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Putting the U.S. Government Up for Sale: Deals to Ponder

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Sooner or later it undoubtedly will occur to somebody in the Reagan Administration to put the federal government up for sale in a patriotic series of leveraged buy-outs. The deficit and the national debt would vanish as if in a magician's smoke. The Dow Jones stock averages would gain 4,000 points, and everybody lucky enough to command the necessary lines of credit and political patronage would make a truly American killing.

The deal makes sense once government is defined as a "smokestack industry," like the steel and shipbuilding industries that no longer can weather the storms of the free market. Government so defined meets all the specifications of an old and dying enterprise: heavy debt, inflated wages and pensions, incompetent management, non-competitive prices, dwindling markets for its product.

Government's decline into senescence and oblivion has been embarrassingly obvious for some time. It is the reason Ronald Reagan was twice elected President. Private companies now operate prisons, as well as aircraft control towers and fire departments. Relatively few people still take the trouble to vote, and last year the nation paid \$29 billion for the varieties of private security protection as opposed to \$15 billion for public law enforcement.

The Administration's current budget proposals lack the courage of its greed as well as its conviction. It isn't enough merely to eliminate Amtrak and the Job Corps, or to curtail payments of student loans and crop insurance. Although admirable as subtractions from the burden of loss, none of these adjustments supply the virtue of additional revenue. Nor do they come up to the rapacious standards of the Wall Street speculators who prey on the assets of undervalued oil or communication companies.

The simplicity of the leveraged buy-out complies with the norms of low cunning customary among the gentlemen so comfortably sealed in the board rooms of the Reagan Administration. The acquirers borrow the money to buy the property in question—a real-estate trust, an insurance company, a government, etc.—which holds assets worth a good deal more than the

purchase price. Instead of trying to preserve the entity, the acquirers dismember it, reducing its various productive organs to the liquid forms of cash and tax manipulation.

The process is not dissimilar to flensing, boiling and drying out the carcass of a sperm whale. The acquirers pay off the bank loans with the money distilled from the liquidation of the assets; they also pay off the company executives who agreed to the sale. After subtracting these opportunity costs, the acquirers divide the remainder of the spoils and issue a press release about the great blessing that they have conferred on the stockholders and the American future.

Before dissolving the federal conglomerate into its multiple elements, it first would be necessary to incorporate the entity in Delaware and to assign both a trading symbol (GVP or US) and an opening stock price. Some of the subsequent deals would be easier than others.

The government owns one-third of the nation's land mass, and the real-estate sales, especially along the California beaches, ought to attract syndicates organized by people like Frank Sinatra and Johnny Carson. It also ought to be a fairly simple matter to sell the federal inventory of trucks, office space (2.6 billion square feet) and hospitals.

The sophisticated deals would require a little more thought, but I can imagine at least a few of the possible buyers:

—Mount Rushmore, the Washington Monument, the Lincoln and Jefferson Memorials: The Disney and Marriott corpora-

tions might be inveigled into a ruinously competitive auction.

—The Internal Revenue Service: Either Merrill Lynch or American Express presumably would wish to extend their portfolios of "full financial services."

—The Postal Service: To the employees.

—The U.S. weapons arsenal: Obviously the Soviet Union would make a generous tender offer, but it is probable that the more parochial members of Congress would object for reasons of fear or conscience. This might mean selling the inventory, in odd lots and at less attractive prices, to the Germans, the Japanese or a consortium of South American colonels.

—The military services: They could be offered to the larger corporations, both domestic and foreign. Given the fact that most wars come about as a result of economic quarrels, the multinational corporations—like the princes of the Italian Renaissance—should pay their own *condottiere*. The troops could be fitted out in splendid uniforms bearing the insignia of Sony, CBS, Volvo, IBM and British Airways. (Some of the smaller military formations—the Marine Corps, say, or the Coast Guard—conceivably could be sold to individuals. Donald Trump or the Bass Brothers might enjoy the adulation of a household regiment.)

—The CIA: Both HBO and Warner Communications look on the intelligence agency as an archive of scripts. William J. Casey probably would require an office in Century City, as well as a percentage of the box-office receipts.

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