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Citizen Scaife

by KAREN ROTHMYER

Five years ago, George Mair was bored with his job as editorial director of KNX, the CBS radio affiliate in Los Angeles. As Mair recalls it now, he and John E. Cox, Jr., an aide to Republican congressman Barry Goldwater, Jr., hit on the idea of starting a nonprofit organization aimed primarily at improving relations between business and the media. The one thing they didn't have was money, so when they heard that Richard Larry, an administrative agent of the Scaife Family Charitable Trusts, was coming to town, they called up to see if they could talk to him.

"The only reason he agreed to have dinner with us is that he thought Jack was another man named Cox he was supposed to be meeting," Mair, now an editorial columnist for the Los Angeles Times Syndicate, says with a laugh. "But he was very polite and listened to our ideas. He came again a few months later and we had lunch. He gave us a check. When we opened it, it was far, far beyond our wildest dreams — one hundred thousand dollars."

Thus was born the Foundation for American Communications, one of a large number of organizations that owe their existence to the generosity of one of the richest men in America, Richard Mellon Scaife. Scaife, a great-grandson of the founder of the Mellon empire, has made the formation of public opinion both his business and his avocation.

Over the past twelve years, Scaife, whose personal fortune is conservatively estimated at \$150 million, has bought or started a variety of publications, mainly in the Pittsburgh area. But he has increasingly turned his attention from journalism to other, more ambitious efforts to shape public opinion, in the form of \$100 million or so in grants from Scaife

charities to conservative, particularly New Right, causes. These efforts have been dramatically successful. Indeed, Scaife could claim to have done more than any other individual in the past five or six years to influence the way in which Americans think about their country and the world.

Since 1973, Scaife charitable entities have given \$1 million or more to each of nearly a score of organizations that are closely linked to the New Right movement. These range from the Institute for Foreign Policy Analysis, a Massachusetts think-tank that examines political and military issues, to California's Pacific Legal Foundation, the oldest and largest of a dozen conservative legal groups, all Scaife beneficiaries, which function as mirror-images of the Nader-inspired public-interest law groups.

The press has generally overlooked Scaife, even when reporting on organizations that are financially dependent on him. For example, Scaife is the single largest donor to the Mountain States Legal Foundation — \$200,000 toward a \$1-million budget in 1980 — as acknowledged by Mountain States officials. Yet, earlier this year, when James Watt, then-president of Mountain States, was up for Senate confirmation as Interior Secretary in the Reagan cabinet, the press reported — on the basis of available information — that Mountain States was primarily funded by timber, utility, and mining interests.

Similarly, officials of The Heritage Foundation (see sidebar, page 44), a conservative think-tank that supplied eleven members of the Reagan transition team, acknowledge that Scaife is a far larger contributor than Joseph Coors, whose name has been the only one mentioned in most press reports on the group. Scaife, who joined with Coors to launch Heritage seven years ago, gave close to \$900,000 — three times Coors's gift — to help meet the current \$5.3-million Heritage budget.

"They're playing all sides of the street: media, politics — the soft approach and the hard," says George Mair, referring to Scaife and his advisers. Mair left the Foundation for American Communications just over a year ago, forced out, he claims, over the issue of what he regarded as the group's increasingly conservative bias. FACS president Jack Cox says, "The decision was made by the board of trustees to sever Mr. Mair's relationship with the foundation and that decision was not based on any political or ideological disputes."

Scaife himself has never publicly discussed his motivations or goals. Indeed, he has repeatedly declined requests for interviews, as he did in the case of this article. (See sidebar, right.) Officials of most organizations that receive money from Scaife charities say they rarely if ever see Scaife himself, but deal instead with aides like Richard Larry, who has also been unavailable for comment. Most of the more sensitive Scaife donations are made through a family trust that is not legally required to make any public accounting of its donations, and most institutions that receive money from Scaife, like their

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more liberal counterparts, do not volunteer information about their contributors. The story of Scaife and his activities has to be pieced together from public records, such as published reports as exist, and conversations with people who for the most part decline identification — some because of business or professional reasons, others because they fear retaliation. (Shortly after this article was completed, the *Pittsburgh Post-Gazette* published a four-part series on Scaife. Written by staff writer David Warner, the late-April series detailed Scaife's publishing and some of his New Right connections, relying in part on documentation also privately made available to this reporter.)

Scaife's secretiveness is but one aspect of a complicated personality. A handsome man in the blond, beefy style one associates with southwestern ranchers or oil millionaires, the forty-eight-year-old Scaife dresses like a Wall Street executive. His astonishingly blue eyes are his most striking feature. A friend from an early age of J. Edgar Hoover and a long-time admirer of Barry Goldwater, Scaife is said by those who know him to be fascinated by military and intelligence matters. At the same time, he is so shy and so insecure about his intellectual capacities, according to one business acquaintance, that "he never speaks business without two, three, four people around him."

Scaife's one foray into international publishing represents perhaps the most curious of his publishing enterprises. In 1973, he became the owner of Kern House Enterprises, a U.S.-registered company. Kern House ran Forum World Features, a London-based news agency that supplied feature material to a large number of papers around the world, including at one time about thirty in the U.S. Scaife abruptly closed down Forum in 1975, shortly before *Time Out*, a British weekly, published a purported 1968 CIA memorandum, addressed to then-director Richard Helms, which described Forum as a CIA-sponsored operation providing "a significant means to counter Communist propaganda." The Forum-CIA tie, which lasted into the seventies, has been confirmed by various British and American publications over the years, and it was confirmed independently by a source in connection with this article.

Helms is a member of the same country club near Pittsburgh as Scaife. "Unfortunately," Helms says, "I really don't know him." On the matter of Forum and a possible CIA link, he adds, "I don't know anything about it. And, if it were true, I wouldn't confirm it."

Scaife's involvement with Forum began at a time when he seems to have begun to recognize that newspapering might not represent the most effective way to make his mark on the world. Perhaps it was frustration at his lack of clout as a publisher that led Scaife to cast around for other areas in which to play a public role. This search coincided with the birth of a powerful new movement, one that was to culminate in the election of Ronald Reagan — the New Right.

Drawing up the agenda

Military and intelligence think-tanks and academic programs like the National Strategy Information Center have been particularly favored by Scaife; a catalogue of Scaife recipients over the past few years would contain virtually every significant conservative defense-oriented program in existence in the U.S.

Groups devoted to free-market economics — like the Law and Economics Center at Emory University, which has provided all-expenses-paid economics courses for 137 federal judges — have been the second-largest beneficiary since 1973.

Because they have been able to attract big names — people like former Navy Secretary Paul Nitze, now chairman of policy studies of the Committee on the Present Danger, and economist Milton Friedman, a frequent lecturer at the judges' seminars — many Scaife-funded defense and economics organizations command media attention. This attention has increased with the movement of a number of people from New Right groups into the Reagan administration — among them Interior Secretary Watt, from the Mountain States Legal Foundation, and presidential counselor Edwin Meese, one of the founders of the Institute for Contemporary Studies. Both groups describe Scaife as their largest donor, and the institute says Scaife provided its seed money of \$75,000 in 1973.

Not just names but numbers count. With so many conservative groups active in defense and economic matters, vast quantities of facts are constantly being generated and large numbers of seminars and briefings are constantly under way. "You can't underestimate the effect of a simple paper avalanche," says Leon Reed, the Proxmire aide. "One of the most important things groups like this can do is to give information to the people in Congress who support you. Groups can also provide people to speak at press conferences, testify before committees, things like that."

One example of the kind of "paper avalanche" to which Reed refers is the number of facts and figures generated by conservative groups at the time of the start of the 1979 congressional debate on the SALT II treaty. A quick check reveals at least eight studies of the issue, all critical, by groups that receive substantial Scaife backing. In addition, the Scaife-assisted Georgetown Center for Strategic and International Studies held a two-day briefing for twenty key European journalists on the issue, and The Heritage Foundation held an all-day session for members of the U.S. press. According to Herb Berkowitz, Heritage director of public relations, that press briefing "really kicked off the debate." The arms limitation treaty was not ratified.

Other examples of the potential impact of names and numbers abound.

□ In its September 17, 1979, issue, *Time* devoted two pages to a report on a Brussels conference on NATO sponsored by the Georgetown Center and chaired by Henry Kissinger, a counselor in residence at the center. The article gloomily asserted: "The North Atlantic Treaty Organization received a thorough physical and psychological checkup last

week and was found to be less than robust at age 30. The general diagnosis: flabby nuclear muscle and a creeping inferiority complex."

□ In August 1980, a United Features Syndicate column by Virginia Payette reported that "Terrorism has become a fact of American life." The article went on to explain, "It doesn't have to be that way, according to Dr. Samuel T. Francis, an expert on international terrorism of The Heritage Foundation. . . . Not if we give the FBI and the CIA a chance to stop it. . . . The way things are now, he warns, the FBI and the police are not only hamstrung by red tape, they are themselves being hauled into court for violating the civil liberties" of known terrorists.

Scaife's funding not only makes possible a critical scrutiny of television programs; it also helps to create programs. Between 1976 and 1977, Scaife entities supplied \$225,000 (the second-largest grant after Mobil) to WGBH, the Boston public broadcasting station, for a series that examined topics including the CIA, defense, and foreign policy. Scaife later supplied \$110,000 in pre-production grants for a series on intelligence issues, based on a script by former CIA deputy director Ray Cline, now a top official at the Georgetown Center for Strategic and International Studies. According to Peter McGhee, WGBH program manager for national productions, the series currently is in limbo because only half of the needed \$2 million has been raised. He says he is unsure how much of that, if any, was pledged by Scaife.

Closer to Pittsburgh, Scaife supplied \$500,000 to public television station WQLN in Erie, Pennsylvania, to help underwrite *Free to Choose*, a ten-part series featuring Milton Friedman.

On the print side, Scaife has helped to underwrite a number of magazines. In the past decade, for example, Scaife has given more than \$1 million to the publishers of *The American Spectator*, a monthly whose views range across the conservative spectrum.

The most prestigious of the periodicals with which Scaife has been associated is *Daedalus*, the journal of the American Academy of Arts and Sciences. Three years ago, Richard Pipes, a Harvard historian who is now a member of the National Security Council staff, approached *Daedalus* with a proposal for a special issue on U.S. defense policy, with himself as guest editor. Pipes also provided a proposed backer, in the form of a Scaife charity that was willing to put up \$25,000 immediately and \$25,000 to \$50,000 later.

Pipes was keenly interested in defense policy, having been chairman of the so-called B-team, a group of ten outside experts convened by George Bush while Bush was CIA chief to make an assessment of Soviet military strength. The B-team conclusions, delivered in late 1976, included an estimate of Soviet defense spending that was twice as high as previous government estimates and an assertion that the

Russians were bent on nuclear superiority. The conclusions, which were widely accepted as official, played a major role in shaping the current defense debate.

The *Daedalus* project proposed by Pipes was agreed to, but funding was sought from the Carnegie Endowment for International Peace to provide balance to the Scaife donation, and the issue of Pipes's editorship was left unresolved. As the essays began to come in, according to one source close to the project, it became evident that many were "under the influence of Pipes and the B-team mentality. It became clear that this was to be the B-Team's riposte to earlier liberal critics." Eventually, it was agreed that the project would have a board of advisers but no guest editor.

At some point following that decision, Scaife withdrew from the agreement to supply additional funds and insisted that the Scaife name not be associated with the project. Stephen R. Graubard, *Daedalus*'s editor, says his recollection is that Scaife aides were unhappy about several things, especially a time delay in the publication of what turned out to be two special issues, Fall and Winter 1980. "They never said Pipes had to be guest editor or we'll take our marbles and go home," Graubard says. Others recall things differently. A second source close to the project says, "The Scaife people said their understanding was that Pipes was to be the sole guest editor and strongly implied bad faith. They were, in effect, trying to dictate what was to be in the magazine. They wanted to give the cold-war hard line."

In the end, it is difficult to say what lessons, if any, can be drawn from the story of Richard Mellon Scaife and his activities. While such a recounting suggests that journalists should treat the rich and their creations — the foundations, the trusts, the charitable organizations — with as much curiosity and skepticism as they treat government and political groups, the fact is that the size of Scaife's fortune and the narrowness of his interests make him unusual, if not unique.

Beyond this, the fact that Scaife — virtually unnoticed — has been able to establish group after group whose collective effect has been to help shape the way Americans think about themselves and their nation's problems raises a concern addressed by Walter Lippmann nearly sixty years ago. "On all but a very few matters for short stretches in our lives, the utmost independence that we can exercise is to multiply the authorities to whom we give a friendly hearing," Lippmann wrote in *Public Opinion*. "As congenial amateurs our quest for truth consists in stirring up the experts, and forcing them to answer any heresy that has the accent of conviction. In such a debate we can often judge who has won the dialectical victory, but we are virtually defenseless against a false premise that none of the debaters has challenged, or a neglected aspect that none of them has brought into the argument."

By multiplying the authorities to whom the media are prepared to give a friendly hearing, Scaife has helped to create an illusion of diversity where none exists. The result could be an increasing number of one-sided debates in which the challengers are far outnumbered, if indeed they are heard from at all.

Where the money goes

4

Some of the larger or better-known conservative and New Right groups to which Richard Scaife has given substantial funding since 1973 are listed below. Amounts, which include grants from the Carthage and Sarah Scaife Foundations and the Trust for the Grandchildren of Sarah Mellon Scaife, are approximate.

Defense

The Center for Strategic and International Studies, Georgetown University (Washington, D.C.)	\$5.3 million
The Committee for a Free World (New York)*†	\$50,000
Committee on the Present Danger (Washington, D.C.)†	\$360,000
Hoover Institution on War, Revolution and Peace, Stanford University (Stanford, Calif.)	\$3.5 million
Institute for Foreign Policy Analysis (Cambridge)*†	\$1.9 million
National Security Program, New York University†, and National Strategy Information Center (New York)†	\$6 million

Economics

Foundation for Research in Economics and Education (Westwood, Calif.)	\$1.4 million
International Center for Economic Policy Studies (New York)†	\$150,000
International Institute for Economic Research (Westwood, Calif.)*†	\$300,000
Law and Economics Center, originally at Miami University, now at Emory University (Atlanta)*†	\$3 million
World Research, Inc. (San Diego)	\$1 million

Media

Accuracy in Media (Washington, D.C.)	\$150,000
Alternative Educational Foundation (<i>The American Spectator</i> magazine, Bloomington, Ind.)	\$900,000
The Media Institute (Washington, D.C.)*†	\$475,000
WQLN-TV (Erie, Pa.)	\$500,000

Think-tanks

The Heritage Foundation (Washington, D.C.)*†	\$3.8 million
The Institute for Contemporary Studies (San Francisco)*†	\$1.7 million

Political Research/Education Groups

American Legislative Exchange Council (Washington, D.C.)†	\$560,000
The Free Congress Research and Education Foundation, Inc. (Washington, D.C.)†	\$700,000

Legal Groups

Americans for Effective Law Enforcement (Evanston)	\$1 million
National Legal Center for the Public Interest, plus six affiliates (Capital Legal Foundation, Washington, D.C.; Mountain States Legal Foundation, Denver; Mid-Atlantic Legal Foundation, Philadelphia; Great Plains Legal Foundation, Kansas City, Mo.; Mid-America Legal Foundation, Chicago; Southeastern Legal Foundation, Atlanta)*†	\$1.8 million
Pacific Legal Foundation (Sacramento)†	\$1.9 million

† denotes that the group recently received a contribution equal to 10 percent or more of the current or most recent available budget, as based on public or private records and/or confirmation by organization

* denotes that the group is known to have received seed money from Scaife

EXCERPTED

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