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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

July 21, 1989

REMARKS BY THE PRESIDENT
DURING CEREMONY FOR
CAPTIVE NATIONS WEEK

The Rose Garden

10:02 A.M. EDT

THE PRESIDENT: Thank you all for coming today to the White House. And I want to welcome you to the White House and to an occasion -- Captive Nations Week -- marked by sadness, but blessed by hope.

And today we meet to signal our deep concern at the fate of nations, and peoples as well, whose liberty has been held captive. And we applaud the movement toward democracy taking place in the world, and the changes yet to come.

Six months ago this week, I said in my Inaugural Address: "In man's heart, if not in fact, the day of the dictator is over. The totalitarian era is passing, its old ideas blown away like leaves from an ancient lifeless tree." (Applause.)

Well, I have just returned -- hopeful, and encouraged -- from visits to Poland and Hungary, two nations on the threshold of historic change. And I can say to you: The old ideas are blowing away. Freedom is in the air.

For forty years, Poland and Hungary endured what's been called the dilemma of the single alternative: one political party, one definition of national interest, one social and economic model. In short, one future -- prescribed by an alien ideology.

But in fact, that future meant no future. For it denied to individuals, choice; to societies, pluralism; and to nations, self-determination. And yet in Poland and Hungary, a courageous people would not yield to despair. There, as elsewhere, the light of liberty would not go out.

And ten days ago, I watched thousands brave a driving rain to acclaim this love of liberty. They cheered for free assembly, free press and speech, and freedom of religion, and filled a square in Budapest named after a freedom fighter who believed in that democracy which linked the people of Hungary with the peoples of the world.

Lajos Kossuth arrived in America in 1851 after Hungary's struggle for freedom had temporarily been lost. And yet in his remarks to the United States Congress, he was hopeful, not embittered. He spoke of his "Steady faith in principles" of self-government, opportunity, and individuality.

The heroism of such patriots inspires us, and teaches us. For they embody the spirit of Captive Nations Week -- the spirit which says that freedom around the world is not divisible, and which lives in the brave immigrants from Captive Nations who are beside me: Polita Grau de Aguerro, for instance, a political prisoner in Cuba before fleeing to America. Or Haing Ngor, who fled Cambodia after the holocaust and won an Academy Award for his role in the "Killing Fields."

These seven people are heroes. For they have shown the

MORE

power of courage and free expression. And last week, I saw how the peoples of Poland and Hungary are leading the way toward this democratic future -- casting rays of light on other nations that are not as fortunate. For within these nations, men and women are standing up for the cause of liberty, often at enormous cost. A cause the Czech writer Valav Havel once called the "Living in Truth."

This truth forms the heart of Captive Nations Week. For it dictates that liberty be political, and economic; religious, and intellectual. "Living in Truth" suggests that democratic ideals can make all things possible for a nation, and for its people, and that the individual, not the state, is the voice of tomorrow. (Applause.)

We see that truth in the successful return of democracy to Pakistan. And in Africa, where liberty lights those nations moving away from state socialism with new success. The hated system of apartheid is on the defensive. And in our hope for a Cambodia with self-determination for her people -- and a complete and verified Vietnamese withdrawal, with no return to power by the Khmer Rouge. (Applause.)

And today, the light of liberty is illuminating the face of Eastern and Central Europe, and reflecting the changes taking place within the Soviet Union -- toward greater openness at home and away from confrontation abroad. Such openness prompted the barbed wire fence between Austria and Hungary to be dismantled. And the portion I received -- sitting right here -- the portion I received as a gift is now on display, and I'd love to have you all take a look at it after this.

And a spirit of renewal lights the Baltic States -- Latvia, Lithuania, Estonia -- striving to recapture -- (applause) -- their national history.

These nations know -- as we know -- that that tide is moving -- toward change, economic and political. For around the world, we see democracy opening markets, and boundaries. Freeing hearts. Freeing minds.

And therefore, to nations of Eastern and Central Europe, striving to reclaim their national heritage, we say: America stands with you. (Applause.)

And to the peoples of China, and Vietnam and Laos, Ethiopia and Nicaragua striving for freedom, we say: America stands with you. (Applause.)

And to the ethnic Turks in Bulgaria uprooted from their homes and forced to flee across the border, we say: America stands with you. (Applause.)

Indeed, to all nations, America proclaims the truth cannot forever be intimidated by force. For history shows -- and the human will proclaims -- that liberty can light the darkest night.

Last Tuesday, thousands filled the streets in Gdansk -- peacefully, movingly -- to honor the spirit of Solidarity. But their presence did more. It expressed the belief that democracy underscores the dignity of man.

Among the celebrants was the patriot who, above all others, has made Poland's future possible. Astonished by the turnout, he found pride in freedom's past -- and hope in its tomorrow. As Poles -- cheering, many crying -- flanked our motorcade, Lech Walesa turned to me -- (applause) -- and said simply: "This is fantastic." And he was moved -- and stirred -- by the wonder of the moment, and the crowds that came out to pay their respects to the freedom that the United States of America epitomizes. (Applause.)

And in coming years, that wonder can uplift the world -- in Prague and Kabul -- Tallinn, Riga, Vilinius -- in the hopes and dreams of people who believe in an open and peaceful world, and who have endured much -- and who will survive everything -- through the triumph of the heart.

To love freedom -- to overcome oppression -- this is their spirit -- and the meaning of Captive Nations Week.

We love them, and we are with them, for we will never waiver nor surrender. And so together, let us raise what Lajos Kossuth called "the morning star of liberty." The star that can help all captive peoples know the dignity that sets men free.

Thank you for your participation in this wonderful occasion. I'll never forget it. And God bless you, and thanks for coming to the White House, and God bless the United States of America, and all that we stand for. Thank you very, very much.

END

10:12 A.M. EDT

Civil Rights Bill Veto Threatened

Scope of Federal Employment Discrimination Laws Is at Issue

By Michael Isikoff and Ann Devroy
Washington Post Staff Writers

The Bush administration, risking its first confrontation with civil rights groups, threatened yesterday to veto legislation designed to reverse a series of controversial Supreme Court decisions that sharply restricted the reach of federal employment discrimination laws.

President Bush, in a speech to a civil rights audience last night, made no mention of the controversy about the legislation. White House officials said the president prefers a separate, administration supported measure that would reverse two of the court decisions but support the court's position on three others. A senior official called a letter threatening a veto "part of what we hope will be a negotiating process."

The legislation, which civil rights groups call their top priority this year, cleared the Senate Labor and Human Resources Committee yesterday by an 11-to-5 vote. The bill's backers, noting the measure has 40 cosponsors in the Senate and 160 in the House, said they were confident it would pass both chambers within the next few months.

But in a tough letter delivered late Tuesday night, Attorney General Dick Thornburgh declared the bill unacceptable and charged that it would lead to racial quotas in the workplace. If the bill passes in its current form, Thornburgh said, "I will urge my senior advisers to recommend that it be vetoed."

Thornburgh letter bolstered the measure, who invited a conservative Republican sen-

ators and a coalition of business groups. "It's a real hard-line letter and that's because the bill is that bad," one Republican staff aide said.

But the Leadership Conference on Civil Rights, the Washington lobbying arm for more than 180 civil rights groups, countered that on its first substantive test on civil rights, the Bush administration had bowed "to the right wing of the Republican Party."

"What Thornburgh is asking the president to do is be the only other president except for Andrew Johnson and Ronald Reagan to veto a civil rights bill," said Ralph Neas, executive director of the leadership conference. "It's totally incompatible to the president's professed commitments to minority outreach and effective enforcement of the civil rights laws."

The bill in question, dubbed the Civil Rights Act of 1990, would overturn or otherwise alter the effect of five Supreme Court decisions last year that make it harder to bring successful employment discrimination lawsuits and easier to challenge the legality of affirmative action plans.

The administration's bill also would overturn two of those decisions: one making it more difficult to challenge discriminatory seniority plans and another restricting the reach of an 1866 civil rights law barring intentional racial discrimination in making contracts. But unlike the administration, the proposed civil rights bill also would reverse the Supreme Court's hotly contested decision in *Wards Cove*

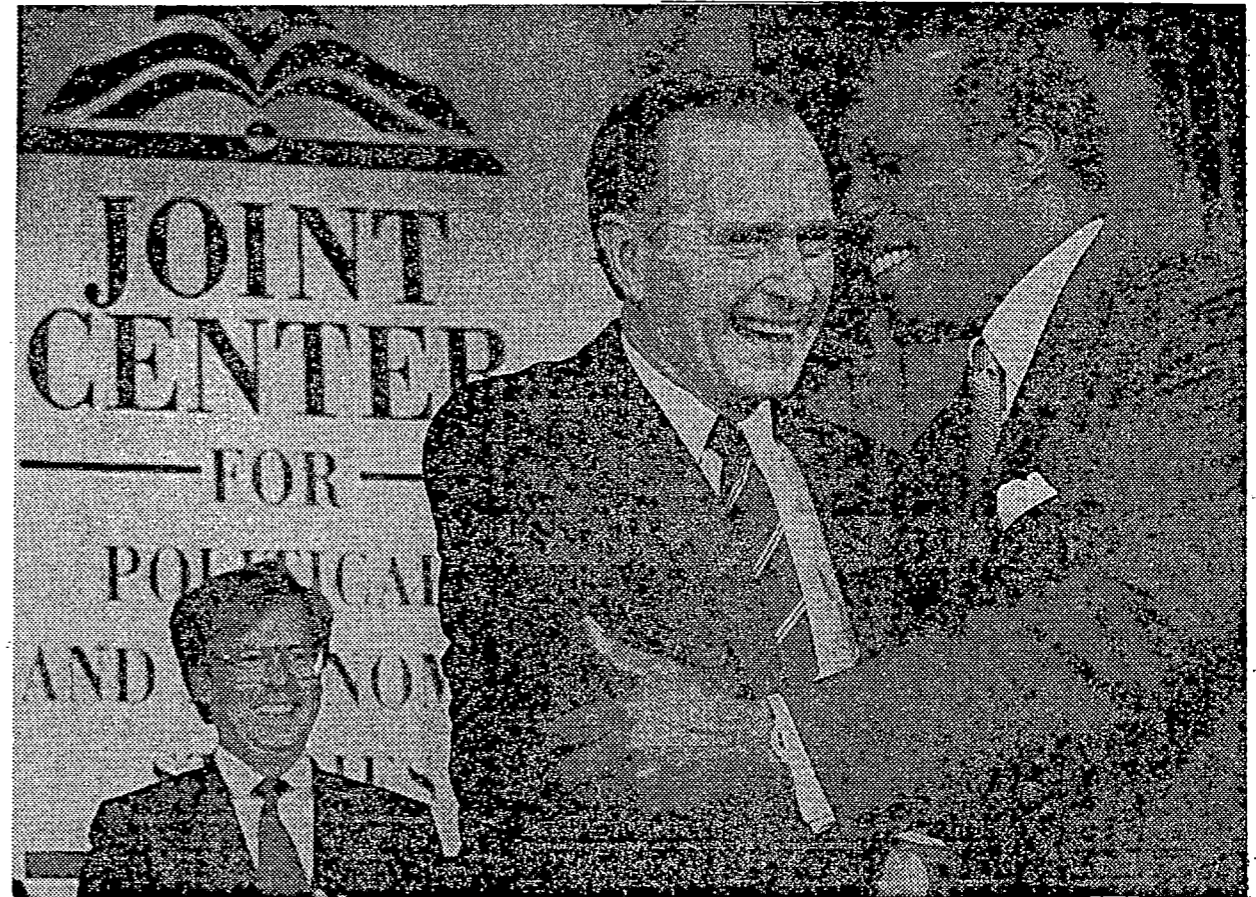
Packing v. Atonio, a case involving alleged job discrimination against Eskimos in an Alaskan salmon cannery.

In that case, the court shifted the burden of proof on alleged job discrimination to workers. It also made it harder for workers to prove their claims by requiring them to prove that certain employment practices that disproportionately affect women or minorities do not serve any legitimate business purpose.

Backers claim that the civil rights bill would restore the law to its pre-*Wards Cove* state, but Thornburgh charged that it would set "impossible" new standards for businesses that would result in employers adopting "a silent practice of quota hiring and promotion" to avoid potential lawsuits.

The bill also would reverse the court's decision in *Martin v. Wilks*, which allowed white workers to challenge court-approved affirmative action plans years after those plans were adopted. Thornburgh in his letter said the department "strongly opposes" the reversal, saying the court's decision was a "reaffirmation by the fundamental notion that everyone is entitled to his or her day in court."

A third contested feature of the bill would permit women and religious minorities to collect monetary damages beyond lost wages, including punitive damages in some cases, under Title VII of the 1964 Civil Rights Act. Thornburgh said this would be "a major change" in the civil rights law that "will discourage



BY RICH LIPSKI—THE WASHINGTON POST

Bush and civil rights leader Vernon Jordan clasp hands at 20th anniversary dinner of Joint Center for Political Studies.

conciliation and encourage litigation."

Thornburgh spokesman David Runkel said the letter was "re-viewed with people in the White House," but added: "This shouldn't be a surprise to anyone" because it was consistent with positions the department had taken before the Supreme Court.

Amid the controversy over the legislation, Bush spoke last night at the 20th anniversary dinner of the Joint Center for Political and Economic Studies at which Virginia Gov. L. Douglas Wilder Jr. (D), the

nation's first black elected governor, was honored.

In a speech, Wilder extolled the "new mainstream" ideology of his new administration.

As he has previously, Wilder credited his narrow election victory last fall to a mix of social progressivism and support for abortion rights with a deeply conservative approach to fiscal affairs. "In addition to the preservation of individual liberties, one of the strongest values of America's new mainstream is an insistence on fiscal responsibility in government . . .," Wilder said.

Bush departed before Wilder chastised the federal government for "continu[ing] to spend and borrow as if a day of reckoning will never arrive."

Wilder drew cheers when he referred to Bush's prediction earlier in the night that a black someday would be elected president. "That's not going to happen 100 years from now," said Wilder, who has made no secret of his intention of playing a prominent role on the national scene.

Staff writer John F. Harris contributed to this report.

Meg Greenfield

Beware of Geobaloney

I've never understood why the phrase "human rights" always seems to end up in the et cetera category of policy concerns. And I've never understood exactly how those in government who make a habit of relegating the human-rights atrocities of other governments to some lower order of priority than a lot of other high-sounding matters (to which they invariably append the pretentious and meaningless prefix "geo") get away with their terrible, beaming condescension to those of us who protest their values—excuse me: to those of us who protest their geopolitical, geopolitical geovalues.

You will have guessed that I have China on my mind. It is just like all the other familiar episodes of its kind in recent history. A government somewhere commits acts of fearful brutality against its own citizens whose crime is espousing democratic purposes, and our own government refuses to jar its relationship with the offending government. Smugly and with ostentatious forbearance it tells us there are larger considerations to be taken into account and that Papa knows best and/or that we are so cute and so understandable, but so terribly wrong, when we are mad. "You'll see," they say; "it's the geo thing, the big geo. Hush now . . . you wouldn't understand, just trust us."

So what have we seen? We have seen a worldwide honor roll of brave, unyielding political dissidents and troublemakers upend superior force, stare down brutish captors and often bring down governments or bring them to the bargaining table or at a minimum outlast them and live to see vindication. Andrei Sakharov, Natan Sharansky, Aleksandr Solzhenitsyn, Lech Walesa, Armando Valladares, Vaclav Havel, Walter Sisulu, Nelson Mandela, Benigno Aquino, Fang Lizhi—each is or was different and each achieved a different measure of success; but surely they and the hundreds of thousands of honorable, democratic resisters of totalitarian and authoritarian tyranny around the world they symbolize represent a force with which we should openly and robustly identify, as distinct from one to which we should merely pay our stiff, formal and unconvincing respects as a kind of noble afterthought to our practical policy considerations.

What are the reasons offered for our usual skittishness about taking up their cause? Sometimes they are the need to stand by a friend (such

as, God help us, Ferdinand Marcos); sometimes they are the need not to antagonize a foe with whom we are trying to do other business (such as old Mr. Stagnation, Leonid Brezhnev). Generally we are inconsistent and selective in our application of our standards in these matters, American administrations that go all pious and self-righteous about not interfering in the internal affairs of a friendly thug will seek funds to help those who are resisting one we don't like.

Two main arguments persist. One is that the American government's intervention only makes things worse for the dissident himself. This is interesting. I have heard the position argued by

Human rights are more than a frill, an add-on to a realpolitik speech. They are what the fight is about.

members of every kind of administration, I have never heard it espoused or even accepted by one of those foreign human-rights disturbers of the peace for whose sake our solicitous government always thought it was keeping quiet. No matter what horrors they have endured and still face, invariably in my experience they will argue for—beg for—overt, conspicuous, noisy, whole-hearted American governmental endorsement.

The other main argument made against such involvement is that it will get in the way of our larger and more critical business with the government in question. I concede that there are times and issues and circumstances that dictate cozying up to or at least humoring repressive governments for the sake of achieving other necessary goals. And I don't think we should saw off relationships with governments that offend on human rights and thereby yield up whatever chance we have to affect them or to do other business that is also essential. But this, despite what the administration says, was not the choice in the China case, and it rarely is. The question was one of negotiating, of letting the Chinese know how our president and our government felt

about the horrible onslaught on the demonstrators of Tiananmen last spring, of showing that this actually mattered to us, of keeping faith with the pro-democracy forces there (and in hiding or taking refuge abroad).

The Bush administration has from the beginning seemed reluctant to do this. It has never found its true voice or authority in protesting what happened, rather, sounding uncertain and even unconvinced of the case against the Chinese government and nervous about making it. To some extent this may just be endemic to the institution: governments tend to like other governments, even those they classify as enemies, better than they like a mob. Governments understand each other and sympathize with each other on some level inaccessible to the rest of us—they drive off in the big black car together after coordinating their arrival statements and that sort of thing. They are often more comfortable with each other than they are with the unpredictable troublemakers protesting outside their doorways or refusing to eat in prison or otherwise disturbing the natural hierarchic order of things.

And then there is also the much commented upon, if unaccountable, double standard that has long prevailed in some parts of the American political establishment concerning Chinese repressiveness. The Chinese have always been able to get away with murder, literally, in this quarter. And they will again unless more than some showy action providing relief for, say, Fang or a couple of other prominent dissidents is forthcoming. Such limited gestures could actually provide cover for their continuing assault on the thousands of endangered foot soldiers of the uprising. Is that kind of cynical cover all our government asks? Unless the Scowcroft mission to Beijing demanded and expects to get relief for those young people being hunted down, imprisoned, tortured and executed, then I think in a terrible way we will have broken faith with them, with our traditions and, yes, with our own best interests in whatever terms the heavy thinkers choose to define them. Human rights are not an add-on, a frill, an extra sentence in a realpolitik speech. They are what the fight was about. Look at Eastern Europe, if you don't think so.

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Released late Monday evening, the new platform of the Soviet Communist Party makes three main points:

- "The Communist Party of the Soviet Union believes the existence of individual property, including ownership of the means of production, does not contradict the modern state in the country's economic development."
- "The restructuring of the price formation is a sine qua non condition for the market to start regulating the economy."

- "Making competition a reality calls for a legislative demonopolization of production, trade, credit services and insurance businesses."

You don't need help with the translation to understand what this says. Private property, prices and competition are now official doctrine of the Soviet Communist Party. Though still freighted with vague socialist rhetoric, the new platform marks an almost complete break with orthodox Marxism. The acceptance of the idea of private property is crucial. By finally setting out in writing a philosophical commitment to principles that undergird economic liberalism, Mr. Gorbachev may finally move the Soviet Union forward.

In a sense, Mikhail Gorbachev has replaced Perestroika with Perestroika II. The second version—a Russian read-my-lips to millions of bureaucrats—could shove the economy in a direction that will allow it to join the strong Eastern Europe current toward free markets and property rights.

The middle class is rehabilitated. The platform repudiates the "dictatorship of the proletariat," which of course justified the liquidation of the middle class under Stalin. "A rule-of-law state of the whole people has no room for dictatorship by any class," the platform says. In a short section,

the party genuflects to the creative spirit of Marxism and its "humanistic" outlook.

It will be some time before we see competing Soviet department stores, but an acceptance of private property could pay immediate dividends in agriculture, just as it did in China 10 years ago. Mikhail Gorbachev surely appreciates the disaster of Soviet farming from his days as agriculture minister. Indeed over the weekend, news reports said that the Soviets are running out of feed grain and reducing meat shipments to outlying regions. Late last year, Sergei Grigoryants of Glasnost magazine told us that Mr. Gorbachev would adopt market-oriented reforms only when the agricultural system finally failed. That moment seems to have arrived. The platform allows farmers the right to lease land along with the right of inheritance. Mr. Gorbachev said last week that "all obstacles in the way of the farmer should be removed."

For all this, the new Communist Party platform is still just words. And such ideas are not alien to communist thinking. In the early 1980s, Communist Chinese reformers made the case for property rights, as well as for free prices and labor markets. Then the regime began to feel threatened by the democratic and pluralistic values that accompany property rights and ultimately lost its will to go on. It began a crackdown that led to Tiananmen Square and continues today.

For now, Mr. Gorbachev and his allies deserve credit for the platform's boldness in throwing over academic Marxist ideology. A system that guarantees and actively protects property rights, frees prices and exposes individual initiative to competition can produce results anywhere. It will also build political support for any leader who has the vision to implement it.

Asides

Communist Conspiracy

Recall how last week Washington environmentalists suspected that John Sununu had somehow altered President Bush's speech on global warming to assert that environmental policies couldn't ignore economic costs. Now get a load of what the Soviet Communist Party's just-released platform says on the subject of protecting nature: "At the same time one cannot panic, allowing unfounded demands to close down enterprises that are vital to the country and without which it is impossible to meet the most elementary needs of the people. It will be im-

possible to tackle ecological problems and save nature without modern scientific, technological and industrial development." Is it possible the devious, pro-market Sununu is now influencing the environmental policies of the communists?

Ivana, Cont'd.

Meanwhile, with Marxism overthrown and Drexel on the brink, the Big Apple is keeping its head. The New York Post trumpeted across its front page yesterday with: "Gimme the Plaza!" It's hard to imagine any event that will knock the Trump tiff from atop Gotham's news menu.

up such firms. The limits on the types of businesses and cooperatives opened. As a result, the number of such businesses was not as large as it might have been. This meant that the higher prices they charged did not serve to increase the supply of goods offered for sale in the way expected, leading to what we considered exorbitant price increases and the disappearance of goods originally intended for sale at fixed low prices in the state-regulated shops. This in turn provoked a backlash that ultimately led to the banning of certain kinds of cooperatives and the over-regulation and taxation of those cooperatives not formally banned.

The piecemeal nature of the Soviet reforms also explains the growing tendency to compartmentalize all economic activity. For example, in mid-January, local authorities in Leningrad passed regulations prohibiting food sales to anyone who could not prove he was a Leningrad resident. This was done to hamper speculators who flood the city each day to avail themselves of goods for resale in outlying regions. The same sort of procedures have been in effect in Baltic states for several months.

As a consequence, rubles—or at least rubles used to buy goods sold at artificially fixed rates—are losing their value. This is an inevitable result of growing inflation and price controls. Ration coupons are becoming more important than rubles. And when one part of the country tries to introduce price reform, it causes disruption in the neighboring republics. This is what happened when Estonia decided to deregulate the price of vodka and cigarettes. Speculators in the Russian Republic vacuumed their price-controlled stores of both products and resold them to Estonians at prices just below those of the market-determined stores.

The decision to make a half-hearted gesture at devaluation of the ruble is yet another case of what happens when officials tamper with market forces.

As of November, the Soviet government came to acknowledge that the official exchange rate is far out of line with reality. In what was seen as a bold move, the government announced a partial devaluation of the ruble; in one exchange, foreign tourists could obtain 10 times the number of rubles as before. But regular foreign trade was conducted at the old exchange rate. Responding to the arbitrage possibilities, Soviet customers emptied their stores of everything that might have any value to foreigners. As a consequence, the Soviet Union, one of the world's largest producers of watches, now is short of watches—something that never happened in the pre-Gorbachev era. The same holds for almost all appliances.

Perhaps the most disappointing aspect of the whole process is that even when the proper medicine is prescribed, the dispensers of that medicine find themselves so hamstrung that the effort seems to end up making things worse rather than better. As a result, the reform itself is now suspect. This explains why more and more Soviet citizens are looking back longingly to "the good old days" of Brezhnev and why Soviet economic reform has become more of a challenge than ever before.

Mr. Goldman is a professor of economics at Wellesley and associate director of Harvard's Russian Research Center.

If U.S. Is Unequal, Don't Blame the Payroll Tax

By HENRY AARON

When Sen. Daniel Moynihan tossed his payroll tax bomb into the fiscal debate, his main motive was outrage at the use of the Social Security surplus to disguise the deficit on other government operations. But he also claimed that the payroll tax is regressive and that the U.S. tax system as a whole is "fast becoming the most regressive of any Western nation." Is he right?

The critical question is "compared to what"? The combination of benefits and taxes mildly redistributes income toward lower income groups. And this is true when one looks either at transactions in just one year for the diverse population of taxpayers and beneficiaries or at the effects of the Social Security system on individual workers over their lifetimes.

So if you believe that in the absence of payroll taxes the U.S. would have no Social Security benefits, then the system is clearly progressive. If, on the other hand, you believe that benefits would have been provided anyway and that the Social Security tax is a substitute for income taxes as a means to pay for them, then the substitution of payroll taxes for income taxes increases inequality.

The payroll tax rate has been set higher than the costs of current benefits require. The objective was to compel the current, very large, generation of workers to put aside enough funds—in other words, to save enough—to reduce the cost of Baby Boomers' future pensions for the smaller generations of workers to come. The accumulation of Social Security reserves can achieve this purpose, however, only if they succeed in adding to national saving and investment. If the heaped up surpluses serve instead to justify or to mask dissaving—in other words, a deficit on the rest of the budget—they won't achieve their purpose.

The distributional consequence of the Moynihan tax cut, then, would depend once again on which assumption you choose to make: If one could be sure that cutting back payroll tax rates to the level necessary to cover current Social Security benefits would force Congress and the president to boost income taxes, this substitution would decrease inequality. If, however, a payroll tax cut would boost the deficit and force cuts in Social Security benefits, then cutting the payroll tax could well increase inequality.

The rest of the U.S. tax system must be looked at in the same way. If the U.S. were to amend its tax structure to collect the same total amount of revenue as it does now, but were to collect it by copying the tax structures of the other large, developed economies, the distribution of income in the U.S. would probably become less equal than it is today. Although the tax burden in the U.S. is much smaller in relation to national income than in any other developed country (except Japan), the structure of U.S. taxation is probably among the more progressive (or less regressive) in the major industrial countries.

All the large industrial countries except Japan collect a larger share of their reve-

nues from sales and payroll taxes than does the U.S. These taxes fall more heavily on low- and middle-income families than do taxes on personal and corporate income or on property taxes. (See table.)

Unfortunately, internationally comparable studies of tax incidence to prove this point decisively are not available. Even the comparative progressivity of personal income taxes is hard to judge. Income tax

income distribution got a 48% increase in income from 1977 to the present, and were rewarded with a 12.5% drop in their tax rates.

The U.S., like most European countries, does not use its tax system to equalize incomes. What equalization there is occurs through high overall taxes that support redistributive public expenditures, most notably social insurance.

The story that Sen. Moynihan is trying to tell is too complex for a press release. The U.S. tax structure is doing less to reduce inequality than it did 10 years ago, and much less than it did 25 years ago, because of the increase in payroll taxes and the long-running shrinkage of corporate income taxes. On the other hand, the U.S. tax structure probably reduces inequality more than do the tax structures of the other major industrial economies, because they tax capital even less heavily. But the workings of the U.S. economy are generating more inequality in the first place than do those of the other major economies—as any of the commonly used meas-

ures of inequality will show—and more than they used to do even a decade ago. And the combination of taxes and social welfare spending are doing less today than in the past to offset inequality.

Mr. Aaron is a fellow at the Brookings Institution.

Who Gets Squeezed

Percent of total tax revenues

	PERSONAL CORPORATE AND PROPERTY TAXES	SOCIAL SECURITY CONTRIBUTIONS, SALES AND PAYROLL TAXES
Japan	58.2%	41.5%
United States	54.5	45.5
Britain	50.9	49.5
Italy	39.4	60.7
West Germany	37.2	62.7
France	22.6	74.2

Source: Organization for Economic Cooperation and Development.

ures are far more steeply graduated in most European countries than in the U.S., but progressivity depends on both the graduation of statutory rates and the definition of taxable income. The U.S. Tax Reform Act slightly increased progressivity despite sharp reductions in the graduation of nominal rates, because it extended the tax base to include more of the income derived from capital, and because it taxed corporations more heavily. Major European countries are far less effective than the U.S. in taxing income from capital.

However, while it is not true that the U.S. tax system is among the developed world's most regressive, it is true that the tax system has never done much to reduce income inequality and that it does even less today than in the past. The widely cited analyses of the incidence of U.S. taxes by the late Joseph A. Pechman show that all income groups between the richest 10% and the poorest 10% of the population bear roughly the same total tax burden in relation to income. The poor seem to pay slightly more, but this result may reflect a misclassification of some normally non-poor but temporarily down-on-their-luck families. The well-to-do pay somewhat higher than average tax rates. In short, the U.S. tax system is somewhat regressive at the bottom, somewhat progressive at the very top, and roughly proportional in between.

Except for the 1986 tax reform, over the past two decades taxes have diminished on the relatively well-to-do and steadily increased on the poor. Statistics recently released by the House Committee on Ways and Means document that the income of the poorest fifth of income earners fell 8.5% between 1979 and 1987, while their income after taxes and transfers fell 9.1%. In contrast, the richest 20% of the population enjoyed an increase in income of 15.9%—and an even larger 18.7% increase in income after taxes and transfers. Even more strikingly, people in the top 5% of the

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REVIEW & OUTLOOK

End of the Game

It's end game for the Warsaw Pact, and in the past 48 hours President Bush moved closer to checkmate. "Those troops are not wanted in Eastern Europe anymore," Mr. Bush said of Soviet forces, at a Monday press conference. "Our troops are wanted by the Free World." Very simply, the Soviets are an occupying force, and American troops are there by invitation.

Mr. Bush's comments were a welcome antidote to the phony symmetry between U.S. and Soviet forces that had become popular in Moscow and some parts of Washington. Just how welcome became clear yesterday.

Amid announcements in Ottawa on reunifying Germany, the Soviets accepted the U.S. position of keeping 30,000 more troops in Europe than the Soviets. Just days ago, Mr. Gorbachev was saying that such a concession was impossible. The U.S. might be able to expect a similar outcome despite Foreign Minister Shevardnadze's suggestion yesterday that Moscow could never accept a united Germany that was part of the NATO alliance. We hope Mr. Bush doesn't budge.

Indeed, we hope the President's forceful comments are the first step toward extricating the U.S. from an arms-control process on conventional forces that obviously has become irrelevant, and perhaps harmful, to American interests.

When they began more than a year ago, the CFE talks (for Conventional Forces in Europe) were a good idea. So long as the Warsaw Pact had a three-to-one advantage over NATO in tanks and even more in manpower, it made sense for the U.S. to seek reductions to an equal level. But that was before the revolution of 1989—before Solidarity came to power in Poland, before Wenceslas Square, Leipzig and Timisoara. Now, in the consolidation of 1990, the danger is that CFE will justify and entrench a presence for Soviet troops that would otherwise be intolerable.

Stories now appear weekly that the East Europeans want the Soviets out, pronto. The new democrats of Poland and Czechoslovakia have said so clearly. Some Soviet troops have already left Hungary. The rump com-

munist regime now running East Germany may hope to retain some of its 380,000 Soviet troops, but even it has called for reunification with West Germany. In a reunified Germany—in or out of NATO—Soviet troops will not be welcome.

Facing the inevitable, Mikhail Gorbachev surely will want to play to a draw by demanding that if his own troops leave the East, those from the U.S. have to leave Western Europe. But "U.S. troops are there as a stabilizing factor," Mr. Bush said Monday. "Our European allies want us there." He added, "I suspect, I can't prove it, that some countries in the Warsaw Pact today would see us not as a threatening presence but as a stabilizing presence." Mrs. Thatcher and President Mitterrand of France have said many times that they want U.S. troops to remain. And German Chancellor Kohl consistently says he wants a unified Germany to be part of NATO—and NATO still includes American troops.

We suspect that all these Western leaders understand that the Soviets will remain on the European continent in any case. Even beyond the Urals, their modernized tanks are only a couple of days' drive from Poland, while as Mr. Bush pointed out, "We've got a big ocean between us and Western Europe."

History has simply overtaken the CFE talks. It's possible to argue that the conventional-arms-control proposal agreed on in Ottawa yesterday—195,000 troops for each side in Central Europe, with 30,000 other Americans elsewhere in Europe—doesn't do much harm. Indeed, the biggest "risk" if 195,000 Soviets are allowed to remain in a united Germany is that they all might defect at once.

The larger problem, however, is that persisting with the current arms-control game allows the Soviets to advertise that their troops have as much right to remain in Europe as America's do. In the Warsaw Pact end game, the U.S. has two rooks and a queen against Mr. Gorbachev's exposed king. The smart player would use them to finish the game, not bargain them away.

Piecemeal Reforms
Make Many Soviets
Long for Brezhnev

By MARSHALL L. GOLDMAN

Acknowledgment that the Soviet Union has run out of feed grains for its cattle is but the latest indication of Mikhail Gorbachev's difficulties with *perestroika*.

Like so many of his other economic efforts, Mr. Gorbachev's grain program has become counterproductive. Last summer the Soviet government announced a plan to pay peasants in dollars and other convertible currencies for any increase in their deliveries over the 1985 harvest. Despite the fact that the harvest rose by 14 million tons in 1989, the amount of grain offered for sale to the state fell by 26 million tons. What went wrong?

At first glance, the dollars-for-grain idea seemed to make sense. Why should the Soviets import U.S. grain and pay U.S. farmers dollars earned by exporting Soviet oil, when it would make much more sense if the Soviet Union could pay its own peasants with the dollars instead? But Mr. Gorbachev is discovering that piecemeal reform can be very dangerous.

Fearful that some of the more daring peasants might make too much money and import too many consumer goods with the dollars they would earn from extra grain sales, Soviet authorities imposed all manner of restrictions to what initially seemed to be a very simple program.

Officials prevented the peasants from spending more than one-third of their earnings on consumer goods and sharply circumscribed the selection of goods available to them. Moreover, they jacked up the prices of imported goods and imposed a service fee of one-third of whatever was spent. That limited the price paid to the peasants to only one-half the world price for grain. And the Soviets refuse to pay interest on any of the peasants' proceeds in the bank.

Once they began to see they were being exploited, the peasants decided to withhold their grain. In the 1920s something similar happened, when individual peasants hoarded grain; now the collective and state farms do so. As a consequence, last year the Soviet Union imported 36 million tons of grain—one million tons more than 1988, five million tons more than 1987 and 10 million tons more than 1986.

In 1989, one-third of all the bread baked in the Soviet Union was made with imported grain. Even worse, because of shortages of convertible currency, authorities have refused to spend any more on grain imports. As a result, feed-grain allocations for livestock are being slashed by at least 25%. This probably will mean a premature increase in the slaughter of livestock followed by a severe shortage of meat and breeding stock.

Similar disappointments have resulted from the introduction of private and cooperative businesses.

Initially only pensioners, school-age adolescents and after-hour adults could set

Echoes of the '50s in Rooney Witch Hunt

By DOROTHY RABINOWITZ

CBS and its president, David Burke, may think otherwise, but Andy Rooney's suspension is going to be with us—and then—for a long time to come. True, it is only one of countless similar punishments that nowadays regularly befall people who publicly express something other than the politically "correct" view of homosexuality, women's rights, race and the like. Still, there is something in the nature of this suspension, something special in the dimensions of cravenness it represents, that puts it among the more memorable examples of repression in our time.

Mr. Rooney's particular difficulties began in a year-end special aired on Dec. 28, in which he said that "many of the ills which kill us are self-induced: too much alcohol, too much food, drugs, homosexual unions, cigarettes. They're all known to lead quite often to premature deaths."

The Gay and Lesbian Alliance Against Defamation (GLAAD) began a letter-writing campaign against Mr. Rooney, and asked CBS to suspend or, preferably, fire him. Mr. Rooney then sent a letter of apology to *The Advocate*, a biweekly magazine for homosexuals, in which he explained his views. The same issue of the magazine carried an interview with an *Advocate* reporter, in which Mr. Rooney is supposed to have said that blacks had watered down their genes because the least intelligent ones have the most children—a comment Mr. Rooney emphatically denies making. The *Advocate* reporter who conducted the interview could provide no tape record of this interview; whose incendiary quote about blacks was, Mr. Rooney charges, entirely fabricated as part of the campaign mounted against him.

But Mr. Rooney's denial that he had made the comment about blacks attributed to him, made little difference in light of the comments he clearly made in his letter of apology to homosexuals. That letter doomed him, CBS sources acknowledge. In it Mr. Rooney had said flatly what it is of course not now permissible to say—namely that the particular physical practices male homosexuals engage in were repugnant to him.

Personal Comments

"Is it ethically or morally wrong or abnormal behavior?" Mr. Rooney added. "It seems so to me. . . ." In these altogether personal and reflective comments, Mr. Rooney also noted that he thought of gay men as victims, and of AIDS as a largely preventable disease.

That homosexuals should take exception to these views is not surprising. That CBS's president should so instantaneously

have yielded to the pressure to punish Mr. Rooney for comments like these is, however, startling even for these times—particularly given the extreme nature of this punishment. It was not simply a three-month suspension that CBS meted out to Mr. Rooney for his failure to obey the precepts of correct thinking on the subject of homosexuality: CBS's management in addition made it clear that, as between the word of the *Advocate* reporter and that of Mr. Rooney, who has been associated with

Certain offenses, those of racism and homophobia in particular, have such status that it is necessary only to be accused of them to be found guilty or at least irremediably tainted. It needs no more to bring the capitulation of a broadcast network.

CBS since the late '40s, they chose to believe the former, notwithstanding the lack of a shred of evidence besides the reporter's accusation of racism.

Certain offenses; those of racism and homophobia in particular, now have such status that it is necessary only to be accused of them to be found guilty or at least irremediably tainted. It needs no more than such an accusation to bring the capitulation of a large and powerful broadcast network.

There are familiar echoes in all of this, for anyone old enough to recall the 1950s—the era when the crime of crimes was communism. Then it was enough merely to have a name published in *Red Channels*, for political vigilantes merely to phone networks—as well as other institutions—to charge that a performer held communist views, to assure that the performer would be out of work in short order.

All this of course is old news—the sort of thing our activists of today like to look back on when preening themselves on their superiority to the so-called conformist generation of the '50s. Back in the Dark Age of the 1950s, according to this view, McCarthyites ruled the land, and none but a pitiful few raised their voices in dissent.

What is wrong with all this is that this is a description truer of our current age of repression than it was of the 1950s. Things are in fact worse today, in significant ways. In the 1950s, for example, the universities, and the intellectuals and academics generally, were focal points of resistance to McCarthy, *Red Channels*, thought control and efforts to abridge free speech. Today, the universities and the academics are the main perpetrators of thought control and repression—places

where even small deviations from the established orthodoxies on women, homosexuality or race bring instant retribution and threats to job security. It was the UCLA of the late 1980s—not the 1950s—that suspended an editor of the student paper for running a cartoon that derided affirmative action.

And it is the CBS of the 1990s that seems not unlike the CBS of the 1950s—of 1957, in fact, when it fired popular radio-show host John Henry Faulk, when pressured to do so by a group called *AWARE Inc.*, which had determined on the basis of his union activities that Mr. Faulk was not a loyal American.

The day after Mr. Rooney's suspension was announced, CBS logged 2,549 calls in New York alone, just four of which favored the network's action. Mr. Rooney himself received an avalanche of calls, among them a number of death threats.

So far we have seen no outpouring by artists and intellectuals like those who emerged—however timorously—to proclaim Salman Rushdie's right to free expression, though Mr. Rushdie's "Satanic Verses" had given the most grievous offense to Muslims, no outpouring by notables like those who rushed to defend the right to exhibit, as art, a crucifix dipped in urine.

On college campuses, objections to visits by Minister Louis Farrakhan, a renowned anti-Semite, are not only considered abridgments of the right of free speech that all good citizens should abhor—those objections are shouted down as "racist."

All of which is to say that what happened to Andy Rooney simply emphasizes a fact that has long been obvious—namely that nowadays, the right to untrammelled free expression is limited to certain select groups, namely minority and similar activists. Afro-American studies lecturers frequently preach venomously racist views directed at white America, and do so with impunity.

Look Around

After the dark days of the '50s witch hunts, people used to ask: But how was it possible that a grocer from Syracuse could publish a guide called *Red Channels* and get the broadcast networks to cave? How could large and powerful institutions everywhere fall prey to such fear and the need to appease the zealots and pressure groups?

In this, our very own McCarthyite era, an era in which the only truly permissible public discussion of race or homosexuality or similarly protected subjects is the expression of pieties, it is no longer necessary to ask such questions. It is necessary only to look around—to look, for example, at the spectacle of CBS last week—to see history re-enacted.

Ms. Rabinowitz, a writer in New York, comments frequently on the media.

Photo Copy Preservation

Whither the State?

VICE PRESIDENT/ATTACK

Jennings reports that Vice President Quayle was startled but not hurt when somebody threw a bundle of papers at him as he walked to his car on Capitol Hill. The thrower, said to be a man from the Virgin Islands, was arrested. It was not clear what the papers were or why they were thrown. (ABC-8, CBS-5)

Brokaw reports that the suspect was angry because he didn't win Ed McMahon's American Family Publisher Sweepstakes. (NBC-2)

MASS TRANSPORTATION

ABC's Ned Potter reports that European governments have started something almost unseen in America: comprehensive, big-budget plans to give people appealing alternatives to their cars. Outside Essen, West Germany, a diesel bus picks up passengers, then closer to downtown it transforms itself into an electric trolley on rails. It solves three problems: it can go anywhere in the suburbs, it outsmarts downtown traffic, and cuts urban smog. In Frankfurt, a computer monitors bus routes and turns lights green for the buses. They stop less, pollute less and arrive sooner. In Berlin, engineers demonstrate a train with no wheels and no engine; it floats on magnets which also pull it along. Such a train, called Maglev, was a U.S. invention but Germany spent \$1 billion to build it. It protects the environment because there's no pollution. It does not take cutting-edge technology to make mass transit work. Other governments have sought other alternatives to gridlock. Holland has developed a plan to make bicycling more appealing than driving. Bike lanes are built directly into major streets; shopping centers have parking lots -- but not for autos. In the old city of Delft, the Netherlands, cars can get downtown but detours prevent them from driving across downtown. The plan works: the plan increased bicycling 11 percent. Nationally, bikes now account for one-third of all trips the Dutch make. Changes like these are made more easily in Western Europe because people are more used to government planning and to the taxes that pay for all those plans. In the U.S., the average gas tax is 30 cents a gallon. In Europe, more than \$1.80. High as those prices are, European governments say those prices will have to rise much more to steer people away from the habits that endanger the planet. The message for us Americans then, is not that the car can or should be eliminated, but that with good enough planning, better, cleaner, healthier alternatives can speed people on their way. (ABC-12)

AIDS/DISABLED

Jennings reports that a bill intended to protect disabled people from discrimination will apparently not protect people with AIDS in some circumstances. The Senate has voted to allow employers to bar people with AIDS from jobs that require them to handle food. Sen. Helms argued that people still believe AIDS can be transmitted through food handling. All the evidence says this is not true. Sen. Harkin said AIDS sufferers will be the victims of ignorance, prejudice and mythology. (ABC-5)

RIGHT TO DIE

ABC's Chris Bury reports on the controversy surrounding Dr. Jack Kevorkian, a euthanasia advocate who helped an Oregon woman commit suicide Tuesday. Kevorkian said the court injunction against using the machine would not stop him from using it in other places.

(Kevorkian: "I understand the injunction is only for Oakland County. I have patients in other counties who have contacted me. I can make another machine very fast.")

Dr. Murray Levin has known Kevorkian for 30 years.

(Levin, Oakland County Michigan Medical Society: "Jack has been a loner, he's had unique ideas, he does things uniquely -- out of bounds with the rest of medicine.")

Kevorkian has been pushing his ideas on TV talk shows, but he has not been published in a serious medical journal since 1961.

(Kevorkian: "I've been stonewalled up and down the line in this country by a very strictly-controlled medical press.")

(ABC-4, NBC-3)

PESTICIDE EXPORTS

Bradley reports the Senate Agriculture Committee attached a provision to the 1990 Farm Bill Wednesday to stop U.S. companies from exporting pesticides that are banned in this country. Among other things, supporters said that food grown with those pesticides abroad frequently winds up being sold here.

(CBS-11)

EDUCATION

CBS's Edie Magnus reports from Boston on decreasing funds for education. Severe state budget cutbacks and declining high school enrollments are forcing some tough choices in many of America's public schools. In Boston, the threat of teacher layoffs threatens racial harmony. A new court order requires the city to spare recently hired minority teachers, which means almost all of those who could lose their jobs are white.

(CBS-2)

POPULAR OPPOSITION

ABC's Linda Pattillo reports from Granville, North Carolina, that residents opposed to a hazardous waste incinerator in their community have resorted to a new method of protest. A local attorney bought 48 acres of land smack in the middle of the proposed site and started selling five by six foot parcels for \$5. The idea is to bog down the bureaucracy. By law, the state must notify each owner before it can condemn the property. So far there are 6,000 names on the deed, some who live in rural areas very far away.

(ABC-14, CBS-12)

BARRY TRIAL

CBS's Rita Braver reports that ever since his indictment, Marion Barry has loudly proclaimed himself a victim of government harassment.

(Mayor Barry: "My family have had to go through my mail being opened, my bank accounts checked, my tax return looked at, my phones tapped.")

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