

H A R V A R D U N I V E R S I T Y  
JOHN F. KENNEDY SCHOOL OF GOVERNMENT  
JOAN SHORENSTEIN CENTER ON THE  
PRESS, POLITICS AND PUBLIC POLICY

THE GOLDSMITH AWARDS

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BEFORE: ALEX JONES  
Director  
Joan Shorenstein Center on Press  
Politics and Public Policy  
Kennedy School of Government

ADVANCE SERVICES  
Franklin, Massachusetts  
(508) 520-2076

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P R O C E E D I N G S

(6:07 p.m.)

MR. ELLWOOD: Good evening, everyone, welcome to the John F. Kennedy, Jr. Forum here at the Kennedy School of Government. My name is David Ellwood, I'm the Dean here. This is always one of the great nights every year because it celebrates something that is so very, very important. Now I'm actually wearing a tie that none of you can see perhaps blissfully, but it says on it We the People and there are the various signers of the Constitution here and so forth. Obviously something very appropriate for tonight but I recently wore it on another Forum occasion in the last two weeks and that was where we celebrated the service of military men and women who served in Iraq and Afghanistan.

And again, regardless of whether you believe in the mission, you've got to honor the service, it's all about protecting the Constitution and just as important as the military's role has been throughout our history in protecting what we value most, the kinds of men and women that are here tonight that we celebrate and admire are absolutely central and it is the heart of what we all value as We the People. So it is a great, great honor to be a part of all this.

I would like to start the evening briefly by recognizing a few people that have made this all possible, the first is to thank Walter Shorenstein, he'll be along shortly.

Twenty years ago, he and his wife, Phyllis really created something quite wonderful, it's the Joan Shorenstein Center for the Press, Politics and Public Policy. It's their vision, it's their generosity, it's their commitment, it's their belief in both what is possible and what is important that have made this what it is today. It's always a great pleasure to have Walter here and to celebrate his achievements.

It's also a great pleasure here to see someone else in a red tie over here, Marvin Kalb, who was the Shorenstein Center's Director from 1987 until 1999 and is now a Kennedy School lecturer and senior fellow at the Shorenstein Center and has been our faculty chair of the Kennedy School's Washington programs. So we also want to honor Marvin and just a quick round of applause for Marvin and his extraordinary achievements.

(Applause)

MR. ELLWOOD: Finally and perhaps most importantly, I want to emphasize that this evening would not be possible without the support of the

Goldsmith Fund of the Greenfield Foundation. I'm thrilled to welcome back Robert Greenfield, who has been so instrumental in making this all happen and so forth. Our thanks to Robert Greenfield.

(Applause)

MR. ELLWOOD: Now, without further ado, let me introduce briefly the Director of the Shorenstein Center and the Lawrence M. Lombard Lecturer in Press and Public Policy, Alex Jones. Alex, as most of you in this room know, is a former Nieman Fellow here at Harvard, you may not know that, but you'll certainly know he covered the press for the *New York Times* between 1983 and '92 and he was awarded the Pulitzer Prize in 1987. In 1991, he coauthored, along with his delightful spouse, *The Patriarch: The Rise and Fal' 6 e Bingham Dynasty*. And in 1992, he left the *Times* to work on *The Trust: The Private and Powerful Family Behind the New York Times*, also coauthored with that famous coauthor, which was a finalist in the National Book Service Award.

Alex provides both a connection of vision, a connection to scholarship and a connection to practice that we see at its best practiced here at the Kennedy School on our good days.

And with that, let me turn it over the

Alex Jones. Welcome.

(Applause)

MR. JONES: Thank you, David.

As David said, this is a very happy night for the Shorenstein Center. This year marks the 16th Anniversary of the Goldsmith Awards program, each year we look forward to this night as a high point for the Shorenstein Center, and if I may say so immodestly, for American journalism. Last year, five of those we honored went on to win Pulitzer Prizes a few weeks later. And I think it's fair to say that we know good journalism when we see it. I can report from the Pulitzer gossip front that *Editor and Publisher Magazine* has published a partial list of finalists for this year's Pulitzer Prizes, a list that is supposed to be a closely guarded secret.

Of course, this being a bunch of journalists, it immediately leaks. I'm glad to report that this year's Goldsmith finalists, many of them are on that still incomplete list of Pulitzer finalists for 2007 and we wish them all the very best in Pulitzer land.

You heard David's remarks about the Goldsmith Prize and his thanks to Bob, but I want to tell you that story a little more fully. Bob

Greenfield, who was then a Philadelphia lawyer, he had a client named Berda Marks Goldsmith, who told him of her intent to leave him her entire estate. Bob declined to accept it and went searching for a good way to use the money for a purpose that Berda Goldsmith would have approved. She was passionately interested in good government and followed the news ardently, she was particularly outraged at misconduct by people with public responsibilities.

Eventually, Bob connected with Marvin Kalb, the Shorenstein Center's Founding Director, and the result was the Goldsmith Awards for Political Journalism which include the Investigative Reporting Prize, the book prizes, fellowships and the Career Award.

I want to say thank you to the Greenfield Foundation, of which Bob is Chairman, and to the board members and to the family. The Greenfield Family is most remarkable and I am very glad that many of them are here tonight, Bob and his wife Louise, Mike. Is Mike here? I didn't see him. Oh, there he is. Mike is the member of the family who is on our judging committee and does a superb job with that. Also here is Debra Jacobs, the foundation's administrator. Without the Greenfield Family's continued support and

good faith, this night would not be possible and I would like to ask all the members of the Greenfield Family who are here and people affiliated with the Greenfield Foundation to please stand so we can applaud you.

(Applause)

MR. JONES: I don't know where Walter Shorenstein is, he is a globe traveling, globetrotting man, but one of the pleasures of this night for me is the opportunity to thank him publicly, because he is the man principally responsible for the Shorenstein Center on the Press, Politics and Public Policy. Walter turned 92 earlier this month and we are now starting to plan a truly huge party to celebrate his 100th birthday, which we certainly expect him to be here for.

Walter made his fortune in real estate by harnessing a bottomless supply of drive and optimism, those same things, plus an enduring and passionate concern for his country, have marked his life. It is this public spiritidness that led him to endow the Shorenstein Center as a memorial to his daughter, Joan, a highly respected journalist at CBS, who died far too young of breast cancer. I ask that you join me, even in absentia, for a round of applause for Walter

Shorenstein.

(Applause)

MR. JONES: The first Goldsmith Awards are the book prizes and making those presentations will be my colleague, Tom Patterson, the Bradley Professor of Government and the Press at the Kennedy School.

MR. PATTERSON: Alex, thank you.

We had a really easy time this year. We, as the Goldsmith Book Prize Committee, that's Matt Baum, Alex, myself, Marion Just, we reviewed dozens of books, but in the course of a single meeting and a few e-mails, we quickly identified the two books that we thought should receive the Goldsmith Book Prizes. One in the academic category, the type of book that informs the scholarly community, used in the classroom, and the second in the trade category, displayed in book stores, usually authored by practitioners and writers.

The recipient of this year's Goldsmith Book Prize in the academic category is Diana Mutz's *Hearing the Other Side*. Now we would like our citizens to be deliberative on public issues and to participate in public life, citizens who are both thoughtful and involved. What Diana's brilliant book shows us is that we can not easily have both. The kind of communication environment that fosters deliberation, encounters with

people who disagree with us, who think differently than we do, tends to lead us toward ambivalence, to some doubts about what we believe, and a smaller inclination to act on those beliefs.

On the other hand, the kind of communication environment that fosters participation is the kind where we talk with people who are like-minded and therefore are not likely to challenge our beliefs. Diana's book shows furthermore that the trend in America is toward increasingly networks of like-minded people, that we increasingly surround ourselves with people who think like we do and less often encounter people who have different opinions and might challenge those opinions. And it's particularly pronounced, by the way, among people of higher education levels.

Diana Mutz is the Samuel Stouffer Professor at the University of Pennsylvania and now also a winner of the Goldsmith Book Prize.

Diana, if you would come forward?

(Applause)

MR. PATTERSON: As I mentioned, there is a second Goldsmith Book Prize and it's given to the best book in the trade category. This year's winner is *The Race Beat* written by veteran journalists Gene Roberts and Hank Klibanoff. In the 1940s, the Swedish

sociologist, Gunnar Myrdal, wrote *The American Dilemma*, lamenting this country's treatment of its African Americans and urging the press to take the lead in bringing the shame to the attention of the American public. There weren't many takers. *The Race Beat* was confined largely to the black press and a handful of southern editors, who were easily outnumbered by the southern editors who continued to push for Jim Crowe.

That situation began to change in the mid 1950s as the Brown decision, the Emmett Till murder and other developments attracted and emboldened a generation of southern and northern journalists, and it's their story that Gene Roberts and Hank Kilbanoff tell in *The Race Beat*. It is a story of journalists who braved hatred and threats to cover and advance the Civil Rights Movement, war correspondents on native soil is how David Halberstam described them. It's a marvelous book that reminds us just how powerful the press can be in promoting democracy.

Gene Roberts and Hank Klibanoff are among the reporters who helped changed the way that we think about race in America and tonight we are pleased to honor their book, *The Race Beat*, and them, for this contribution to our understanding of that important moment in American history.

Gene and Hank?

(Applause)

MR. JONES: Thank you, Tom.

The Goldsmith judges each year at their discretion award a special citation to a journalist or organization that they deem to be particularly distinguished but which fall outside the bounds of the Goldsmith Award itself. This year the judges unanimously voted for such a citation to honor The Center for Public Integrity. In June of last year, an underfunded, scrappy, idealistic, and to my mind absolutely essential organization known as The Center for Public Integrity released the results of a nine month investigation of privately sponsored congressional travel.

It was classic reporting with all the bells and whistles that go with important journalistic jobs these days at the very highest level. There were charts, graphics, video interviews, a fully searchable database, 16 stories posted on the Center's Web site. The chances are that you didn't read what the Center had found on the Center's Web site, rather you read in the nation's top newspapers and broadcast outlets that members of congress and their aides had taken 23,000 privately funded trips valued at nearly \$5 million

during a five and a half year period ending in June, 2005.

You read that many of these trips were poorly disguised vacations underwritten by corporations, trade groups and others with business before congress. You read that, in many cases, trip sponsors were able to engage in unregulated lobbying in corporate jets and at resorts in Antigua and Pebble Beach, California. You read all this in places like the *Washington Post*, on CBS News and in *The New York Times*, the Center's work was picked up by hundreds of newspapers and dozens of blogs and broadcast outlets.

The Center was inundated with calls for help from journalists who wanted to do their own localized stories. Good government groups, such as Public Citizens Congress Watch, called for reforms, frequent junketeers began trying to explain themselves and the public was outraged. In other words, mission accomplished.

The Center is a news organization but a very rare and special one, it is, first of all, a nonprofit news organization dedicated to investigative reporting. Unlike many news organizations, the Center shares everything, indeed the purpose of the Center's work is for other news organizations to incorporate its

findings into their own reporting, to take it and run with it.

The Center is willing to take on the tedious, time consuming, expensive and absolutely invaluable kinds of investigations that even the best and richest newspapers now shrink from doing, they cost too much, take too much time and are too difficult, but not for The Center for Public Integrity. In 1988, a man named Chuck Lewis, who was about to turn 35, and he was, I think it's fair to say, frustrated, fidgety and maybe a little crazy, he was a producer at CBS News assigned to Mike Wallace and "60 Minutes", the nation's premier investigative reporting television program.

But Chuck felt that investigative reporting wasn't valued at the national level and he saw precious little aggressive investigative reporting in the face of a series of scandals ranging from Iran Contra to the first resignation of a house speaker since 1800. He had a family, a mortgage and no savings, so he did the only logical thing, he quit CBS. The Center for Public Integrity was incorporated less than a year later and it started with one employee, Chuck. That has swelled considerably since then and the Center has become, to my mind and to many others, a vitally important role model for how high quality,

first class journalism in the public interest can be done, indeed must be done by nonprofit news organizations.

I would ask Chuck Lewis, the Center's founder, and Bill Buzenberg, the Center's president, to come forward and receive the citation voted them by the Goldsmith Prize jurors.

(Applause)

MR. JONES: If I may, let me read:  
Harvard University, John F. Kennedy School of Government, the Joan Shorenstein Center on the Press, Politics and Public Policy honors The Center for Public Integrity. At a time when many news organizations are curtailing investigative journalism, The Center for Public Integrity has stepped into the breach by mounting investigations of exemplary quality and then freely sharing its findings with other journalists and the public. The Center has become a model for journalistic nonprofit organizations by performing the complex, expensive work that is essential to our democracy and doing so using the highest journalistic standards.

Congratulations.

(Applause)

MR. JONES: Each year the Goldsmith judges

scrutinize scores of first rate investigative newspaper and magazine articles, and television and radio pieces. They are charged with choosing six finalists for the Goldsmith Prize, which we consider a very special kind of award for investigative reporting. Our particular brand of investigative reporting is focused on work that holds government to account and with a special emphasis placed on the actual and potential impact of the work. The work of this year's finalists, as a group, has already had tremendous impact and the impact is still unfolding.

Tonight we honor them all and I shall talk about each of them in turn in alphabetical order based on their news organization. The purpose of the Goldsmith Prize is to encourage this kind of very difficult, often expensive work at a time when news organizations, especially newspapers, are facing daunting new competition from the Web, and in many cases, cutting news budgets.

It is worth noting that all of the finalists this year come from newspapers. The fact is that the vast majority of serious reporting in this country is done by newspapers and that this vital core of news is in real jeopardy, as the news business is caught in the technological revolution. This stellar

group of finalists displays just what could be lost if newspapers should decide they can no longer afford to do this kind of work.

Let me briefly describe the process of judging the Goldsmith Prize. We have a panel of six judges. While I oversee the judging, I have no vote. Our judges panel always includes representatives of high quality journalism from both print and broadcast. In addition, we seek someone from the world of government, in the belief that this perspective is essential to judging our particular award. And we also have a designated place on each year's panel for a representative from the Greenfield Family, whose vision in establishing the prize continues to be our guide.

The judges are sent all of the entries and must choose fifteen that they think are the worthiest contenders, each of them chooses fifteen. We then assemble all the entries that are on any of those six lists of fifteen. In January, the judges come to Cambridge and discuss each entry on that long list one by one. Any judge who is associated with a news organization whose entry is being discussed does not take part in those deliberations.

As a further safeguard, when it comes time to judge, all the judges must vote for a full slate and

cannot vote for any entry from their own organization. In other words, if an entry from your news organization is in contention, you must vote and must vote for someone else. The judges choose six finalists, which are announced immediately, they then choose the ultimate winner which is not disclosed until tonight. I can tell you that our judges work very hard and take the process very seriously. This year they named a slate of finalists that is especially outstanding.

The first Goldsmith finalist we honor tonight is the Spotlight Team at the *Boston Globe*. Just before 6:00 a.m. on a fall morning, a woman named Marie-Colette Dimanche heard someone pounding on her door. She looked out the window to see a tow truck blocking her driveway where her 1996 Chevy Blazer was parked. A man and a woman were at the door of her house with a court order to take her car for nonpayment of a five year old credit card debt, unless she could come up with an instantaneous \$2,000, which included interest on the debt and legal fees.

She was stunned. She had never gotten notice of the lawsuit against her, never heard of the debt collecting company that was pursuing her and she was, as most debtors are, almost completely ignorant of the law governing debt. She was also an unmarried

mother and she needed her car for her work. The *Boston Globe's* Spotlight Team is the champion of the powerless and they are a group with less, there are few groups with less leverage and clout than the victims of what the *Globe* revealed to be an industry of abusive debt collection.

In a nation that gorges on debt, where overextended credit cards are hardly uncommon, there is a world of rapacious debt collection that can have harrowing results. This isn't the world of honorable debt collection but a seedy and exploited world of opportunistic companies preying on people who are not deadbeats but whose debt has made them particularly vulnerable. After a year of digging and hand count of records in district courts across the state, the Spotlight Team found that professional debt collectors had filed an estimated 575,000 lawsuits against debtors in Massachusetts over the last five years, that's one for every 11 residents.

And a similar torrent of debt litigation swamps court dockets in other states as well. When these cases go to court, the *Globe* found that the collectors invariably win and debtors, who are often confused and ignorant of what to do, are run over by the system. The deluge of cases has prompted courts to

virtually turn over proceedings to the debt collectors, becoming rubber stamps to collector's claims. There is rarely a demand for evidence and there is even, that there even is a debt and collectors are believed out of hand, the debtors are not.

Thousands of debts such as Marie-Colette are not even aware that they are being sued, but their lives get derailed nonetheless. The story the *Globe* told of personal stories and exhaustive research is of a systemic failure that can reach levels of mind boggling callousness. For instance, there was Peter Damon who lost both his arms while surviving in Iraq. He came home armless, to be hounded by demands from a debt collector who asserted that he had not been in the service at all, for a debt incurred before he left. These people call on the vulnerably indebted were generally ignored by government regulators and prosecutors until the Spotlight Team stories began to run.

Two of the most notorious collectors who were profiled in the series shut their doors and left the state, the Massachusetts Attorney General is investigating some of the most egregious offenders, sheriffs have cut back on seizing cars at the instigation of debt collection agencies. And the

humiliated state courts, who were stunned by the blatant unfairness described by the *Globe*, are moving forward on reforms as well. New laws are being drafted not to allow debtors to escape debt, but to level the playing field and effectively outlaw seizure of cars for debt, which is often tantamount to making it impossible to earn the money to repay the debt.

In Boston, the mayor has curbed the appointment of constables, who are empowered to enforce court orders for collecting debt that poured out of this skewed judicial process. As the Spotlight Team reported, nearly half of them have faced arrest for crimes of all kinds, these are the constables. It was the *Boston Globe* doing something for an unpopular and virtually powerless group in the name of simple fairness.

I would like to ask Walter Robinson, Michael Renendez, Beth Healy, Francie LaTour and Heather Allen, the *Globe's* Spotlight Team, to stand and I invite you to join me in saluting their outstanding work.

(Applause)

MR. JONES: In 2004, Kaiser Permanente, the nation's largest HMO, was having a problem, the problem was that it had beds to fill in a fledgling

transplant center outside San Francisco, and it solved that problem by announcing to about 1,500 kidney patients in Northern California that it would no longer pay for transplants at outside hospitals. That might have been just an inconvenience if Kaiser had had the capacity or the operational competence to accommodate the people awaiting kidney transplants, it was instead a death sentence for many.

The Kaiser facility proved to be unable to deal with the demand and incompetence compounded the other problems. As a result, people, such as Ruben Porras, a 47 year old pressman for the *Sacramento Bee*, died, he had been waiting for three years to rise to the top of the list for a kidney, but at a non-Kaiser hospital. When the policy changed, Kaiser mishandled his paperwork and he wound up on the bottom of the new list. Before his turn came, he had developed an infection related to his dialysis and he died. To add insult to injury, a Kaiser representative called his widow and asked if he would be willing to donate his organs.

Two reporters at the *Los Angeles Times* put in hundreds of hours of shoeleather reporting, interviewing and statistical analysis to get the story, which was encumbered by patient privacy restrictions.

They used the Freedom of Information Act to unearth confidential documents and built their mosaic of greed and bad management step by step. They found, for instance, that in 2005, the transplant program's first full year, Kaiser performed only 56 transplants while twice that many people on the waiting list died.

In other transplant centers, those statistics were reversed. At least 25 Kaiser patients were denied a chance to receive kidneys for which they were nearly perfectly matched and the delays caused by Kaiser forced patients to remain on grueling regimens of dialysis with diminished chances of survival.

This reporting had a terrific impact, Kaiser closed the transplant program and rescinded its policy on not covering transplants at other hospitals. It paid a record fine for its behavior and put up an additional \$3 million to encourage organ donations. But the *Times's* reporting did not stop with Kaiser, it expanded into a wide ranging examination of the transplant industry, which uncovered the not surprising fact that oversight agencies had not done their jobs. One in five federally funded transplant programs had failed to meet the government's minimum standards for patient survival or caseloads, the U.S. Center for Medicare and Medicaid Services had allowed programs to

continue despite glaring lapses.

In a matter of months, the newspaper instigated reforms in a system that serves as the only lifeline for some of the sickest Americans.

Please join me in recognizing the work of Charles Ornstein and Tracy Weber of the Los Angeles *Times* for "Transplant Patients at Risk".

(Applause)

MR. JONES: In Miami, Ozzie Porter was a cafeteria cook with a dream, she had saved \$5,000 for a down payment for a house of her own after living for many years in public housing. She went to the Miami Dade Housing Agency, whose job it was to be the lifeline for people like Ozzie, who were looking for decent affordable housing in a city known for glitz and glamour and a very high cost of living. But as the reporting of Debbie Cenziper of the *Miami Herald* exposed, the Miami Dade Housing Agency was hardly the advocate of the poor when their interests conflicted with some favored developers.

For these lucky developers, the agency made it possible for them to take millions from the city's affordable housing fund, a pool of money intended to help people like Ozzie buy homes, with the promise that they would build homes, but they didn't.

They took the money, in some cases for massive projects, and never delivered. For years empty lots littered Miami's inner core and thousands of families languished in crumbling homes awaiting their new housing, the agency offered little explanation.

But then in 2006, Debbie Cenziper, an investigative reporter, began to probe the workings of Miami's massive housing bureaucracy, exposing a series of ill-fated deals and an agency that became an unchecked cash machine for builders and consultants. Her series of more than 30 stories were called "House of Lies", and it outraged Miami as few other scandals have ever done. As story after story appeared of deadbeat developers, people stormed county meetings and marched in the streets, there was an overnight protest on the steps of county hall and the fury reached to the state capital and beyond.

The impact. The stories led to the dismissal of top housing officials, virtually every top official at the housing agency. There were local and federal investigations, the return of public money and the arrest of the developer at the center of the scandal. Such results were not surprising when the *Herald* was reporting such things as that one developer had amassed \$1.7 million from the agency and built one

house, his own, an 11,000 square foot estate with a wine cellar, library, billiard room, pool, spa and fountain.

The housing agency diverted \$5 million that had been earmarked by state law to build for the poor and it used it instead to pay for a new headquarters, complete with a \$287,000 bronze sculpture of teacups. Even when homes were built, some developers bypassed the poor and sold them instead to wealthy buyers who flipped them for a profit. The county has launched a top to bottom overhaul of the housing agency, there are now criminal penalties for developers who flip housing for a profit and the county has canceled contracts with nine companies, nonprofits and developers whose abuse of the system has been exposed.

"House of Lies" was follow the dollars, watch dog journalism at its best. Please join me in honoring Debbie Cenziper of the *Miami Herald* for "House of Lies".

(Applause)

MR. JONES: The court records are sealed. That has become a mantra through which some legitimate secrecy is preserved, but through which a lot of embarrassing and important information is kept out of

public awareness. And when sealing court records becomes common place, the chances are extremely high that something is wrong with the system, or so thought *The Seattle Times* when it began looking into the practice of sealing court documents in Washington State. What the investigative team found first was that an awful lot of cases had been sealed in Washington, far more than even the court authorities realized, and they found hundreds of cases in which the records had been sealed by mistake.

Ultimately what the team of reporters went after were several hundred sealed civil cases that had been sealed in their entirety and they set about the task of trying to find out why. The idea was not to expose legitimate secrets but to find out what was so secret that sealing was necessary. In some cases, even the document ordering the seal was sealed. The reporting challenge was daunting, many of the cases were John and Jane Doe versus John and Jane Roe, or there was nothing identifying the case but a jumble of numbers.

While the court authorities were generally supportive once they acknowledged that secrecy had been overused, powerful public institutions threw up obstacles, as did some judges. But through hardnosed

reporting, using hints, and clues and sleuthing techniques, as well as interviews and database searches, the profile of an abused system began to take clear shape, and it wasn't pretty. The *Times* found revelatory stories about problems in nearly all areas of public life. There was a sitting judge who got a colleague to seal a lawsuit accusing him of malpractice.

A record \$7.8 million settlement in a lawsuit came to light in which a respiratory therapist had been accused of blowing a baby's lungs up like a balloon. There were four school principals who ignored repeated warnings of teachers fondling students. An obstetrician had his medical license, kept his medical license while state regulators who were reviewing it were oblivious, because the documents were sealed, that he had made a \$5.5 million malpractice settlement in past litigation. A police sergeant had kept important DNA evidence in his bedroom closet that was key to a high profile, unsolved murder case, thus contaminating it.

A multi-billion dollar company had gotten the records sealed of a suit accusing its insulin pump of being unsafe and of failing to report a user's brain damage to the FDA. Then there was the story of a 13

year old girl raped while in state care and protection. Ostensively, the sealed documents, were to prevent embarrassment to her, but the real reason seemed clearly to be to protect the reputations of a social service agency and to shield from public view the fact that the state's lawyer had argued that the girl was partly at fault for her own rape by a 29 year old man.

The series had a powerful impact on the public and on the court system in Washington. The Washington Supreme Court unanimously passed rule changes affirming its commitment to open records, judges opened previously sealed records unless there were good reasons, valid reasons to keep them sealed, and in Washington, wholesale sealing has become a thing of the past.

Please join me in congratulating Ken Armstrong, Justin Mayo and Steve Miletich of the *Seattle Times* for "Your Courts, Their Secrets".

(Applause)

MR. JONES: Almost exactly a year ago the *Wall Street Journal* put Wall Street on its ear with an investigative article it called "The Perfect Payday". The story had the effect of blowing the whistle on a massive fraud perpetrated by some of the richest and most powerful executives in the country, they told how

some senior executives at major companies had rigged stock option rewards in order to effectively steal money from their shareholders. Here is how it worked. An executive, usually the top executive, would get the option to buy stock some time in the future at the price of the stock on the day the option was awarded.

In theory, this is a great motivating tool to push the executive to do all he or she can to make sure the stock appreciates, so that there is a significant difference between the option price and the actual price when the option stock is purchased years later. But what if you could make sure that the date that the option was issued was a particularly low one for the stock price? If you did that, you would reap a windfall, a phony undeserved windfall.

This is what the *Journal* began to expose last March in what became a series of articles that have led to more than 130 companies under federal investigation, including some of the biggest names in the corporate sphere.

But how do you prove that the option date is phony? That was the challenge for the *Journal's* reporting team and they solved the problem using massive brain power and no little amount of computing power. The first story published by the *Journal*

identified six companies that had option dates so improbably favorable to the executives that only back dating could plausibly explain the pattern. To select those companies out of an enormous set of data, the reporters created a custom built algorithm designed to assess the odds that an executive's lucky patterns of option grants was merely due to chance.

The biggest offender turned out to be William McGuire, CEO of United Health, one of the nation's largest health insurers, who had amassed more than \$2 billion from stock options. The *Journal* demonstrated that there was a one in 200 million chance that his favorable awards would have occurred at random. Soon after the article appeared, prosecutors and securities regulators started investigating Dr. McGuire, he was forced out and he and another United Health executive have agreed to return nearly \$400 million to the company, perhaps the largest executive payback in history.

The *Journal* then created another algorithm to calculate odds for particularly complex patterns of grants and tapped massive computing power to run their program. Again, more companies were exposed for back dating, one person identified by the *Journal* fled to Namibia, others have pleaded guilty to criminal

charges. In one particularly unsavory revelation, the *Journal* exposed how a number of top corporate executives had taken advantage of the stock market nosedive after 9/11 to back date their stock options to the days immediately following the attack.

Newspapers across the country have followed the *Journal* with their own reporting and the government inquiry into this seems barely to have started. The impact, already tremendous and promising to be a virtual tsunami for Wall Street, and it was the *Wall Street Journal* who started those winds blowing.

Please join me in congratulating Charles Forelle, James Bandler and Mark Maremont for their extraordinary work.

(Applause)

MR. JONES: I think anybody who has paid attention at all is aware that the history of large federal subsidies to farmers is a story that prompts head shaking. But the *Washington Post* took the stories of taxpayer abuse for the benefit of the farming lobby, and one can't really call it anything but a lobby, to a level that was grotesque, even obscene. There were farmers in Texas who got \$5 million in disaster aid, up to \$40,000 apiece, because debris from the Space Shuttle Columbia fell in the county where their farm

was located. Not fell on their farm, fell in the county.

Or there was the Wisconsin dairy farmers who got millions for a snowstorm. What a surprise that it should be snowing in Wisconsin. In Washington State, farmers got money for an earthquake, even though it occurred 200 miles away. Ranchers received \$635 million in taxpayer funded drought aide, even though they did not experience any drought. Land owners got subsidies near Houston because decades ago someone had planted a rice crop there, about \$1.3 billion went to farmers who owned these fallow fields.

When farm prices dropped, farmers were able to claim a subsidy, even if they waited and sold their products at higher prices. About \$3.8 billion went to aid corn farmers who then waited until the price went back up. Nine billion dollars in disaster aid went to farmers who already had federally subsidized insurance. Private insurers who ran the plan collected \$1.8 billion in profits and fees, even though that left taxpayers saddled with billions in losses.

Not surprisingly, the *Post* called the series "Harvesting Cash" and it exposed waste and abuse of the farm subsidy program in a way that may have been

more shocking than ever before. Using millions of records and interviews with farmers, many of whom knew that the subsidies were wrong, the *Post* team cracked the arcane and confusing code that goes into the system that seems designed for abuse, a system created to help farmers who really need help has become a Frankenstein's monster of politically driven entitlement with few oversights, few controls and utter indifference to whether it is fair to the American taxpayer.

To make the situation even more scalding, most of the subsidies were handed out at a time when farmers were thriving with bumper crops and record profits. In 2005, the agricultural profits in this country were a record \$72 billion, we the citizens, through our government, awarded an additional \$25 billion in subsidies and other handouts.

Reaction was widespread and powerful, disaster legislation was rewritten to require farmers to prove a loss in order to qualify for aid, which I think you would agree seems reasonable. Obvious as this seems, it will save hundreds of millions of dollars, a new \$4 billion disaster bill was defeated. Why? Because the farmers didn't need the money.

All over the nation, the stories of

exploited greed prompted editorials and outrage that is still boiling. With the new farm bill taking shape, "Harvesting Cash" is very much on congress's mind.

Please join me in honoring Dan Morgan, Gilbert M. Gaul and Sarah Cohen of *The Washington Post*.  
(Applause)

MR. JONES: The time has now come to announce the winner of this year's Goldsmith Prize for Investigative Reporting. Before I do, please join me in one more salute to all our finalists who have demonstrated how important the work of investigative journalism is.

(Applause)

MR. JONES: And the winner of this year's Goldsmith Prize for Investigative Reporting is "Stock Option Abuses", from the *Wall Street Journal*, by Charles Forelle, James Bandler and Mark Maremont.

(Applause)

MR. JONES: As you know, our Career Award winner tonight is a gentleman who has seen many winters, many summers too, and he has asked to deliver his remarks seated. So we are going to reconstitute the arrangement up here of the furniture, if you would bear with us for just a few moments.

(Pause)

MR. JONES: A few years ago, Daniel Schorr was being interviewed on PBS's "News Hour with Jim Lehrer" and he was asked to describe the most electrifying moment of his career. Bear in mind that Dan Schorr has been doing electrifying journalism since he was 12 and he had an exclusive scoop in the *Bronx Home News* of a suicide that occurred in his apartment building. As you can see, a troublemaker from the start. He has won virtually every top prize in broadcast journalism, including the Alfred I. Dupont Columbia University Golden Baton, for his exceptional contributions to radio and television reporting and commentary.

The point is that the moment that would rank as the most electrifying in his career would be a doozie, it would have to be, it was. It was in 1973, Dan was covering the Watergate Hearings for CBS News, all three networks were covering the hearings, of course, and the whole country was rapt. Dan had been chosen for this important assignment because he was cool, experienced and had the credibility that came with being one of the elite few that had been recruited for CBS by Edward R. Murrow. As it happened, his coverage of Watergate won him multiple Emmies, but that day, he was one of a herd listening to John Dean spill

the beans about what had been really going on in the Nixon White House.

Dean had a lot of beans to spill, but at one point that day, he dropped the particularly juicy fact that at Nixon's instigation the White House had been keeping a list of the administration's 20 greatest enemies. He didn't say who was on the enemies list but the list of names was submitted in evidence. When the hearing adjourned, Dan rushed outside, along with a lot of other reporters, and waited for a copy. The curiosity about who was on the list of course was intense and the cameras were rolling live when Dan was handed the list. It was in the form of a memo from John Dean, the White House Counsel, to H.R. Haldeman, Nixon's Chief of Staff, and was explained in the headline of the memorandum as "how we can use the available federal machinery to screw our political enemies".

(Laughter)

MR. JONES: That's a direct quote.

Dan began reading the names one by one. When he got to number 17, he read Daniel Schorr--

(Laughter)

MR. JONES: --a real media enemy. Pro that he was, he tried not to gasp, but the way he tells

the story, he almost fainted. But with Schorr-like aplomb, he continued reading, Paul Newman, Mary McGrory, and now back to you.

(Laughter)

MR. JONES: He read it without comment, tossed it back to the anchor as though nothing had happened, and then he says I wanted to collapse.

There have actually been a lot of electrifying moments for Dan Schorr, he will turn 91 this year. He has been a working professional journalist since he left the Army in 1946, more than 60 years. There was the stint in Russia for CBS News when he got the first ever exclusive television interview with Nikita Khrushchev. Rather typically, his chronic defiance of Soviet restrictions on what he could report got him arrested and then booted out of the country.

In the aftermath of the Watergate Scandal, he covered a less well known but highly embarrassing congressional investigation into the CIA and FBI during the Nixon years. The final report was too hot for publication, or so thought the majority of the members of the House of Representatives, who voted to suppress it. Dan Schorr got hold of an advance copy and made it available to *The Village Voice*, though CBS would not touch it. CBS suspended him and the House Ethics

Committee threatened him with jail for contempt of Congress if he did not disclose his source.

Does any of this sound at all familiar? At a public hearing, he was ordered to disclose his source and he refused on First Amendment grounds, saying that to betray a source would mean to dry up many future sources for many future reporters, it would mean betraying myself, my career and my life. That's pure Dan Schorr. The Ethics Committee voted six to five against a contempt citation. Eventually, he left CBS for good, he never went back. In 1979, Ted Turner asked him to help create the Cable News Network, he would be its first senior Washington correspondent.

It would shock you to learn that he left CNN six years later over what he considered to be an effort to limit his editorial independence. And then found the home that has been his citadel and platform for the past 20 years, National Public Radio. I grew up knowing what Dan Schorr looked like, he hasn't really changed that much. People who knew him when he was in the Army would easily recognize him at a distance, one profile referred to his craggy face, he looked serious on television and is definitely not one of the blow dry faces that are associated with television news much of the time.

My point is that there is now a whole generation who know him only by his voice, unless they've seen him in the movies, which he seems to enjoy from time to time, playing himself. That voice is so distinctive that he could be ordering his dinner in a restaurant and have the waiter call him by name. You may not know that, at 72, he sang *It Ain't Necessarily So* and *Summertime* at a Frank Zappa concert.

(Laughter)

MR. JONES: And that he and Frank were such good friends that he gave a eulogy at his funeral in 1993.

When he went to NPR, his life as a reporter ended and his life as an analyst began, which was the beginning of no end of trouble and glory for NPR. While his NPR analysis is always fresh, smart and surprising, it can also be blunt and frank when he sees power being abused. Never was this more in evidence than when he went on the air after the Supreme Court had ended the recount in Florida and made George W. Bush President in 2000.

Don't misunderstand, he is an equal opportunity lambaster. For instance, he blasted Bill Clinton's slurry of pardons of various felons as clemency for sale, but the action of the court

infuriated him, he termed it a judicial coup and referred to the five justices who had voted to end the recount as the Gang of Five and the junta. He is traditionally a grenade thrower.

But more often, he is like that man who read his own name on Nixon's enemies list, passionately dispassionate, relentlessly cool and always very, very smart. Dan Schorr is not only the active institutional memory of the past half century for NPR news but for the entire American news corps.

He has been brave and outspoken, he has been honorable, he has been a great, great credit to journalism, he has never stopped working.

It is my pleasure to present the 2007 Goldsmith Career Award for Excellence in Journalism to Daniel Schorr.

(Applause)

MR. SCHORR: If you'd like to continue that, I could stand to hear a few more words. Kidding, just kidding.

This is for me a very serious occasion because I take the Shorenstein Center seriously, some of the people I know best, I've worked with them, starting with Marvin Kalb. And so I decided this is not just a routine thing that would give the award and

I'll say a few words. I spent some time trying to tell you where I think the press today, the media today, call it what you will, stands and I have written it because it because it was an important thing for me to tell you.

I'd like to talk to you in the first place about something that we call privilege. Privilege is kind of an interesting word, it reads in the dictionary meaning that privilege is a special advantage enjoyed by some, as we say the privileges of the very rich. There is another meaning, immunity from disclosure, when the president says I claim executive privilege. Then there are citizen privileges, there are client relations, occupation, priest-penitent and husband and wife, they are covered by something called privilege, they keep confidential what passes between them.

Then there are of course the Fifth Amendment privilege, which we know about, protection against incriminating yourself. Finally, we come to the First Amendment privilege, the protection that journalists claim against having to disclose their sources. I say claim because the First Amendment privilege is not anchored in law, nor I regret to say does it today enjoy very widespread public support. A generation ago, I was probably saved from going to jail

by a public that rallied to my support. The House Ethics Committee, as you heard, was investigating the leak of a report, demanded I reveal my source, threatened to hold me in contempt of Congress, and I had to refuse.

And I did refuse for reasons which were very important to me and which I put in the statement, part of which you have already given. It was live on television, the Ethics Committee was soon getting hundreds of telephone calls and telegrams demanding that Schorr should not be punished for fulfilling his journalistic responsibility, and then there was a six to five vote, which was close but didn't send me to jail. And it was true how I felt then and still feel today, but others may not agree with me, that for journalists, the crucial kind of evidence is the identity of a source and to betray it would be to dry up any future sources for many reporters.

And what was interesting was that, in 1976, I could say that and say it on television and a lot of people would sympathize with me, because I was a reporter doing his job. If a statement like that were made today, it would be very unlikely to move either a congressional committee or a prosecutor. You know Judy Miller, then with the *New York Times*, 85 days in jail

because she agreed to testify about her involvement in the leak of a covert agent. The whole thing sort of represents a kind of a souring of the public sentiment about what used to be considered the press and now may be called the media.

Reporters were national heroes a generation ago when they cracked the Nixon coverup of the Watergate Scandal, perhaps helping to avoid a coup within the government. Today's journalists, even when they win Pulitzer Prizes, are often not heroes when they expose the Guantanamo, secret CIA prison camps in Europe, eavesdropping without warrants by the National Security Agency. That would have been, 25 years ago, would have been something where the country would have applauded the press for what it was doing. Today it is more likely for them to say that, you know, we are in a war after 9/11, sometimes the press should sit on it and not report it because the President tells us that these things are not going good for us. Well, the administration was even looking at the possibility of invoking the Espionage Act not only against those who leak from the government but those who receive those leaks.

The First Amendment of the Constitution makes the press the only private industry that's

afforded specific constitutional protection, but it was written in the Constitution to protect pamphleteers, Benjamin Franklin, Thomas Paine, against retaliation by politicians whom they criticized.

The framers of the Constitution, who regarded a free press as vital to democracy, could not have conceived that one day this cloak would embrace vast empires of newspaper chains, radio and television conglomerates and Internet outlets, which we have to now consider also as part of the press, that stretch the very meaning of the word journalism. What would Thomas Jefferson have thought of bloggers exercising the same right of expression as *The New York Times*?

If anything brought home to me journalism 21st Century style, it was Matt Drudge, who specializes in Internet gossip. And as my friend Marvin Kalb investigated and wrote a very good book about, late one Saturday night Matt Drudge posted a rumor that *Newsweek* was working on a story about a Clinton affair with an intern in the White House. That started a series of events. First of all that morning on an ABC television show, Sam Donaldson said, hey, did you see what Matt Drudge said about Clinton and a woman intern. And the next thing you knew it was, the next thing you knew, at the very end, you had the impeachment, the impeachment

of President Clinton brought about by a series of events that started with an intimate gossip mongerer.

The public is becoming aware that the news media continued to insist on constitutional shelter, citing the public interest, while primarily they saved substantial private interests and sometimes are accused of acting against the public interest. In the television world of today, news has come to occupy one corner of a vast entertainment stage, sharing their techniques, and yes, the values of entertainment. And it's perhaps because of the blurring of the line between reality and fantasy that simple journalists have tried to build careers on inventions and hoaxes, maybe not understanding any longer what is real and what is not real.

In 1981, the *Washington Post* had to return the Pulitzer Prize awarded to Janet Cook who had made up a story about an eight year old child hooked on drugs. Two-thirds of the stories written for *The New Republic* by Stephen Glass over a four year period, two-thirds of the stories were fabrications. The champion liar, I guess, was Jason Blair who filed many stories in *The New York Times* using datelines from places he had never been, the resulting earthquake shook executive anchor Howard Raines out of his job.

Would it shock you to learn that Fox News gave 13 times more coverage to the untimely death of Anna Nicole Smith than they gave to the horrors of Walter Reid Hospital? I feel somehow I have to apologize for my profession when something like that happens.

Opinion polls going back 15 years have registered a growing public distrust of an increasingly concentrated and profit driven news media. By 2002, 46 corporations controlled 50 percent of the news media an array that included some 1,800 daily newspapers, 11,000 magazines, 2,000 TV stations, 11,000 radio stations.

And on February 22, 1971, more than a year before Watergate, President Nixon, whose words were recorded on the immortal Oval Office tapes, remarked to his counsel, John Dean: Well, one hell of a lot of people don't give one damn about the issue of suppression of freedom of the press. Cynical but perceptive. A lot of people don't really care anymore about the freedom of the press, no one demonstrated better than Nixon himself that for all its faults and failures, the press, at crucial moments, was there to defend the public interest.

What is clear is that the press can no longer rely on public support for doing its job, yet I

think it has to do its job even without a lot of public support. The latest survey by the University of Chicago National Opinion Research Center says American's confidence in their institutions found the press at the very bottom of the ladder, behind the military, behind religion, even behind Congress, the lowest ratings of confidence now by the public, the lowest ratings go to the press.

I've had occasion as a participant to observe the development of the American press over a period of some 70 years. In the heyday of the printed press immortalized in the film, which I still remember, *The Front Page*, a reporter on putting a nickel in the slot for the telephone call hello, sweetheart, get me rewrite. Some of you may have seen that. Well, I remember the development of the news on radio, of which the Murrow Era because the flower, the news radio survives today, partly as talk radio, contentious, argumentative. I remember the birth of television, I witnessed the first experimental showing of television by RCA at the New York World's Fair in 1939 and I remember saying to someone I was with, you know, this is kind of an interesting little toy.

(Laughter)

MR. SCHORR: Which I thought about

television then. I witnessed the birth of news on cable television when Ted Turner in '79 invited me to join him in creating this thing, but as the influence of television grew, the popularity of television did not grow. And now this world that I never made and I can tell you I hardly understand, the Internet, the Internet, which also has to be accepted now as a way of where people communicate with each other and tell stories if they want. And it also today has to be considered something of the press, but I don't think the public will trust the press as it once did. I don't think Americans will think of the media as necessarily being on their side and the power of the press has lost some of its meaning.

As you may have gathered, I am not myself an unqualified admirer of the news media, yet I must say to you, and this is the best time and occasion for me to say it, I would advise looking at the media with a fair degree of skepticism and yet, what I said earlier, at the crucial moments in our history, the times when our rights may be threatened, the press was there to defend us.

And critical though I have been at times, I tell you I reached the age of 90 and look back 70 or 80 years and I say there is nothing like being a

reporter, it's been something which has been for me more than simply a job, it's been a life, it's been something where I can watch younger people come up and keep journalism going. It ain't great but it's the best we have. And thank you very much.

(Applause)

MR. JONES: We are going to have time for a few questions. But before we do, I want to do two things, first I want to present you with the Goldsmith Career Award for Excellence in Journalism. And I want to tell you that we have two things for you and since you are going to be probably delivering speeches sitting down from now on, we have tried to provide you with a tool for facilitating that. You are sitting on it, it is a Harvard chair from us that has your name on a bronze plaque on the back, and we hope that you will use it in good health for many, many years to come.

(Applause)

MR. SCHORR: Great.

MR. JONES: And we'll ship it to you.

We have time for a few questions, if there are some. There is a microphone and microphone here. If any of you have questions, I would invite you to go to those mics.

I would like to ask a couple of quick

questions based on what you said in your remarks, Daniel. Do you favor the creation of a privilege that would explicitly protect reporters from having to testify and reveal sources?

MR. SCHORR: Yes.

MR. JONES: Did you notice that today or last Sunday, Tony Lewis had an op/ed in the *New York Times* on this subject? Tony Lewis is an esteemed member of this community, and a friend and a man who is both a journalist and a lawyer, made the argument that an exclusive privilege of that kind would be too much power for journalists, because journalists already have the power to be wrong because of *Times v. Sullivan*, they can be mistaken, they can say things that aren't true and they are able to escape libel action.

He was saying that if you couple that with the ability to speak behind a veil of anonymity, it would be something that would be too tempting in this environment that you just described for reporters to take advantage of if they didn't have to be right and they didn't have to disclose their sources.

MR. SCHORR: Well now I get into trouble. There is a price to pay for allowing the press, allowing reporters to report without disclosing their sources. Occasionally it will be a phony story,

occasionally just a story planted for reasons, in fact in most or many cases sources are using the press. And I know all of that and it bothers me some. The question is the price that you pay for having deep control of the press or having to come and prove their stories is too heavy a price to pay. We'll lose some, but I still think that the press should in general be free from that fear that they may have to sit there for 85 days in jail some day because they reported something from a source that insisted on being anonymous. I mean you can make six good arguments against this freedom, but none of them would persuade me.

MR. JONES: Let me ask you very quickly because we've run over time why *It Ain't Necessarily So* and *Summertime*?

MR. SCHORR: That was really because a great musical friend of mine invited me to be on stage with him and help him during, to tell kids to go out and vote and he had me on there. He said while you are here, do you want to sing something? I said sure, why not? And--

MR. JONES: Not *Melancholy Baby*?

MR. SCHORR: Well it was, summertime and the living is easy. That's all you get.

(Applause)

MR. JONES: Yes?

FROM THE FLOOR: Thank you very much. I had one question. Based on your observation of the Bush Administration, do you think it likely that they are going to attack Iran?

MR. SCHORR: No.

FROM THE FLOOR: Thank God.

MR. SCHORR: Or yes.

(Laughter)

MR. SCHORR: As of now, it does not look as though we have any soldiers left. So we'll have to wait a while and train a whole new generation of soldier. Otherwise, if we say we are going to attack Iran, then what would happen if we said we were going to attack Iran and then say oops, I can't find my soldiers.

MR. JONES: We've got three remarkable men who have passed the 90 mark in this room, we've heard from one of them. Walter Shorenstein, who, you missed out on the good things we said about you, Walter, but we said a lot anyway and Bob Greenfield, and I would like to close with just simply a round of applause for three remarkable men.

(Applause)

MR. JONES: We should all be 90 like they are 90.

I want to say a special word of thanks to the staff of the Shorenstein. As some of you know, Alison Kommer is the sort of beating heart of the Goldsmith Awards, her mother is critically ill, she had to leave last week, and so the burden of putting this together, which is not a simple thing to do, fell to the rest of the staff at the Shorenstein Center and I want to publicly thank them for their very hard work in rushing to the rescue, filling the breach and making this work so very, very well.

(Applause)

MR. JONES: We didn't hear from the winners tonight but you will hear from them tomorrow morning, they are going to part of a panel we have in which the winners of the Goldsmith Awards are there to talk about the state of investigative journalism, Dan Schorr will be among them. It will be on the top of the Taubman Building over here at 8:30 for a continental breakfast and then at 9:00 for the panel, which I can tell you is a very, very interesting opportunity to listen to people talk about how they do their work, this investigative journalistic work, and talk about it in more detail about the state of the

press.

As I said at the beginning, this is always a very special night and it's certainly been a remarkable one.

Daniel Schorr, thank you so much.

Congratulations to all the winners.

Thank you and we are adjourned.

(Whereupon, at 7:31 p.m., the session was adjourned.)



C E R T I F I C A T E

This is to certify that the preceding transcript  
is an accurate record based on the recordings of  
the proceedings taken:

Before: ALEX JONES, Moderator

In the Matter of:

THE GOLDSMITH AWARDS

Date: March 13, 2007

Place: Cambridge, Massachusetts

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Martin T. Farley  
Advance Services

03/20/07  
Date