopefully we have that. If you had asked me ten years ago I would have said, "yes." The only thing that's changed is that there's more evidence that would indicate that it is. However, life is so full of uncertainties, and significant changes seem to come in such unexpected ways. The facts are that the free enterprise system has provided a better standard of living for more people and built a stronger nation than any other system ever created. People criticize its imperfections (and it has imperfections), but nobody has come up with a better system. Now again back to the practical side, if somebody comes up with a better system I'd be happy to embrace it tomorrow. But I would not be happy to embrace a system where the history of other nations shows us that it doesn't provide the same benefits to large numbers of people. I feel that the free enterprise system is a terribly important factor in this country's success. Hopefully the system will be strong and durable enough to survive the punishment that's inflicted upon it and that, over a period of time, we'll become more intelligent.

Our people don't understand the system. They go to a communist country and they understand their system. One of the great weaknesses of our country is that we don't teach our students about our economic system. It's not hard to understand, but we just don't teach it. You can't expect children to know something if you don't teach them. It's just sad how poorly some of our colleges communicate what the system is all about. One of the saddest things is that people will focus on the flaws of the system. A lot of people feel that a flaw in the system is that it allows certain individuals to accumulate a disproportionate amount of wealth. That's just an accident of timing and history. If I've learned anything through personal experience and observation, it is that wealth is like Halley's Comet—it comes around every 85 years or so. You can't plan wealth. It is one of those things where you have to be at the right place at the right time with the right idea and the right combination of people and resources. In our system we have that opportunity. That's a tremendous motivator.

I was asked one time if, as a small child, living in a modest home during the depression, I didn't resent people like the Rockefellers and the Mellons and so on. I said, "Oh, I read about them in the Reader's Digest and I identified with them because I realized that in this country I could be anything I wanted to be. If I had the desire and would develop the abilities, I could accomplish things like that because the opportunity was available to me. The fact that there were people like the Rockefellers and the Mellons and Bernard Baruch was always very motivational from my point of view because I felt that I had that opportunity. I never occurred to me that such a possibility would materialize, but I was pleased that I had the opportunity and didn't feel like it was so remote that I shouldn't even consider it.

After working on such projects as the American POWs in Vietnam and saving the duPont brokerage firm, do you still have that same idealism and energy for tackling similar challenges today?

If you have that "disease" you never get over it. You don't create those things. I certainly didn't want to create the problems in Wall Street or in Vietnam. Those things come along, and if you are in a position to do something about them, then you should. I'd say there is a high probability that there will be other things like that in the future. Remember, both those problems came along in parallel. From 1969 to 1973 virtually every waking hour of my life was committed to
those two areas—and primarily the POW project. My only real contribution to du-Pont was to supply the funds. I didn't try to run the company. I didn't spend much time in New York.

You say that you don't intend to give the bulk of your wealth to your children. What is your philosophy toward your money and philanthropy?

As far as children are concerned, leaving a child a lot of money can be just as much a curse as it is a blessing. If you look at what happens to second and third generations in wealthy families, you can quickly come to the same conclusion. Giving to a charity is equally complicated because very few charities use the money intelligently. You talk to anyone who's given to a lot of charities and their frustration level is usually high. A lot of the money is wasted, used inefficiently, given for one purpose and used for another. For example, we gave a well-known charity a big piece of acreage for a designated purpose and the first stipulation that we gave is that the charity would develop the property in a certain way. The stipulation was clear. The charity didn't do it. So here we have this beautiful piece of property not properly developed, not properly utilized, but belonging to that charity. I was committed on day one, but the charity never came through with its commitment. People who run some of the charities have the noblest of intentions, but in some cases there's an absence of pragmatic business skill. We continue to support charities on a substantial scale. However, if you aim for a level of efficiency in terms of the use of the funds that you might receive in an operative business, you go through a period of disappointment.

What concerns do you have for the future of the U.S.? If you could wish one thing for the country, what would it be?

I would wish for a strong family unit. The most efficient form of government in the world is a strong home. I have always felt that if you do anything that transfers home responsibilities to the public school and to governmental agencies, there is going to be a breakdown in the family unit. You reduce the possibility that children will grow up and really be outstanding, productive citizens. I don't have any solution there, but if I could have one wish, that would be the wish—that you would have a strong family unit in every home in this country with parents exercising their responsibilities to the fullest to help develop their children. I don't know of any other way to do it.

You have a very strong commitment to fundamental values. Have you had any problem sharing this commitment to high moral standards with your employees?

Well, with the younger people of today you have a lot of complications that didn't exist years ago. We have a lot of young people now who feel that living together makes more sense than being married. They reason that once you get married you may have complications in deciding who owns what property if you later decide to divorce. If you just live together you don't have all of those things and there's no long-term commitment to one another. In many areas you just can't get that deeply involved in employees' personal morals and ethical standards. What we've tried to do, and I think that there has been a fair amount of misrepresentation of EDS in this area, is to solve most of the problems by hiring properly. If you make a hiring mistake then you're stuck with the problem. So we have tried to hire outstanding people. We feel strongly that a good solid family unit is important to this country, and it's important to a person's creativity.

Would you say the business community considers you something of a maverick?

Actually I don't know; you'd have to ask them. I know virtually everybody who's in a significant business position. But I really think that I am in a different situation. I started the company and have been lucky enough to be successful. Most of those fellows are running companies which were started maybe 50 or 60 years ago. They don't own; they don't control. Do you see the difference? It's two different sets of circumstances. My closest relationships in the business community are with the people who are founders and principal stockholders in a company because I feel that we have a common set of circumstances and a common set of goals. We have people in the company who represent EDS in meetings, but I don't go. I've got my hands full right here. Now, that's a very fragile thing and something that I have to be very careful about. I just try to tend to business and enjoy my family.

Are you having fun now?

Yes, it's fun. Sure it is. I never get tired or bored. I thoroughly enjoy the company and the people in the company. Especially the people because that's really all the company is. You can't enjoy machines, or at least I can't, but the people at EDS are certainly exceptional. I get a great deal of pleasure and satisfaction out of my work.}

Since the time of this interview, Perot financed a commando squad to arrange a mob assault on an Iranian prison in order to free two of his employees. According to Perot, he funneled money to Iranian revolutionaries who incited a mob to storm Tehran's Ghasr Prison. The commandos, EDS employees who had served in military combat units, successfully worked to free two engineers who were jailed when EDS attempted to move its operations out of Iran. At a news conference Perot explained that the escape plan was activated only after a $12.75 million "ransom" failed because the banking system in Iran collapsed. "We first confirmed that our government could not do anything to help our men. We then arranged with revolutionary leaders in Iran to have the prison mobbed."
Faculty Award to Accounting Professor

Bryce B. Orton, professor of accounting, has been selected to receive the School of Management's Distinguished Faculty Award for 1979. Orton has been chosen for this award based on his professional performance, research, publications, and teaching and administrative activities.

He has served as an assistant dean and acting dean of the College of Business as well as an associate dean of the College of Business and Graduate School of Management. Orton has also been chairman of the BYU Accounting Department and head of the General Business Department at Ricks College, where he began his teaching career.

During a leave from BYU, Orton worked with the National Association of Accountants in New York City. He served as a project manager in the Continuing Education Department, preparing study outlines for accounting courses.

Orton has been active in community affairs. He served one term in the Utah House of Representatives. He has served on the Provo City School Board, was a director of the Utah School Boards Association and was a member of the board of directors of the Utah Council for Economic Education.

The Distinguished Faculty Award carries a $1500 stipend from the BYU Management Society.

S.D. Bechtel Honored at NAC Meetings

Stephen D. Bechtel, senior director of the principal operating firms in the Bechtel group of companies, was named International Executive of the Year during the annual National Advisory Council (NAC) meetings held Fall Semester on the BYU campus. In addition, Gene Dalton, member of the School of Management faculty, outlined a proposal to establish the Program for the Study of Organizations and American Enterprise.

NAC members also heard faculty members discuss such topics as retailing research, the office of the future, and health systems. During the three-day meeting, NAC members worked with the School of Management faculty to outline continued School of Management growth and met with students to discuss career objectives and current issues in business and government.

During an evening banquet held in his honor, Bechtel (see article page 62) addressed the need for a better balance between government and private enterprise. He pointed out that for more than 50 years, beginning with the 1929 depression, the American people have allowed and encouraged the government to assume greater responsibility and power. As a result of greater government restrictions on free enterprise, "economic growth and improvement in standards of living have slowed, inflation has risen, and the solution to economic problems has been made more difficult."

Bechtel defined the key to solving many of the world's economic and political problems as giving free enterprise greater responsibility and opportunity to do its job. He added that "there are
straws in the wind that suggest that some of the barriers and restrictions [to free enterprise] may be modified. The trend toward greater reliance on government and ever increasing burdens on business is changing, and the ground rules may become more even and workable.”

Professor Gene Dalton discussed the private enterprise system when he presented a proposal to create a Program for the Study of Organizations and American Enterprise at a joint NAC-faculty luncheon. Dalton defined the need for the program as one of combating the pessimism about the free enterprise system which is becoming more and more prevalent in this country. Dalton said that there are three essential issues which seem to fuel this pessimism:

“First is the accusation by its critics that the free enterprise system is inherently and inevitably indifferent to the human consequences of what it does. Second, much of the pessimism about the future of the American free enterprise system, on the part of both defenders and critics of the system, is a seeming irreversibility of the trend toward increased government regulation and centralization of power.” Third is a charge that Americans have lost a clear sense of purpose and individual responsibility due to drifting spiritual values. “A member of a free society who has not internalized a heritage of spiritual values is vulnerable to a malaise and nihilism inimical to the performance of tasks required to operate a complex society.”

Dalton announced a program to develop an understanding of actions which are necessary to assure long-term viability of the American free enterprise system as a central part of our society. Specifically, he proposed such actions as identifying the fundamental values underlying the development of the free enterprise system, determining steps which will reaffirm these values, and examining and portraying the American free enterprise system in terms of human values. Other actions include studying governmental policies that have dysfunctional effects on parts of society and developing alternatives to centralized coercive regulation as the only approach to dealing with social problems.

NAC/faculty exchange meetings, under the direction of faculty specialists, allowed for interaction around topics of interest to both NAC members and faculty. Topics included retailing research (Roman R. Andrus), real estate and housing (Stephen Nadauld), audit research (Steven Albrecht); health systems (Dale Wright), office of the future (Harold Smith), and government management in an environment of limited resources (Norman Boehm).

Firesides and round-table discussions gave students the opportunity to meet with NAC members. During Thursday evening firesides held in faculty members’ homes, students and their spouses heard executives discuss their organizations, professions, and careers. In one fireside, Sam Battistone (president, Sambo’s) spoke about the rapid growth in the restaurant industry and about the development of Sambo’s from its start as one restaurant in 1957. He talked about his career—he became president of the family business at age 27—and about his business interests in real estate, a second restaurant chain, and the New Orleans Jazz basketball team.

Items discussed during informal round-table discussions included the rate of inflation, government regulation, and energy needs. Personal questions raised by students ranged from career opportunities in public relations to the price of housing in the San Francisco area to income projections in Big-8 accounting firms.

NAC business meetings outlined School of Management achievements for the past year and objectives for the coming year. Council members met in four groups to discuss problems and prepare suggestions about external affairs (communications and fund-raising), international students, executive education programs, and student placement.

BYU’s National Advisory Council’s efforts are directed to promoting and maintaining excellence in the education in the School of Management by providing a constant academic-business-government exchange. Besides the annual meetings held on the BYU campus, NAC members attend regional meetings. Many visit campus as speakers throughout the year, sponsor summer internships, recruit graduating students, and actively raise funds.
BATEMAN: Looking for Sweet Success

BYU President Dallin Oaks has announced that Merrill J. Bateman, dean of the School of Management, has accepted a top-level management position with Mars, Inc. Dean Bateman will leave BYU July 15 to become a commercial staff officer for the company.

In his new position with Mars, Bateman will be responsible for key commodities and capital equipment worldwide. He will be chiefly concerned with the company's cocoa, sugar, and grain supplies. "Initially, I'll be doing a fair amount of travel because one of my first jobs is to become acquainted with over 50 Mars operations," Bateman said. "The objective is to become one of their line managers within a year or two."

"Leaving BYU has been a hard decision to make," Bateman said. "But there comes a time to accept different challenges. Realizing that we now have one of the finest management faculties in the country and will have a new building, I believe this is the time for change."

When Bateman became dean in the fall of 1975, the College of Business and Graduate School of Management were separate entities. Since last year they have been jointly titled the School of Management.

Significant growth of the School has taken place under his leadership. A full-time faculty of 80 has grown to 105. The number of graduate students enrolled in the School of Management has increased from 250 to 550, and the number of undergraduates from 2,800 to 3,200.

The Skaggs Institute of Retail Management was established through a grant from the Skaggs Foundation during Bateman's term as dean. The Institute combines on-the-job experience and academic instruction and was honored as the most innovative undergraduate business administration education program in the nation for 1977-78.

Other academic programs in the School of Management have been refined to provide students with more practical experience and exposure to current developments in their fields. There has been a continuing series of campus visits by leading practitioners in business and public management who have interacted with students to provide them with ongoing contact with their career interests.

The number of recruiters visiting campus from business and management organizations interested in employing BYU students has more than tripled in the last four years. The Skaggs Institute alone has attracted about 150 new recruiters to BYU.

Honors have come to the School of Management frequently while Bateman has served as dean. In 1977, BYU's School of Management was rated seventeenth among business schools in the nation and fifth among business schools west of the Mississippi by MBA Magazine. Exchange magazine, with Bateman as publisher, was honored with the Exceptional Achievement Award by the Council for Advancement and Support of Education.

Bateman's new position marks a return to Mars, Inc. Prior to becoming dean, he was commercial vice president of the M&M/Mars Division of Mars, Inc. He also served as vice president, manufacturing, and plant manager at the company's Elizabethtown, Pennsylvania, plant, and as director of commodity research at the company's research facility in Slough, England.

Prior to joining Mars in 1971, Bateman had been a professor of economics at BYU and director of the University's Center for Business and Economic Research. Before that, he was an associate professor of economics and a management consultant at the U.S. Air Force Academy.

Bateman has served as a consultant to the government of Ghana on cocoa marketing and as a consultant to several other national and international government agencies and private businesses.

A Utah native, Bateman received his bachelor's degree in economics from the University of Utah and his doctorate from the Massachusetts Institute of Technology.
How do people, particularly dual career couples, manage the interfaces between personal needs, family needs, and career needs, and how does that impact organizations? These questions were addressed by dual career couple Francine S. and Douglas T. Hall during the School of Management conference entitled "Career Issues in Organizations."

According to the Halls, dual career couples generally have either a traditional or protean orientation to both family and career. Couples with a traditional orientation toward career or family tend to view career development or family relationships as defined by social or organizational norms or some other external influence over which they have little control. Couples with a more protean orientation toward career or family tend to recognize greater flexibility and autonomy in taking control of defining and directing their own careers or family relationships.

The Halls' research indicates that couples manage two careers and a family best when they combine protean and traditional aspects in their lifestyles. A couple with a traditional orientation to both career and family will probably experience a great deal of stress and a feeling of little control in response to the high demands of fixed definitions. A couple with a protean orientation toward both career and family may also experience stress, but because of too much ambiguity rather than too much rigidity, couples seem to need some stability—from a traditional view of either family or career—in order to free up greater flexibility in other responsibilities.

Another way to look at how people manage the relationship between work and family is to look at how involved each partner is in his or her work and in the family. The Halls have found four different types of joint orientation in their interviews:
- Accommodators are couples whose involvements complement each other; one is very involved in work and the other is more involved in the home.
- Adversaries are couples in which both partners are highly involved in work, and neither wants to be involved at home, though both place high value on a well-ordered home.
- Allies have similar orientations, either both highly involved in home and less work-involved, or both highly work-involved and less home-involved (with low value on a well-ordered home).
- Acrobatists are those who want everything, both high family involvement and high work involvement.

Bless This House and/or Career(s)

Dual careers not only affect family interfaces, they also impact organizations. The Halls suggest that companies should develop strategies to deal with the unique needs of dual career couples. Possibilities include revising career development, transfer, and nepotism policies; assisting couples with career management; training supervisors in career development skills; and establishing interorganizational cooperative arrangements and flexible work environments.

In addition to the Halls' presentation, conference participants heard other academicians and organizational practitioners address current issues in organizations. Gene W. Dalton, BYU professor of Organizational Behavior, delivered the keynote address. Other conference speakers included Paul Thompson, assistant dean of the BYU Graduate School of Management; Charles W. Phillips, manager of Organizational Development for General Electric; David P. Hanna, manager of Organizational Planning and Development, Proctor and Gamble; Jack M. Brewer, Employee Development, Lawrence Livermore Laboratories; C. Brooke Derr, University of Utah associate professor of management, and John Seyboult, University of Utah assistant professor of management. Topics ranged from "career development programs for non-management personnel" to "obsolescence, age, and legislation" to "career politics."
Professors Clayne L. Pope and Larry T. Wimmer have been awarded the prestigious Freedoms Foundation Award for Excellence in Private Enterprise Education. They are among 17 recipients of the annual national award.

Although the Freedoms Foundation has been presenting awards for 30 consecutive years, this is only the second year awards have been conferred in the Excellence in Private Enterprise Education. "All Freedoms Foundation awards are given for outstanding contributions to a better understanding for, and an appreciation of, the principles which have built our nation," says Robert W. Miller, president of Freedoms Foundation.

Pope and Wimmer received a check for $5,000 and a certificate of award for work they have done in course development in economics and social science. They have also developed a new general education course, American Heritage Social Science 100, which is required of all BYU students.

Pope, associate professor of economics at BYU, received his B.A. from BYU and his M.A. and Ph.D. from the University of Chicago. Among his honors and appointments are fellowships in economics at the University of Chicago and a Ford Foundation fellowship. He has been a visiting professor and lecturer at the University of Michigan (1969-70), College of William and Mary (1977), and Princeton (1979).

Wimmer, professor of economics, received a B.S. from BYU and completed an M.A. and Ph.D. at the University of Chicago. He received a Fulbright Teaching and Research Award to Taiwan in 1972-73 and the Karl G. Maeser Distinguished Teacher Award in 1978.

The first BYU School of Management Alumni Directory is off the press and ready for distribution. The directory provides information about more than 13,000 alumni of the School of Management. Name, addresses and telephone numbers (business and residence), job title, employer, and educational and professional background are listed for each entry. In addition, alumni are listed by program (degree), class, and geographic location.

Besides the printed directory, the School of Management maintains an extensive databank to serve students, alumni, and the school. The databank contains such items as professional information on School of Management alumni; information on all major companies with annual sales or revenues over $100 million, including addresses and officers' names and functions; information about key individuals in major companies; a list of affiliate companies with data about their corporate financial support of the School of Management; information on LDS business groups organized throughout the country; and addresses for more than 18,000 friends, alumni, and donors.

The databank is intended to service many needs. It is able to provide mailing lists of several types—alumni, donors, major companies, etc. It will be useful in placement of current graduates and midcareer graduates. It can also search specific data on alumni for unique qualifications such as foreign language proficiency, specific professional expertise, geographic location, etc.

Both the databank and the Alumni Directory represent the efforts of the School of Management to more effectively serve and work with alumni and friends. They also provide the opportunity for alumni to communicate with one another.

Alumni directories are available for $7.50. They may be purchased by check or money order payable to BYU Management Society, 240 JKB, Brigham Young University, Provo, Utah, 84602.
Joining the Retail Detail

"I expected Retail Week to be boring and dry, but I found it to be quite different. The professionalism of the executives and their ability to communicate with students was impressive. It really was worthwhile."

"I'm very pleased with the students I talked to and with the academic preparation they are receiving."

Such reactions were typical of the favorable response of students, executives, and faculty members to the Skaggs Institute Retail Week.

Retail Week provided an opportunity for students to learn more about careers in retailing and to interact with executives from retailing firms. The week's activities included roundtable discussions, panel discussions, store orientations, class presentations, and personal interviews.

Executives readily shared their perspectives about the retailing industry. Laura Alder, divisional manager of personnel for Sanger-Harris of Dallas, explained why she enjoys her job:

"I think that retailing is probably the most exciting and fascinating career you could choose. I'm in personnel, but I wouldn't go into personnel in another industry. Retailing is fast-paced, very exciting, and it's always changing. No two days are ever alike. And it doesn't matter if you're in merchandising or personnel, the whole industry reflects the need for fast movement."

Career opportunities in retailing are wide open, if an individual performs well. Alder pointed out that the need for rapid decision-making allows superiors to evaluate performance easily. "If you can evaluate someone in a short period of time, you can promote him or her in a short period of time. It only takes nine to ten months to know whether or not you're doing a good job; and, as a consequence, relatively young people get into relatively high positions. It's not uncommon for a 25-year-old buyer to be buying at the two- or three-million-dollar level."

Jacqueline Vance, director of executive recruitment and development for Weinstock's, commented, "I tell students retailing is an individualized business based on their individualized performance. They must be innovative, creative, and involved in and excited about the future. In the beginning they will not make reams of money, but if they are successful in retail management the rewards are astronomical."

Executives also offered students advice about preparing for a career in retailing. One executive suggested that students need better analytical skills. "Five years ago, buying was all a lot of emotionalism and gut reaction. Now it is much more statistical long-range planning, projections, and profit classifications."

Another executive defined four areas students need to consider in preparing for a retailing career: students need to be able to communicate well, both verbally and in writing; second, they need to develop leadership qualities and skills by getting involved either on campus or in the community; they have to be able to deal with math, analysis, and projecting techniques; and, finally, they need to be willing to take chances, to risk trying something other than what they may have programmed themselves for in the past.

One of the primary purposes of Retail Week, in addition to alerting students to career possibilities, was to provide executives the chance to interview students for retailing internships. One executive returned to San Francisco and then called to inform the Skaggs Institute of 12 new job openings for students he had interviewed during the week. According to Robison, the Institute expects to place about 130 students in paid internships this year.

There is no typical internship experience, though many students work with management as junior executives rather than directly in selling. At Sanger-Harris, interns go into an executive development program and are treated as full-time, regularly employed executives. At Weinstock's, internships are tailored to individual needs. Students who adapt well to mobility are moved regularly to a new environment or a new assignment. Others remain in the same area of responsibility throughout their internship.

In its first year the Skaggs Institute placed 67 students in paid internships; in its second year the number rose to 90; this year's expected number of internships is close to 130. The Institute was honored last year by the American Assembly of Collegiate Schools of Business as the most innovative undergraduate program among Colleges of Business throughout the nation.

Participation in Retail Week was limited to 15 retailing organizations. These included: Sanger-Harris; J.C. Penny; The Bon Marche; Albertson's; Sears; Touche Ross; Dayton's; Montgomery Ward; Macy's of California; Pay 'n Save; Skaggs; Woodward and Lothrop; Weinstock's; Meier and Frank; and Buttrey Stores.
Profile: Stephen D. Bechtel's Building Empire

From Hoover Dam to the Trans-Arabian pipeline, he has led a privately-owned, multibillion-dollar company that has never run in the red for a single year.

Stephen D. Bechtel, senior director of the principal operating companies of the Bechtel group of companies, has devoted more than 50 years to engineering, construction, and management services and has formulated the framework on which today's Bechtel organization continues to build. He served as its president for 25 years and was elected chairman of the board of directors in 1960. In 1965, he became senior director.

Bechtel was honored as BYU's International Executive of the Year during the School of Management's annual National Advisory Council meetings.

He was born in Aurora, Indiana, in 1900. His father was Warren A. Bechtel, founder of a modest construction concern that later became the Bechtel group of companies.

After serving in France with the 20th Engineers (American Expeditionary Force) during World War I, he returned to California and attended the University of California at Berkeley. He subsequently entered the family business, then known as W. A. Bechtel Co. In 1925, he became a vice-president of the firm and was named president in the mid-1930s, shortly after his father's death.

On Stephen Bechtel's initiative, the company expanded. In addition to railroad, highway, and dam building, it undertook projects such as pipelines, refineries, powerhouses, and other specialities requiring engineering as well as construction. In the 1930s, under his direction, the company participated in the building of Hoover Dam and the San Francisco-Oakland Bay Bridge.

During World War II, Bechtel headed enterprises that modified hundreds of military aircraft and built 560 ships (more than 8 million tons), as well as constructing a pipeline through sub-Arctic wilderness—all for the war effort. In the postwar years, he led the company through even greater growth and expansion. The Bechtel organization, working alone and in joint ventures, has constructed many of the pipelines, terminals, and oil refineries in the Middle East, Europe, North Africa, the South Pacific, and Canada. Under his direction, the Bechtel group of companies completed major projects on all seven continents.

Bechtel has been active in the business community and has received many honors, including membership in Fortune magazine's Hall of Fame for Business Leadership, recognition as one of the "Top Ten Construction Men" of the past half-century by the American Society of Civil Engineers, and the Medal of Honor from the Government of Indonesia. He has been a member of the Business Council since 1950 and currently acts as an honorary member.

He served as a member of President Eisenhower's Advisory Commission on the National Highway Program and is a founding member of the San Francisco Bay Area Council and the World Affairs Council of California. Also, he is active in the field of higher education serving as a member of the California Institute of Technology Associates and as a Director Emeritus of the Stanford Research Institute (he is a former trustee of Stanford University). He has received five honorary degrees.

Mr. Bechtel and his wife, Laura, are the parents of one son, Stephen, Jr., and a daughter, Barbara. Son Stephen now serves as president of the company.
Government regulation has slowed down this country. There are many problems now which we didn’t have 5, 10, or 20 years ago. Many of them are unnecessary, I might comment. I think that we’re overregulated and that the overregulation has increased the cost of doing business. One example is in energy. The delays that have come out are extreme. They are dreadful and expensive in terms of time and cost. The consuming public has to pay for this sooner or later.

There is a strong need in this country for expanding capital investment and research and development, particularly capital investment in facilities. A good many developments which have been talked about and should be underway now have been delayed by this overregulation.

With increasing government involvement, it is more difficult running a business now than it ever was before. But in our kind of business, which is privately owned in contrast to a publicly owned corporation, we have a lot of things going for us. It is much easier to do business with our organization than with some of our friendly competitors who are publicly owned. We don’t have as many government departments to deal with. We don’t have the SEC (the stock exchange people), and we don’t have as many problems with the media.

I believe that we’ve had a reputation for continuity of service, for integrity, and for a belief in traditions. In addition, there’s the fact that we’ve had one family, if you will (the Bechtel family), for 81 years and still have another generation coming along fast. Also important is the fact that we’re truly an international organization. A few years ago, I had a study done in our personnel department which asked how many professionals we had with foreign degrees. It turned out that 1,298 out of some 5,000 professional employees had foreign degrees. They were either educated foreigners, or Americans who had received foreign degrees. These individuals had studied in 44 countries throughout the world. Thus, if we want to get people who are familiar with Finland or Saudi Arabia or any other part of the world, we can go to our records and there are people who have been educated there or who have served there.
S. D. Bechtel (directly behind President Dwight D. Eisenhower) was invited to the White House to witness the signing of the national highway legislation that became the basis for the present interstate highway system. Mr. Bechtel served as a member of President Eisenhower’s Advisory Commission on the National Highway Program in 1954–55.

One of the principal exports of the United States worldwide is technology. The U.S. is further ahead technologically-speaking than is most of the world. This is particularly true in engineering management, and we are involved in engineering management in a good many parts of the world. We have found that it is something that is desired and needed in many parts of the world. Here’s an example: We now have joint programs with the national governments in Indonesia, Korea, Taiwan, Nigeria, and Algeria. This shows some specific applications. Now that is not our only involvement with those countries, but it is part of the program. We have found that our technology is something which is needed, used, and called for.

Bechtel’s fiftieth birthday was celebrated in the field—at Dhahran, Saudi Arabia—with his wife, Laura, and George Colley, Jr. (left).

In November 1977, S. D. Bechtel was a guest at the inauguration of the Jubail Industrial Complex in Saudi Arabia. Here, he chats with Sheikh Hisham Nazer.

"I was chairman of the Business Council for two years in the early 1950s. The Business Council has been in existence since Herbert Hoover was the secretary of commerce. At that time, it was an advisory council of leaders of some 50 different corporations around the country that met by invitation four or five times a year at the request of the secretary. Later the Council was available to any of the departments of government as well as to the president for special advice from business leaders. Today there are 65 active members, rather than the 50 that we started out with. The members are selected by the members themselves. Steve, Jr., is now a member. I’m what they call an honorary member. When you’re no longer the chief executive of the company, then you become a “graduated” or an honorary member. You go to the meetings, but you supposedly have no vote. It doesn’t make any difference, because they never take a vote anyway. More than half the total gross national product of the United States is represented by the people who meet in that room. There’s General Motors, Ford, IBM, General Electric, and even Bechtel.

"I have a wonderful position. I’m senior director, with no responsibilities and no authority. I am available for any special advice or consultation. I am available for trips to any part of the world that would be helpful to any of our senior partners. I travel considerably. My wife, Laura, and I go out on the job and see the foreman, the superintendent, and others. Many of these people have been with us for 10, 20, 30, or even 40 years. Life has been good to us."
ABOUT THE AUTHORS

Marta Clark has worked as a planning analyst, Wisconsin State Division of Health, and a California state systems analyst for environmental health programs. A graduate student in public administration, she is currently researching the unionization of government employees.

A White House fellow during the Ford administration, Kent W. Colton worked as a special assistant to Treasury Secretary William E. Simon. He received his doctorate from the Department of Urban Studies, MIT. He is currently a member of the BYU public administration faculty.

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The author of Fitness for Life, Assistant Professor Joyce M. Harrison is a member of the American Alliance for Health, Physical Education, and Recreation. She teaches and researches in the areas of instructional development and curriculum construction in the Brigham Young University physical education department.

Martin B. Hickman has served as a foreign service officer with the U.S. Department of State in Berlin and Hong Kong. He is the author of Problems of American Foreign Policy and The Military and American Society. Hickman is currently dean of the College of Social Sciences at BYU.

Omar Kader completed graduate work in international relations at the University of Southern California. He is now teaching courses on Mid-East and American foreign policy in BYU's Department of Government.

Past chairman of the University's Faculty Advisory Council and currently administrative assistant to the president, Carolyn J. Rasmus has served on the editorial board of the Journal of Health, Physical Education, and Recreation.

Gloria E. Wheeler received her Ph.D. in mathematical psychology from the University of Michigan. Prior to joining the business management faculty, she was senior associate at Rensis Likert Associates, Inc. Her areas of study include statistical analysis, research design, and behavioral decision theory.

MBA Director Martín J. Witsilen, a Ph.D. from Columbia University, is the former assistant dean of the School of Management. He was director, profit analysis, for Trans World Airlines, prior to joining the BYU business management faculty.