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## Massachusetts makes a comeback

*What is responsible  
for the state's amazing  
turnaround? Would  
you believe  
Proposition 2½?*

BY CHARLES KENNEY

**T**hose who heard the story back in the winter of 1977 found it astounding even for Massachusetts. Whispers moved with quiet urgency through the marble halls of the State House that day, leaving all who heard the account aghast. Perhaps the story is apocryphal, but in those days in Massachusetts it was not altogether improbable.

In hushed tones, the anecdote was told: On the day state Senators Joseph J. C. DiCarlo and Ronald MacKenzie were convicted of extortion, an influential Massachusetts politician was visited in his State House office by a lobbyist looking for a favor. On Beacon Hill it was a day of mourning for the many friends and colleagues of MacKenzie, a promising young Republican, and DiCarlo, a man who had been destined to inherit the lordly power of the Senate presidency. The idea that a cell door was about to slam behind these two men sent a chill up the state's political spine. As the story went, the lobbyist asked the well-known state official for a favor. The official said, yes, he would help. But it would cost. Perhaps the lobbyist was surprised that this official would attempt a shakedown at all. But surely he was shocked that this man would make a naked attempt at thievery *on the very day* that two senators were convicted of extortion!

The account was never confirmed or published, yet in Massachusetts in 1977 it was entirely

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believable that a powerful politician would wantonly violate what those willing to risk sounding naive consider a sacred trust. The story of the attempted shakedown seems an apt symbol of those times, when the implicit trust between those who govern and those who are governed was being violated with regularity in Massachusetts. Truth or rumor, the story represents the depths to which the state sank during the 1970s. Corruption was certainly a dominant trait in the flawed character of Massachusetts politics during that decade, but it was by no means the only trait. The state's other political characteristics included a left-wing, antibusiness attitude, the perception of the state as "Taxachusetts," fiscal chaos, racial bitterness, and poor political leadership.

**A** close examination of the state's current political condition yields somewhat surprising findings: that the old notion that politics here are riddled with cronyism, corruption, and incompetence has become a cliché, and the worst sort of cliché, at that — an inaccurate one. In recent years a series of events has transformed the state's political face, and may have even changed the character of Massachusetts politics as well. Credit for the change is owed to a number of political leaders, to the academic and business communities, and to the prosperity of the times.

But there are a few political thinkers and observers in the state who contend that the single most powerful engine of change in recent Massachusetts political history has been what just a few years ago was seen by most politicians as a cataclysm that would destroy Massachusetts — the tax-cut referendum, Proposition 2½. When it was put to the Massachusetts House of Representatives for a vote in 1980, 2½ was crushed by a vote of 146 to 5. House members saw it as a destructive, small-minded, reactionary assault on public services. It was not supported by then-Governor Edward J. King nor by former Governor Michael S. Dukakis. Six months after the House buried 2½, the people of Massachusetts gave the referendum a resounding 59 percent of their votes. Where once there was talk of "blood in the streets" as a result of 2½, the revisionist view may well be that it was not only *not* a negative force but a positive one. Like so much else in the state's politics during the past decade, thinking on 2½ has changed.

"I was very skeptical of 2½, but I've changed my mind," says James Segel, executive director of the Massachusetts Municipal Association, which lobbies on Beacon Hill for hundreds of cities and towns. "It has done what the Legislature was unable to do — forced a decision [to cut property taxes] which otherwise couldn't be forced."

"The single biggest factor of the past 10 years in terms of having an effect on the politics of the state has been Proposition 2½," says Thomas R. Kiley, a pollster and partner in the Boston firm of Marttila & Kiley, who polled extensively on the issue and who personally opposed its passage. "Proposition 2½ was about politics as much as it was about taxes. It sent by far the most dramatic signal to the politicians of

this state to clean up their act. It really was a revolutionary event in the state's politics. It had a major effect. There's a lot less arrogance and a lot more respect for little-'d' democracy among leaders of the state since that event. And there's more accountability."

Barbara Anderson, the executive director of Citizens for Limited Taxation and the driving force behind 2½, shares Kiley's view. "People didn't vote for 2½ because of the money, they voted for it because of the attitude," says Anderson. "People weren't saying to me, 'Cut property taxes because I can't afford it,' they were saying, 'Who do they think they are?' I heard it over and over again. They were fed up with the arrogance. That was bothering people a lot more than the tax burden."

And Ralph Whitehead Jr., professor of journalism at the University of Massachusetts at Amherst and adviser to a number of politicians, including Governor Dukakis, deplors the effects of 2½ on public education, but aside from that objection, he believes Kiley and Anderson are correct.

"Massachusetts has a dirty little secret," says Whitehead. "Some of our greatest years have been the years of 2½. A lot of people think it, but few will admit it."

**B**efore he was elected to his second term as governor, in 1982, Michael Dukakis made it clear what topped his agenda. "Making Proposition 2½ work," he said, "is the most important item on the next governor's desk."

Dukakis was referring to 2½ as an agent of fiscal change, and Dukakis, along with the Legislature and city and town officials, did make it work.

But more than a landmark change in the state's tax laws, Proposition 2½ had marked a battle between those who govern and those who are governed, and those who are governed won. "There's no question that the vote went beyond tax policy," says Kiley, the Boston pollster. "Property taxes were high, and people were angry about taxes, but a very limited number in my polls said property taxes are *much* too high. And many people said they're fairly reasonable. It had much more to do with their attitudes toward the system. They

had gone beyond the pale on Beacon Hill, and people were saying, 'There's no way to bring them back without taking this kind of step, and to hell with the consequences.'

"I think Beacon Hill and politics-as-usual was shocked into submission in response to those results [the referendum's 59 percent win]. They couldn't believe that, in spite of the evidence that 2½ would bring cuts, people went out in large numbers — including the college-educated, who are usually the most progressive in their attitudes on these issues — and said, 'Forget it. I don't care what the repercussions are in the short term. It's the only way to get you guys to pay attention to us.' I think it's had a tremendous effect on the thinking of someone like Mike Dukakis. You can see it today in the way he deals with tax and spending issues. On Beacon Hill you don't see the same smugness and arrogance."

Barbara Anderson agrees at least in part with Kiley's analysis. Since the referendum passed, she says, there has been a marked change in the way the state's politicians regard taxpayers. "Attitudes have

changed in the way things change when the 98-pound weakling takes a Charles Atlas course and punches the bully, which is exactly what 2½ did," she says. "After 2½ passed there were major fights in the Legislature, and rank-and-file members stood up to the leadership, and I think that led directly to rules reform."

While Anderson says the changes have been significant, she expresses the belief that they are not transformations in the state's political character but rather cosmetic alterations. "I think things have changed a lot on the surface. I have a feeling that underneath, the political system in this state hasn't changed in 50 years. . . . The system is there to perpetuate the system, and doing good or creating services or taking care of people or serving the public is just not a motivation."

**P**roposition 2½ was a grass-roots insurgency, a plebiscite that fundamentally altered the relationship between the state's citizens and their leaders. In the view of UMass professor Whitehead, 2½ revived a sense of accountability among political leaders.

"What struck me about the state in the '70s was that politicians here were a professional cast," says Whitehead. "They had created their own tribal culture and really didn't have to be terribly responsive. There were at least two tribes — a traditionalist tribe, represented by assorted ethnic political insiders, and there was the reformist tribe, led by the arrogant figure of Dukakis I [as the governor and his first term are known on Beacon Hill; Dukakis and his second term are known as Dukakis II]. And the traditionalists weren't accountable,

and the reformists weren't accountable. And Proposition 2½ really shifted the center of the universe from the back rooms of Pier 4 and the public-policy classrooms of the elite universities and put it back where it belonged — in the hands of voters."

As heretical as it may sound, Whitehead also believes that Proposition 2½ has been very good for the Democratic Party. "It has forced the Democrats to adopt a new strategy for addressing public problems, and the strategy is using your head rather than reaching instinctively for your wallet,"

says Whitehead. "They still spend money, but they now spend smart money. The raw day-by-day conditions of 2½ have allowed Massachusetts Democrats to evolve into what is now as advanced as any Democratic party in the country. Now, that might not be saying much in this day and age, but . . .

"What 2½ made people in public life do was think," he continues. "It said to politicians: 'You've got to pay attention, you've got to think. You can no longer paper over social conflict with money the state doesn't have.' Proposition 2½ forced politicians to play the ingenuity card, to be resourceful."

Without 2½, Whitehead speculates, in Massachusetts today "we would be on our way to becoming a banana republic. . . . We were headed to a point in our politics where the Hatfields and the McCoys would have looked like great statesmen by comparison."

**P**roposition 2½ has been able to affect the quality of the state's politics and government because it has not savaged local government ser-

vices. Dire predictions of fiscal devastation in cities and towns have proven untrue, largely because the state has replaced an enormous amount of the revenue communities lost through 2½. From 1981 to 1986, state aid to cities and towns doubled, from \$1.3 billion to \$2.6 billion. State Representative Charles Flaherty, of Cambridge, the House majority leader, says an unwritten provision within 2½ required the state to do so, and he says legislators have been more than willing to help out. But he also says that 2½ has "negatively affected what was a working partnership between the state and cities and towns. There is increasing resentment on Beacon Hill toward cities and towns. They're saying, 'Gimme, Gimme, Gimme.'"

The state's historic prosperity has been central to the success of 2½, says Flaherty: "If the state hadn't enjoyed the economic growth it had, then 2½ would have failed."

And James Segel of the Massachusetts Municipal Association says that the "timing of 2½ was perfect — inflation diminished over the next five years, school enrollment diminished, and the state did come up with enough money to sustain the services at a local level. And growth has helped in some communities."

**I**t can be argued that the vote for Proposition 2½ was at least in part a response to the turbulence of Massachusetts politics during much of the 1970s. Many of the seeds of discontent so necessary for the passage of 2½ were planted earlier in the decade, when political headlines in the state, more often than not, screamed out news of the latest crooked scheme. It was no accident that the five or so years

immediately preceding the passage of 2½ were among the most corrupt in modern Massachusetts political history. And if there was a shorthand term that conjured images of the criminal behavior by politicians during that period, it was contained in three initials — MBM. McKee-Berger-Mansueto, a New York construction-management company that supervised construction of the University of Massachusetts campus in Boston, had its name stamped indelibly on the state's political history in a scandal that not only sent three state senators to prison but also tarnished the reputations of numerous other politicians.

The two best-known victims of the MBM affair were Senators DiCarlo and MacKenzie, who were convicted in 1977 of having extorted \$40,000 from MBM in exchange for a favorable investigative report on the work the company was performing at UMass-Boston.

One of the most remarkable aspects of the MBM scandal was that among its victims were the three most powerful senators in Massachusetts — the Senate president, the majority leader, and the chairman of the Senate Committee on Ways and Means. Senate President Kevin B. Harrington, who had intended to run for governor in 1978, was effectively prevented from doing so when it was revealed that a \$2,000 check from MBM made out to him and bearing what appeared to be his signature was cashed at Harrington's bank. Harrington said at the time that he didn't remember endorsing the check.

Senators DiCarlo, MacKenzie, and James A. Kelly, formerly of the small central Massachusetts town of Oxford, suffered fates far worse than Harrington's. All three were im-

prisoned as a result of their involvement in the MBM affair. Kelly, who was an unindicted co-conspirator in the DiCarlo-MacKenzie trial, was convicted in a 1983 retrial (his first case ended in a hung jury) of extorting \$34,500 from a Worcester architectural firm. While Kelly was convicted after Proposition 2½ passed, the evidence against him stemmed from an investigation into the MBM matter by an independent committee known as the Ward Commission, so named after its chairman, former Amherst College president John William Ward.

The Ward Commission concluded its two-year investigation with a report stating that "in the award of contracts for the construction of state and county buildings, corruption has been a way of life. For a decade at least, across Republican and Democratic administrations alike, the way to get architectural contracts was to buy them. It was not a matter of a few crooks, some bad apples which spoiled the lot. The pattern is too broad and pervasive for that easy excuse. . . . At those crucial points where money and power came together, the system has been rotten." As a result of the investigation, chairman Ward concluded that "the state was for sale."

MBM was the longest-running and most tawdry show of corruption in recent Massachusetts history, but it was by no means the only display. In the spring of 1981, Barry M. Locke, state secretary of transportation, was arrested after pocketing a payoff. At his trial, it was revealed that Locke had engaged in a variety of corrupt schemes prior to passage of 2½. He was convicted of bribery and conspiracy and sentenced to a seven- to 10-year prison term. In another case, former Boston School Commit-

tee member Gerald O'Leary pleaded guilty in 1981 to being involved in a shakedown of ARA Services for \$650,000 in return for a \$40 million school bus contract. And two years ago, city of Boston employee Robert L. Toomey Sr. was convicted of 22 counts of mail fraud for attempting to obtain a \$32,000-a-year lifetime disability pension. From 1977 to 1984, at least 13 state and 11 city employees and elected officials were found guilty of or pleaded no contest to charges of bribery, extortion, or tax evasion.

**C**orruption accounted for much but not all of the stain on the Massachusetts political image during the 1970s and early 1980s.

Massachusetts was seen as some sort of left-wing oddity after it became the only state in the nation to support George McGovern against Richard Nixon in the 1972 presidential election. (Asked whether he had ever visited a communist country, US Treasury Secretary James A. Baker joked, "Well, I've been to Massachusetts.") To support McGovern was to place the state so far outside the nation's political mainstream as to make it suspect. This event had more than frivolous consequences. Two years after McGovern's win here, Michael Dukakis was elected governor, and he was soon perceived as hostile to business growth and development in the state. The idea spread through at least some sectors of the business community in New England and elsewhere — fueled by the vote for McGovern and Dukakis' interventionist tendencies — that Massachusetts was not a good place to do business.

Perhaps the most damaging politically created problem the state faced in terms of attracting new industry was not the view that it was some sort of people's republic, or even that the governor cared little for the needs of industry. The worst political problem for businesses considering relocation or expansion here was the perception of the state as "Taxachusetts." And any company or individual thinking about moving to Massachusetts who looked behind the epithet to find the truth learned that the label was indeed deserved. In 1979, Massachusetts' so-called revenue burden — that is, the amount of state and local taxes and fees paid by each citizen — was the 10th highest in the United States. (Revenue burden is determined by dividing the total revenues collected by the state and local governments by the total amount of personal income in the state.)

What made matters worse by 1975 was that, in spite of the heavy tax burden, it was revealed that Massachusetts was in utter fiscal disarray and faced a budget deficit of staggering proportions. To make up the \$500-million-plus shortfall, then-Governor Dukakis levied the largest tax increase in the state's history, and with that, the Taxachusetts moniker took on a life of its own. Business people and individuals said in news stories that taxes were so bad that they felt no choice but to move to New Hampshire.

The ugliest problem of the time was the racial discord heightened by what outsiders and academics called "court-ordered desegregation," what the media called "busing," and what people in many of Boston's neighborhoods called "forced busing." As the nation watched the state's capital city on TV, the citizens of this bastion of liberalism were shown

throwing eggs at their senior senator and stones at school children. The city was divided, and bitterly so, along racial lines.

Faced with these problems both real and perceived, tangible and intangible — the state's political leaders were overwhelmed. Dukakis I, by most accounts, was an arrogant young man disinclined to listen to any but his own voice. The state Senate leadership was riddled with either the reality or the perception of corruption. And the House leadership was seen as something of an embarrassment.

**M**assachusetts has no doubt lost a piece of its reputation as a home to wild-eyed left-wingers. Where once the voters supported George McGovern, in recent years they have embraced Ronald Reagan not once but twice, and they have passed a radical tax-cutting referendum. And the state so famous for liberalism in the 1970s is now more likely to be known in political circles around the country as a place that made tax amnesty work and that put 25,000 welfare recipients into jobs in the private sector.

The most significant substantive change — and one owed largely to 2½ — has involved taxes. And even if the perception still lingers that the state deserves to be called Taxachusetts, that is not the reality. While Massachusetts' revenue burden was the 10th heaviest per capita in the nation in 1979, as of 1985 it was the 10th lightest.

"Ten years ago," says Ira Jackson, commissioner of the state Revenue Department, when Dukakis was in his first term, the state was "broken in spirit, we were at each other's throats. People were throwing hate groups into a pot and bringing them to a boil." But the times, he says, have changed. "It's not adversarial out there any longer. It's not confrontational. It's cooperative."

Jackson says credit for these changes is owed to many individuals and institutions in the state, including Dukakis' political nemesis, former Governor Edward J. King. "To ignore the fact that Ed King was governor for four years, and we had Proposition 2½ and Reaganomics and defense spending all during this time, would be to be ignorant to political reality," says Jackson.

Dukakis defeated King in their 1982 rematch, when the two principal campaign issues were competence and corruption. King left office in January of 1983 amid charges that he was making unabashed efforts at the last moment to lodge his supporters in positions where they would be untouchable by Dukakis. Nonetheless, King clearly improved the state's attitude toward business and in so doing chipped away at the Taxachusetts image. Robert M. Melia, an official in the Department of Revenue's research bureau, says the sharpest decline in the Massachusetts revenue burden came during the years King was governor and in the immediate wake of 2½.

The state's fiscal health has improved enormously during the past 10 years — so much so that there has been a billion-dollar shift in just the past decade. Ten years ago, Dukakis I faced a deficit of \$500 million, and this year, Dukakis II has a surplus of more than \$500 million.

One of the most significant changes in the state during recent years has involved something far less tangible than money and yet, in its way, more important. And that is race relations in the state's capital city. A decade ago much of Boston was smoldering over the implementation of busing. Ugly incidents between blacks and whites were common. But in recent years, particularly since the election of Mayor Raymond L. Flynn, many leaders throughout the city say racial attitudes have improved significantly.

**N**o more quantifiable than race relations is the matter of leadership, yet veteran observers say that the state's political leadership is more confident and more effective now than it was a decade ago.

Dukakis II is the central example. He is a markedly different political character from what he was during his first term. Once an arrogant, rigid young man unwilling to work cooperatively with legislative and business leaders, Dukakis is now a master of compromise and consensus. While the change has infuriated some of his staunch liberal supporters

