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**OA/ID Number:** 13766
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(Hinchliffe/Blymire)
July 25, 1991 10 a.m.
MTOAST Draft One

**PRESIDENTIAL REMARKS: MOSCOW STATE DINNER TOAST**
**July 30, 1991**

Thank you Mr. President, Mrs. Gorbachev, and all the Soviet people who have welcomed Barbara and me so warmly. But I heard that when word spread that the most important man in the United States would be visiting, people across this city asked in excitement: "You mean Arnold Schwarzenegger is coming to Moscow?"

We're honored to be your guests at this dinner. But one of our grandsons, who's read about the new restaurants here, was eager to know if tonight's menu was going to feature Big Macs.

I want to pay a special tribute to our host and friend -- a man my country greatly admires. And a man I greatly admire. When he came to Washington last year I took him to ~~our weekend home~~ Camp David to play horseshoes -- and on his very first toss, he made a ringer! I gave him that horseshoe as a symbol of good luck. But -- as with everything he's accomplished -- I think his success was due more to his unique mixture of determination, courage and skill.

A rush of dramatic changes have reshaped our world since we first met six years ago, Mr. President. The relationship between our nations has deepened, and has come to remind me of an old proverb from your land: "There's no road too long and no obstacle too hard for friendship." Our nations' friendship, built on mutual respect and personal trust, has changed the world.

One of the most powerful examples of this is the treaty that has brought us here. For almost a decade our START negotiators

sought to achieve real and stabilizing reductions in our strategic arsenals. Today, we laud the accord that has emerged -- a treaty that bolsters the promise of peace and advances the security of both our nations. We also celebrate the bond that has been strengthened between our countries.

Much of the credit for that -- and for the exciting reforms sweeping this world and your nation -- is due to you, Mr. President. With vision and courage, your government has taken the first steps towards a better life for your people. We wholeheartedly support your steps towards freedom, democracy, and free enterprise.

Our people will face tough challenges in the days ahead as we try to forge a future of reform and peace. But we can gain strength from the writings of Anton Chekhov, who once reflected on our responsibility to our world. He said: "Man has been endowed with reason, with the power to create, so that he can add to what he's been given."

It's an ancient custom in your land that when you're preparing for a long journey, you sit down for a moment of quiet reflection. Perhaps that is what we need to do now -- at least in the silence of our hearts -- because, individually and together, we face a very long -- and exciting -- journey of change.

And as we begin, let me echo your traditional toast: "To the future of our countries!" May God bless them both.

# # # # #

Beth

PRESIDENT'S RESPONSE TOAST AT STATE DINNER

Thank you, Mr. President, Mrs. Gorbachev, and all our Soviet hosts, for this magnificent dinner. The hospitality of the peoples of the Soviet Union is well known. The warm smiles and enthusiastic greetings I've received all around Moscow give testimony to its enduring nature.

Mr. President, for almost a decade, our negotiators have sought, in the START talks, to achieve real and stabilizing reductions in our strategic arsenals. At times, our efforts in START were the only hopeful aspect of a harshly adversarial relationship. But though the Cold War's chilling wind blew hard at the beginning of the start process, it could not freeze our efforts. The mission, our duty to our peoples and the world community to reduce the risk of war, was simply too important.

It has been an arduous journey; but then, a worthwhile task is never easy. And today we can look past negotiations successfully concluded, and laud the accord that has emerged. This is a treaty that bolsters the promise of peace. It is a treaty that reflects and reinforces the new, cooperative relationship between our two countries. It is a treaty that advances the security of both our nations.

When our predecessors had the vision to begin the START talks in 1982, who could have foreseen the world would be transformed

as it has been over the past few years. And what dramatic steps, Mr. President, you and your fellow countrymen have taken to contribute to this transformation: the healing of the post-war division of Europe, the rejuvenation of the United Nations, the conclusion of a conventional arms control agreement limiting the major military forces on this continent, and most of all, the invigoration of reform here in the Soviet Union. What promises the path of reform you have chosen hold forth. With vision and courage, your government has taken the first steps towards a better life for the people of your country. We in the United States respect and admire your courage and are prepared to support your steps towards freedom and democracy.

So, Mr. President, as the chill wind and dark clouds of the Cold War disperse behind us, let us toast a new relationship; let us celebrate START, and all the new beginnings embodied in this Moscow Summit. May they contribute to a relationship, which at long last fittingly reflects the hopes and aspirations of all our people.

PRESIDENT BUSH'S RESPONSE TOAST FOR STATE DINNER

Drafted: EUR/SOV: RAFigueroa

07/20/91 x76770 SESOVADM 107

Cleared: EUR: JFTefft

EUR/SOV: JMOrdway

PA: RBoucher

S/P: JHannah

(Hinchliffe/Blymire)
July 24, 1991 2 p.m.
TOAST Draft One

**OUTLINE FOR MOSCOW STATE DINNER (5 minutes)**

I. INTRODUCTIONS/ACKNOWLEDGEMENTS

II. JOKES/ANECDOTES (examples follow)
- --heard when people told most important man in America coming to visit, they said -- "Arnold Schwarzenegger is coming to Moscow?"
- --McDonald's food and State Dinner

III. THANKS
- --to Soviet people and leaders
- --to Kremlin hosts (refer to afternoon speech)
- --to Gorbachevs

IV. TRIBUTE TO GORBACHEV
- --personal (anecdotes from May 1990 visit to D.C.)
- --U.S. support for his attempt to promote economic and political reform
- --and Raisa: mention Am-Sov Youth Orchestra (Raisa and Barbara B. are honorary chairmen)

V. CELEBRATE ACCOMPLISHMENTS
- --tribute to U.S.-Soviet partnership (old Soviet proverb: "There is no road too long and no obstacle too hard for friendship")
  - --in new world order; --in Gulf
  - --currently in Middle East
- --Soviet beginning of economic reforms

VI. LOOK FORWARD TO ACCOMPLISHMENTS (CHALLENGES)
- --support for market economy reforms and entrepreneurs
  - --recap package of initiatives
- --support for democratization and political pluralism
- --looking forward to evolution of strong U.S.-Soviet relationship (economic and political)

VII. CONCLUSION
- --challenge for strong future and continuation of reforms (Chekhov: "Man has been endowed with reason, with the power to create, so that he can add to what he's been given.")
- --old Russian custom: when getting ready for long journey, sit down for quiet moment. Long journey of change ahead.
- --end: thanks, then traditional Soviet toast: "To the future of our countries!"

# # # # #

**MOSCOW**

--NSC notes:

I. OBJECTIVES
--demonstrate continued US commitment to reform in USSR
--highlight advantage of evolving, positive US-Sov. relationship

--signal strong support for G's attempt to promote economic and pol. reform; US willingness to support that process
--emphasize new and vigorous US commitment to close relationships with reformers at all levels that doesn't detract from relationship with center
--first post Cold-War summit (arms control shouldn't be overriding issue)
--focus: how US will relate to vastly changed and changing USSR; revolve around question of future of USSR itself; US role in promoting economic reform and democratization will be key

--problems that could limit support:
--Soviet policy in Baltics
--pace and nature of economic reform
--Soviet military spending

II. THEMES
--new partnership in World Affairs (our cooperation since June 1990 summit helping to define concept of new world order:
--US-Sov. coop. helped achieve German unification;
--Gulf War cooperation;
--regional issues (Angola and Central America)
--current efforts to promote stability in Middle East
--US support for market economic reforms
--spotlight on enhanced US-Sov econ. relationship
--have announced package of initiatives to normalize the economic relationship after 773 years (more details p. 2 if needed) -- especially, interest in developing Stabilization Fund for Soviet use should embark on true market reform effort
--provide direct support to growing entrepreneurial movement in USSR -- to assist creation of free market economy
--unequviocal US Support for Democratization and political pluralism
--US interest in expanding ties with republic leaders

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13TH STORY of Level 1 printed in FULL format.

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June 2, 1990, Saturday, Final Edition

SECTION: FIRST SECTION; PAGE A25; SUMMIT IN WASHINGTON

LENGTH: 490 words

HEADLINE: Bush: 'A Living Memorial'

SERIES: Occasional

BODY:

Mr. President and Mrs. Gorbachev, Barbara and I would like to thank you for this splendid dinner, and for your wonderful hospitality and most interesting and gracious remarks.

Yesterday we welcomed the Gorbachevs back to Washington, still filled with memories of the things we shared in Malta: friendship, cooperation, seasick pills.

For us here in this country, Mr. President, this week began with our observance of our Memorial Day, a day for not only remembrance of those who gave their last full measure of devotion, but also, recommitment to the ideal that they shall not have died in vain.

And the week has now ended with a new memorial, a living memorial, marked by historic agreements on both nuclear and chemical arms. And they've been shaped by a remembrance of shared interests and a recommitment to forging a just and lasting peace.

And they stand as a memorial, not to the past, but to the future, a memorial to wars that need never be fought, to the hardship and suffering that need never be endured.

This afternoon we signed a landmark agreement to destroy the great majority of our chemical weapons, and we issued a joint statement recording major agreed provisions of a strategic arms reduction treaty. And the president and I also signed a commercial agreement. And we're looking forward to the passage of a Soviet emigration law. And we also agreed on this long-term grain agreement.

But true peace takes more than just laying down of arms. It also requires the reaching out of hands. And you know, Americans and Soviets have often tended to think of our two countries as being on opposite sides of almost everything, including the opposite sides of the world.

But we share an important northern border. And we are in fact, next door neighbors across the Bering Sea. And today we've also signed an agreement fixing our maritime boundary in the Bering Sea area, and announced our agreement to establish a U.S.-Soviet park across the Bering Strait, a new gateway to the Arctic, and a new gateway to the future.

Mr. President, I learned that the name of your home town, out in the northern Caucasus -- Prevolnoye -- can mean "spacious" or "free." I know my pronunciation was bad, but I'm sure I'm right when I say it means "spacious" or "free."

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Well, anyway, it reminded me of the new breeze, the new spirit of freedom that we've seen sweep across Europe and around the globe.

I sensed it last summer, speaking in front of the shipyard gates to the people of Gdansk, and I told them because Americans are so free to dream, we feel a special kinship with those who dream of being free. And today that kinship is quickly becoming a shared spirit, a spirit that inspires millions here in our nation, in your own, and around the world.

So, ladies and gentlemen, I invite all of you to join me in a toast to our gracious hosts, President and Mrs. Gorbachev, to lasting peace, and to this wonderful spirit of freedom.

TYPE: TRANSCRIPT, NATIONAL NEWS, FOREIGN NEWS

SUBJECT: UNITED STATES; U.S.S.R.; SUMMITS AND CONFERENCES; POLITICAL SPEECHES

NAMED-PERSONS: GEORGE BUSH

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3RD STORY of Level 1 printed in FULL format.

Copyright (c) 1990 Reuters

June 3, 1990, Sunday, AM cycle

LENGTH: 510 words

HEADLINE: BARBARA BUSH BECOMES THE TOAST OF THE TOWN

BYLINE: By Arthur Spiegelman

DATELINE: WASHINGTON

KEYWORD:
SUMMIT -BARBARA

BODY:

Did Barbara Bush steal the show? By the end of the Washington superpower summit, the whole town was talking about whether the first lady had been the biggest hit of the meeting.

As one Washington columnist patriotically put it: "Our first lady sure beats their first lady."

Mrs. Bush's Soviet counterpart, Raisa Gorbachev, says she admires her and if there was a competition going on, the two first ladies certainly did not seem aware of it or do anything to promote it.

Unlike the Reagan era, there were no star or style wars or first lady fighting at this summit.

Americans have been so delighted by a speech Mrs. Bush made at Wellesley College, near Boston, during the summit defending family life and a woman's right to be a homemaker that they are singing her praises.

As host of her first summit, Mrs. Bush always seemed at ease and not overawed by the pomp and ceremony of the occasion.

She joyously stamped her feet and clapped during a singalong at a state banquet at the Soviet Embassy and tears came to her eyes at a ceremony when George Bush and Mikhail Gorbachev signed a series of summit agreements.

But it was the speech at Wellesley College, an elite women's university, which turned the spotlight on the "Silver Fox" as Bush calls his wife because of her hair color.

Unlike most of Mrs. Bush's speeches, this one was nationally televised and its themes struck a receptive chord.

The speech included a comment that the spouse of a future president might be in the audience and she "wished HIM well."

Washington Post television critic Tom Shales caught the feelings of many Americans when he wrote, "Our first lady sure beats their first lady."

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(c) 1990 Reuters, June 3, 1990

In her graceful and witty speech at Wellesley, Mrs. Bush dealt a blow to the argument that women have no business being homemakers any more.

"As important as your obligations as a doctor, a lawyer or a business leader may be, your human connections with spouses, with children, with friends, are the most important investment you will ever make," Mrs. Bush said.

She added: "At the end of your life, you will never regret not having passed one more test, not winning one more verdict or not closing one more deal. You will regret time not spent with a husband, a child, a friend or a parent."

The women of Wellesley cheered and cheered even though only a few weeks ago they had been signing petitions complaining about the school's invitation to Mrs. Bush to be speaker at graduation ceremonies.

The signers felt that she was only being invited because she was the nation's most famous wife.

But with a grandmotherly wave of a hand and finely tuned speech she defused the controversy and drew admiring applause from Mrs. Gorbachev.

Her deft handling of the Wellesley protest offered a good illustration of her political skill, which has grown considerably since 1984 when she described Geraldine Ferraro, then running against her husband for vice president, as "a $4 million ... I can't say it, but it rhymes with rich."

That was the last time her words got her into trouble.

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1ST STORY of Level 1 printed in FULL format.

Copyright (c) 1990 Globe Newspaper Company;
The Boston Globe

June 3, 1990, Sunday, City Edition

SECTION: NATIONAL/FOREIGN; Pg. 26 p

LENGTH: 778 words

HEADLINE: At Camp David, it was a day of walks and talks;
Tranquil setting provides leaders chance to reflect on global issues;
WASHINGTON SUMMIT 1990

BYLINE: By John Robinson, Globe Staff

KEYWORD: WASHINGTON SUMMIT; NAME- GORBACHEV; GEORGE BUSH; US; GOVERNMENT; RELATION; CAMP DAVID, MARYLAND

BODY:

CATOCTIN MOUNTAIN PARK, Md. - When the helicopter bearing Presidents Bush and Gorbachev took off from the White House yesterday for Camp David, high in these wooded Maryland hills, it carried an eerie symbol of the nuclear nightmare the two world leaders are negotiating to preempt.

Handcuffed to the wrist of Air Force Maj. Bruce Caughman was a large black valise containing the codes for launching missiles against military targets in the Soviet Union.

The Air Force officer was one of an unusually small group to join the two world leaders on their flight to the presidential retreat. Only a handful of security guards, two translators and Dr. Larry Mohr, the White House physician, accompanied the two presidents.

The globe-trotting Soviet leader appeared slightly disoriented after the 57-mile flight. Soviet officials later explained the reason: It was Gorbachev's first helicopter ride.

The Soviet Union produces some of the world's finest helicopters, but the busy Kremlin chief apparently has never indulged in chopper hops, even when touring disaster zones in his own country. The reported reason: His security agents do not like their head of state to take helicopters.

The last superpower summit session at Camp David was between Richard Nixon and Leonid Breshnev in 1973. Brezhnev, a great lover of cars, made the 1 1/2-hour trip by road.

Gorbachev quickly recovered yesterday. Barbara Bush, Raisa Gorbachev and top White House officials followed five minutes later in a separate helicopter, as did other officials from another location.

The nuclear valise, nicknamed "the football," quickly faded from view as the day turned to woodsy walks and talks.

The Gorbachevs were urged to bring their walking shoes, and they put them to good use. After the first session of talks around a table on the patio of

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(c) 1990, The Boston Globe, June 3, 1990

Aspen Lodge, one of several elegantly rustic cabins on the sprawling property, the Gorbachevs took a long walk along several of Camp David's winding paths.

At one point they stopped at a horseshoe pit and tossed a couple of shoes. President Bush is an avid horseshoe pitcher, but he did not challenge his Soviet guests yesterday.

The White House had hoped the informal atmosphere of Camp David would facilitate agreeable discussions between the world leaders on such regional hot spots as Afganistan, El Salvador, Cuba, India and Pakistan and the Middle East.

At day's end, the White House was claiming that the strategy had worked. Spokesman Marlin Fitzwater delivered his report to the assembled press corps, which was kept in a briefing center in the adjacent federal park, well away from the Camp David grounds. Fitzwater said the leaders "leaned back and reflected" on the global problems that often divide them. He said the talks were productive and relaxing - but informality apparently had it limits. The two men still called each other Mr. President.

"They have a very warm and personal relationship, but they still refer to each other as president, and I suspect they always will," Fitzwater said. "That's just the nature of the two men."

Gorbachev departed the White House in a brown business suit, cutting a formal figure next to Bush's jaunty blue blazer and red tie. But once they arrived at Camp David both men doffed their coats and ties and began talks.

With the help of earphones and simultaneous translations, the two men engaged in a close proximation of normal conversation without the lag time translations usually take.

After about an hour and a half, intermission was called and the group went for a tour of the Camp David grounds in a convoy of golf carts. Gorbachev led the way driving his own vehicle.

Their explorations were followed by lunch - a light affair, starting with hot sorrel soup and Melba toast followed by a salad of crab meat and shrimp with avocado, sliced tomatoes on lettuce and hard-boiled eggs.

Unlike the dinner that concluded the day with a full entourage of Soviet and American officials, the luncheon was an intimate affair.

Secretary of State James A. Baker 3d and national security adviser Brent Scowcroft joined the Bushes on the American side. Foreign Minister Eduard Shevardnadze and Marshal Sergey F. Akhromeyev joined the Gorbachevs on the Soviet side.

By all visible evidence and their own testimony Barbara Bush and Raisa Gorbachev have developed a warm friendship. After leaving Washington in dresses and heels, they changed into casual clothes and toured the gounds on their own while their husbands talked.

They also had a go at horsehoes, with uncertain success.

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(c) 1990, The Boston Globe, June 3, 1990

"From where I stood," said Fitzwater in an apparent exaggeration, "every one was a ringer."

GRAPHIC: PHOTO, AP PHOTO / Soviet President Mikhail Gorbachev and President Bush chat as they share a golf cart yesterday at Camp David.

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FROM SERGE MARKOV

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FAX NO. HERE IS (202) 619-2925

Exchanges
I understand Guroff's USIA shop is talking to you directly

American Culture in the USSR

What American shows appear on Soviet TV? Which is the most popular?

Disney Presents, Adam Smith's Money World, Phil Donahue, Muppet show, Geraldo, MTV in general, CNN clips on TSN (see below)

Shown during America Week (week of July 1): Dallas, Little House on the Prairie, Love Boat, Beverly Hills, 90210, The Jetsons, The Flintstones, Barnaby Jones

Dallas was maybe the most watched

At current Moscow film festival: Oliver Stones's The Doors

On pirated videocassettes: Tango and Cash, Total Recall, Police Academy, Rambo

Favorite American actors, actresses, bands, etc

Michael Jackson, Madonna, Schwarzenegger, Silvester Stalone, Bruce Lee, Joon Rhee
Dustin Hoffman, Robert Redford, Jack Nicholson

Evidence of American consumer culture
Jeans, McDonalds, Pizza Hut, Mickey Mouse, MTV, Top 20, Rambo, skateboards, Velcro, T-shirts etc with messages, Keds, and now Rap Music
Soviet reaction to it:
Youth loves it; independent and even official media have largely embraced it; Russian ultranationalists, hardline communists calls it "spiritual AIDS"

Reader's Digest has just started coming out (surprisingly poor translation)

How many independent radio stations are there in Moscow (--in the Republic, in the USSR...?
My guesstimate is that the total number of independent (whatever the definition of "independent") stations in the USSR is less than 10. with 2-3 in Moscow.
Ekho Moskvy (Moscow Echo) is very popular in Moscow area
Best known (Russia-wide) is probably Radio Rossii, the Russian Republic's (independent?) station
Names of most popular independent news programs/newpapers--trusted reporters, journalists..
News programs: most popular before it was emasculated: TSN (Television News Service,a late night program). Most trusted: its fired anchors, Tatiana Mitkova, Yuri Rostov, Dmitri Kiselev. Also Vladimir Molchanov who has migrated from Vremia to Russian Republic's Channel 2.. Leningrad TV's investigative journalism program Fifth Wheel and its anchor Bella Kurkova
Russian Republic's Channel 2 news program Vesti is serious competition to Vremya
Independent newspapers: Nezavisimaya gazeta, Argumenty i fakty, Moscow news, Ogonek, Stolitsa. Megapolis-Express, Kommersant (in the business community)

Proverbs/folk legends, Sayings

Related to journeys and travels
Tishe edish dalshe budesh (literally, the slower you go, the farther you will get)
Utro vechera mudrennee (in the morning one is wiser than in the evening)

Visitors, guests
Dobro pozhalovat! (Welcome!)

Friends
Stary drug luchshe novykh dvukh (an old friend is better than two new ones)
Ne imey sto rubley, a imey sto druzey (one hundred friends is better than one hundred rubles)
druzya poznayutsya v bede (you find out who your friends are when you are in trouble)
druzhba druzhboy a tobachek vroz (separate checks, please)
kakov gost takovo emu i ugoshcheniye (the food matches the guest)
svoya rubashka blizhe k telu (me first!)

challenges, great tasks
Bez truda ne vynesh i rybku iz pruda (it takes work even to pull out a fish from the pond)
na Boga nadeysya a sam ne ploshay (trust in God but don't be idle)
terpenye i trud vsyo peretrut (patience and work will overcome anything)
iz spasibo shuby ne soshyesh (you can't make a fur coat out of a thank you)

the future
pozhivem uvidem (wait and see)
bud chto budet (let it be)

Men's assassination-- articles attached

**RESEARCH FOR THE SOVIET UNION TRIP** by, Carol

Eric Johnson, Library of Congress (202-707-9490)
He just spent a month in the Baltics, and two weeks in Moscow.

**McDonald's** in Moscow serves 50,000 meals a day; easily the busiest restaurant in the world. The wait in line has been reduced from four hours to 40 minutes. The employees are young teenagers who are polite and responsible. The service is amazingly efficient and friendly. They greet all customers with a hello and a smile. Working at McDonald's teaches them about efficiency, responsibility, and cleanliness. The windows, floors, and counters are constantly being cleaned. It has been said that the hardest job in the Soviet Union is to work at McDonald's. The interior of the restaurant is one of the most beautiful sights in Moscow.

**Music** big shots include Madonna and Michael Jackson. Madonna is, by far, the most popular. Her records, posters, and videos are found everywhere.

**Television news** in Estonia consists of Miami Vice and Dallas. CNN airs for free for 2 hours every day in Latvia. There is CNN for free sparingly in Moscow, too, although it is mostly illegal bootleg airings.

**Entertainment television** in Moscow -- Disney's "Duck Tales" is the hottest thing right now. Disney made an agreement with the Soviet Union to give them 80 free episodes. The show airs every Sunday, and is the most popular show with children and adults alike. Mickey Mouse is not as big. There is a lot of Mickey paraphernalia that is illegally produced; he's just not a very big deal anymore. The European edition of MTV is fairly widespread.

**Movie industry** favorites include Ah-nold and Sylvester Stallone. That's it. They are the two hottest stars in the Soviet Union. Never before have they had action adventure films with quite the special effects as these movies have. Rambo is a favorite. Citizens buy bootleg posters and videos all the time. Batman is another big movie, as well as any slasher/horror films (e.g. Freddy Krueger, Jason, etc.). The only female movie actress that is a big deal is Marilyn Monroe. There are posters of her to purchase; she's not really popular, but she's really the most-mentioned. They mention Meryl Streep and Michelle Pfeiffer, but not with as much publicity as they have in America.

**Gossip** does not have the appeal as it does here in the states. Magazines like People do not exist in the public domain, because the Soviets just aren't interested in what's behind the stories of their home-grown stars. They'd rather find out the behind-the-scenes stuff about Arnold and Stallone.

**Magazines** such as older issues of Time and Newsweek can be found in the kiosks, but not with much regularity. There is a magazine out called Moscow Magazine. It is equivalent to Washingtonian. It is a Dutch-Soviet venture that is staffed by Americans. It is printed in English, and just gives a general gist of what to do, where to go, what's hot/what's not in Moscow.

From Dierdre Solomon, Soviet Studies
Fiance in Soviet Union, roommate just came over a month ago. (212)262-1501

Soviets are very envious of Americans travelling in Moscow because Americans and other foreigners can carry around hard cash and go into the stores and buy whatever they want. Soviet citizens can barely afford McDonald's and Pizza Hut, unless their income comes from the black market. They sometimes save for months and months just to have one meal in Pizza Hut or McDonald's.

Soviets tend to produce movies of a gentle nature. They enjoy comedies, and don't watch too many sexy movies. When Didi was there a few months ago, "Tango and Cash" was a big hit. All her friends had bootleg videos of that and other movies. The videos of movies and MTV are shown all over clubs in Moscow.

From Alfredo Duarte, Asst. Dir. of Soviet Media, Emery University
(404)420-5151

**Program One** is the largest Soviet network, covering 90% of Soviet territory. "Vremya" ["Time"] is the most-watched evening newscast. It is produced by State Radio and TV Broadcasting Co. It is watched by 90% of those with televisions in the Soviet Union -- nearly 200 million watch it every night. It airs at 9 p.m. Moscow time. The program is authoritative and influential, as it reflects the views of the executive branch.

**American movies**, especially the shoot-em-up knock-em-down variety are a big hit in Moscow. Their entertainment broadcasting consists more of American movies than television.

**American television** has been seen more frequently recently in Moscow. For the Fourth of July, Soviets were treated to an entire week of American television programming. They were shown such shows as Dallas and the Flintstones. FYI -- in Russian, Fred says, "Yee-bee-dee-beep-doop!!!" TBS last year gave them some programming, including commercials, such as the Winn-Dixie commercial with dancing vegetables.

**The most popular radio** station is Moscow Echo. It is very critical and well-received.

American-style game shows have been attempted. There is a show called "Field of Miracles -- Capital Show" that is a version of "Wheel of Fortune". I wonder if the audience gets to chant in the beginning of it... "Field.... of.... Miracles!!! Look at this showroom full of fabulous prizes...a loaf of bread, a stick of butter..." There is also a big-budget production of a show called "Lucky Chance". It's a combo of Trivial Pursuit and Family Feud. It's basically families on teams for Trivial Pursuit.

**President Bush** is mentioned in the news nearly every night. Everything he does that is related to American foreign policy, pertaining to the Soviet Union as well as other countries, makes the news. He is treated extremely well by the Soviet press.

As for **news shows**, the most popular is on Russian TV, by the Russian Network, RTR, called "Vesti" [an old Russian word for "news"]. It is by far the best news program. It is 15 minutes in length, and airs twice a day. It is fast-paced and critical. Its broadcasts are often very opinionated about central government.

There are no **magazines** as personality-centered as is People. Although Soviets enjoy reading about American celebrities, they've discovered because of glasnost, it's open season on everyone. They're much more interested now in finding out the dirt about their more home-centered issues.

**FUN FACT** -- When Program One first broadcasted sessions of Parliament, people actually stayed home from work just to watch it. Production went down nearly 20%. Eventually they stopped broadcasting live, taped it, and showed it after work hours.

Since January, 1991, Program One has been changing from a primarily public affairs format, to a more entertainment format. The government sees television as an electronic pacifier.

Fred Starr, author, music expert, Oberlin College President
(on sabbatical until February)
(216)775-8400

In the early years after the war, when the United States and the Soviet Union were at the point of the worst relations (1945-53), it is most interesting that the music from a film called "Sun Valley Serenade" was being played all over the country. The Red Army Band even played the Glen Miller hits from the film. At the same time in the United States, Americans were being treated to the music of Prokofiev and Shostakovich.

The American-Soviet Youth Orchestra is something that everyone at a state dinner would be aware of. It is the first thing that Mrs. Bush and Mrs. Gorbachev -- both honorary chairmen -- collaborated on. It has been in operation for the past three years.

There is an old Russian custom that when you are getting ready to go on a long journey, you sit down for a quiet moment and pray. The President and Gorbachev have come a long way in their relations, and they have a journey ahead of them. This is a time to be thankful and pray for guidance for the trip ahead.

The Bride's Book of Etiquette
(sorry I couldn't resist)

At Russian weddings, guests give gifts to the couple, and the guests receive gifts in return -- gifts like little trinkets, picture frames, or something representing the family heritage. This handy fact has been provided in case any of you get invited to a Russian wedding.

Chekhov

"We shall find peace. We shall hear the angels, we shall see the sky sparkling with diamonds."

"To Moscow, to Moscow, to Moscow!"

"All Russia is our orchard."

"People don't notice whether it's winter or summer when they're happy. If I lived in Moscow I don't think I'd care what the weather was like."

"Man has been endowed with reason, with the power to create, so that he can add to what he's been given."

"Man is what he believes."

Theodore Roosevelt

"Russia's sufferings have been sore, but it is not possible to overestimate Russia's tremendous tenacity of purpose and power or endurance." -- 1916

Irene Thompson, Director of Slavic Studies, GWU
202-994-7081

**Some sayings and proverbs:**

"You can't tie a knot with one hand."

"One who sows peace reaps happiness."

"Faith will keep us strong."

"Faith will move mountains."

"There is no road too long and no obstacle too hard for friendship."

**Toasts:**

"Za mir!" -- "To peace!"

"Za budushcheye nashikh narodov!" -- "To the future of our countries!"

**Etiquette Hints:** (she really did send me a list -- here are some of the better ones)

-- Russians talk louder than Americans.
-- Russians may switch topics without warning in a conversation.
-- Do not put feet up on furniture.
-- For the ladies; do not cross your legs. Cross only as high as the ankles.
-- Russians are known to be heavy drinkers. Americans are no match. Don't try to keep up!
-- Russians do not appreciate being slapped on the back, on the shoulder, or being hugged in public. They don't know how to react.
-- If Russians look poker-faced to you, don't think they are unhappy or being unfriendly. Russians simply smile less than Americans, especially when dealing with people they do not know well.

# American Cultural Products Available in the USSR

TELEVISION:

1. Nineteen hours of American programming ran on Soviet Central Television during the week of July 1, timed to coincide with Independence Day. The deal was arranged by William Peck, Managing Director of Worldvision Enterprises, Ltd (UK), one of the largest American distributors of television programming in the world. The programs were provided to Central Television in exchange for advertising time. Chiquita was the only company to purchase time. The series featured popular American network programs, such as:

DALLAS
AMERICAN CHRONICLES (A documentary series produced by David Lynch and Mark Frost)
LITTLE HOUSE ON THE PRAIRIE
HIGHWAY TO HEAVEN
BARNABY JONES
Hanna-Barbara animated films

2. The Super Channel and numerous religious broadcasters have sold programs to independent producers who purchase from one to several hours per week of programming from Central Television and the Republic Stations.

3. Cable - American companies are beginning to establish cable networks in major cities of the USSR. International Telcell, Inc. of Greenwich, CT, in a venture with the Moscow Soviet, plans to make eight western cable channels available to the Moscow area this year.

4. USIS distributes quantities of programs (as many as we can buy the rights to) on economics, science and American culture. The PBS series THE AMERICAN SHORT STORY will air later this year.

FILM:

1. HBO will be filming a major project in Moscow later this year starring Robert Duvall.

2. Disney Studios plans to use Moscow as a site for the remake of AROUND THE WORLD IN EIGHTY DAYS.

BOOKS:

1. Recent serious American fiction is hard to find. The following individuals/titles provide some indication of what has been published:

a. George Bush, LOOKING FORWARD (sold out in two weeks)
b. Gore Vidal
c. Dale Carnegie, HOW TO WIN FRIENDS AND INFLUENCE PEOPLE (sold 6 million copies)
d. Ray Bradbury
e. Mario Puzo, THE GODFATHER
f. A collection of mystery stories by Ed McBain, Raymond Chandler and Rex Stout
g. Dashell Hammett
h. Ross McDonald
i. Ronald Reagan, SPEAKING MY MIND

2. Contracts that have been signed, but not yet printed:

a. John Irving, THE WORLD ACCORDING TO GARP
b. Richard Nixon memoirs
c. Ronald Reagan memoirs

3. Contracts being negotiated:

a. Tom Clancy, all books
b. Martin Cruz Smith, GORKY PARK

4. Selected USIS titles (we purchase the rights and/or provide subsidy for publication)

a. Herman Wouk, THE CAINE MUTINY
b. THE FEDERALIST PAPERS
c. Hine, AMERICA WEST
d. Berger, CAPITALIST REVOLUTION
e. Bell, COMING OF THE POST-INDUSTRIAL SOCIETY
f. Vaill, MANAGEMENT AS A PERFORMING ART
g. Rhodes, FARM
h. Salisbury, A JOURNEY FOR OUR TIMES
i. Hawken, GROWING A BUSINESS
j. Currie, CONSTITUTION
k. Roan, OZONE CRISIS
l. ReVelle and ReVelle, ENVIRONMENT
m. Blaug, ECONOMIC THEORY IN RETROSPECT
n. Alderman, IN OUR DEFENSE

MAGAZINES:

1. Joint Ventures (published in Russian)

a. READER'S DIGEST
b. BUSINESS WEEK (first western magazine to be printed and distributed in the USSR)
c. INC. (planned to begin publishing in June 1991, not sure if on the shelves yet)
d. OMNI
e. PC WORLD USSR

2. English-language publications available in small quantities for hard currency

a. TIME
b. NEWSWEEK
c. U.S. NEWS AND WORLD REPORT
D. USA TODAY

## Toast at a State Dinner in Brasilia, Brazil

*December 3, 1990*

President Collor and Mr. Vice President, Mr. President of the Senate, Mr. Archbishop, Mr. President of the Chamber of Deputies, and Mr. Acting President of the Supreme Court, Mr. Minister of Foreign Relations, and Ministers of State, members of the Cabinet, Ambassador and Mrs. Melton, and all you distinguished guests: I am deeply grateful to all of you here and to the people of Brazil for your gracious hospitality.

I fouled this up at lunch, so I want to be sure if we're going to—are you going to translate it all, or just one part? Okay.

In fact, it won't be easy to leave here. I'm told that one American Ambassador stayed in your country for 21 years—obviously, a very smart man. I'm here for 24 hours.

But it was a great honor for me to address your Congress this morning. And it was a memorable moment; but more than that, it was, it seemed to me, an affirmation of the proud heritage we share and a reminder that we have much reason for hope in the future.

And again tonight I want to thank the leaders of Congress. And I also want to ad lib here, because I understand I was invited today to go to the Supreme Court. We have great respect in the United States for an independent judiciary. And I am very grateful to the Justices, some of whom are here tonight, that invited me to the Court. And I am only sorry that I did not have the opportunity to take you up on your invitation. But this occasion tonight gives me a chance to salute you, the members of the Court, for whom we have so much respect.

Our two nations have a great deal in common. We put our faith in similar forms of representative government, and we've had Ambassadors in each other's capitals since the earliest years of this century. Our relations have been long; our devotion to freedom, constant; our commitment to peace, enduring. And now I'm convinced that the time has come to move our relations toward a new and higher plane, to eliminate the false schism between what we once called the First and Third Worlds. As President Collor speaks of a *Brazil Novo*, we should also speak of a new world, defined by its ideals of freedom, democracy, and prosperity shared by all.

All of us in the Americas share a common economic and political vision: an unshakable belief that extraordinary achievements are possible when the imagination and industry of the individual is unleashed. I believe we have just begun to tap the true potentials of the Americas, and it is within our power to bring a new dawn to the New World.

Our Enterprise for the Americas Initiative is a major step forward, helping us explore the many new areas of our common destiny in a spirit of optimism and hope for all peoples of the hemisphere.

Mr. President, you, sir, have courageously resolved to make profound changes in your economy; and I believe that those changes will reap handsome benefits for the people of Brazil, for all the people of Brazil.

We have a common interest in expanding trade and protecting it from the damage that perceived inequities would inflict on our economic partnership. No country would gain if our common policy of an open and fair international trading system isn't fulfilled.

We share common environmental concerns, knowing that the destruction of irreplaceable resources, wherever they're found, compromises mankind's well-being everywhere. I'm confident that we will continue to find shared solutions to global environmental challenges.

Together, our opportunities are boundless, and so let us forge a closer and more vital partnership to ensure lasting prosperity for all our people.

And now I would like to ask you to join me in raising a glass to the health and happiness of the people of Brazil; to our friend and admired President of Brazil, Fernando Collor; and to the friendship between our two great nations. And thank you for an unforgettable visit.

Thank you all.

*Note: The President spoke at 9:58 p.m. at the Foreign Ministry Building. In his remarks, he referred to Vice President Itamar Franco; Nelson Carneiro, President of the Senate; Dom Jose Freire Falcão, Archbishop*

*of Brasilia; Antonio Paes de Andrade, President of the Chamber of Deputies; Minister Aldir Guimarães, Acting President of the Supreme Court; José Francisco Rezek, Minister of Foreign Affairs; and U.S. Ambassador Richard Melton and his wife, Peggy. A tape was not available for verification of the content of these remarks.*

## Question-and-Answer Session With Reporters in Montevideo, Uruguay
*December 4, 1990*

***President Lacalle.*** I'd like to welcome you all to this press availability. I know the important figure here is President Bush and not me, but I would also be prepared to answer any questions in my broken English, which is, of course, our common language here. I'd appreciate it if you'd identify yourselves, and I would give the floor to President Bush.

***President Bush.*** Just a brief opening statement, with your permission, sir. First, to say how pleased I am to be here with my friend President Lacalle. This President and his proud country are leaders on the crucial issues that face this hemisphere and the world today.

Uruguay was one of the leaders in return to democracy in Latin America. And the global trade talks that are now underway in Brussels began right here in this nation. An essential ingredient for a successful conclusion of the GATT [Generalized Agreement on Tariffs and Trade] round is agriculture, and this President has taken a world leadership position on seeing that agriculture is included and satisfactorily addressed.

In spite of the economic hardship inflicted on this country, President Lacalle and Uruguay have taken a leadership role in strongly supporting United Nations sanctions against Iraq, and I salute him for this. This isn't easy. This requires a certain degree of sacrifice for the people here, but they've been steadfast in standing up to this aggression.

And this President was the first one to telephone me after I announced my Enterprise for the Americas Initiative. And we've been talking how to fully implement that.

I'm sorry I won't be going to Paraguay on this trip; but by the time the trip is over, it will have been to here, Uruguay, and to Brazil and to Argentina. And there we will be talking about the negotiations on a far-reaching regional-framework agreement on trade and investment, which is the first crucial step toward our common goal of a hemisphere in which trade is free for all.

Once again, my thanks to you, sir.

***President Lacalle.*** Thank you, sir.

### *Resolution of the Persian Gulf Crisis*

***Q.*** Mr. President, Terry Hunt, of the Associated Press. I'd like to ask you: Last week General Jones and Admiral Crowe, both former Chairmen of the Joint Chiefs, said that they thought that you ought to give sanctions against Iraq a year to 18 months to work before you resort to military action. Do you think that's unreasonable?

***President Bush.*** I don't agree with them.

***Q.*** How long do you think that you should give sanctions?

***President Bush.*** I can't say how long, but I don't agree with them.

***Q.*** To follow that up, please: Secretary [of Defense] Cheney said yesterday up on the Hill that it is his personal view that sanctions just won't work, that they can't work—that after a passage of time, the embargo will begin to slip, that Saddam Hussein [President of Iraq] is just too brutal and the Iraqi people are either too self-sufficient or too resilient to be bowed by that kind of economic pressure. Do you share that view, which is, in essence, saying that this stage and time only the threat of imminent war has the potential for making Saddam Hussein bow?

***President Bush.*** I am convinced that Saddam Hussein, up until now at least, has not gotten the message. And the United Nations resolution speaks for itself. To me, it was loud and clear. But I don't think Saddam Hussein yet understands that. And therefore, the best hope for peace is for him to understand that all means—all means—necessary to fulfill these resolutions will be used against him. And I hope he gets the message.

***Q.*** But are we at the point where we can say that it's no longer realistic to expect

## Toast at a State Dinner in Santiago, Chile

*December 6, 1990*

President Aylwin, thank you for your hospitality and for your generosity during my visit to your beautiful country. We first met earlier this year at the White House, and I hope we will have many more opportunities to exchange views and to work together.

In accepting Ambassador Silva's credentials as Chile's representative in the United States, I said: "We are happy for Chile and optimistic about its future. Your country's deep democratic tradition, its strong economy, and the richly deserved reputation of the Chilean people for dynamism and creativity reinforce our confidence." I shouldn't have been so restrained. Now that I've had the opportunity to visit Chile, I am even more convinced that Chile's future is bright. You deserve your reputation as an economic model for other countries in the region and in the world. Your economic growth is the pride of Latin America, and your commitment to market-based solutions inspires the hemisphere.

It is a pleasure to hear freedom spoken of as the recognized right of all people not only to elect their own government but to control their own destiny and follow their dreams. And it's a pleasure to listen to the language of optimism: to hear trade barriers spoken of as obstacles to eliminate and openness as the path to prosperity. Today I've heard economic growth and development discussed not as ends in themselves but as the means to raise the standard of living and to broaden opportunity for all Chile's citizens, as the means to a better life for her people.

Earlier this year, Mr. President, you observed, "Chileans, with a tradition of democratic institutions, of respect for human rights, of the rule of law, have chosen to remake their society based on those values which honored their country in the past. At the same time," you went on, "we want to seek progress and economic development based on an open and competitive system in which all creative initiatives find space for expression."

And so, it is with a noble spirit and honorable values that the Chilean people are remaking their society, a society founded on democracy and economic liberty. To achieve this, the people of Chile have freely chosen leaders of vision and courage. And you, President Aylwin, are an outstanding example. Earlier today, when I met your children and your grandchildren, I got a glimpse of the values underlying your leadership: family and faith in God and faith in the future.

To the bright future of this nation; to the freedom-loving people of Chile; to all the government officials who came to greet me at the airport; and to you, Mr. President, I raise my glass in a toast: May the renewed friendship between our two great nations remain as strong and healthy as the optimism that characterizes our two peoples.

Thank you, and may God bless your great country.

*Note: The President spoke at 9:40 p.m. in the Patio de Los Naranjos at La Moneda Palace. A tape was not available for verification of the content of these remarks.*

## Proclamation 6236—National Poison Prevention Week, 1991

*December 6, 1990*

*By the President of the United States of America*

***A Proclamation***

As we mark the 30th observance of National Poison Prevention Week, we can take pride in the success of this important annual public awareness campaign. Since our first observance of National Poison Prevention Week in 1962, the number of deaths by poisoning among children under the age of five has declined significantly. The U.S. Consumer Product Safety Commission reports that in 1961, poisoning claimed the lives of 450 youngsters. By 1987, that number had dropped to 31. Nevertheless, because the death of even one child by accidental poisoning is intolerable, we must continue efforts aimed at education and prevention.

The Poison Prevention Week Council, a coalition of 36 national organizations that are determined to stop accidental poison-

ings, coordinates National Poison Prevention Week activities. In addition to distributing valuable information, the Council encourages local poison control centers, pharmacies, public health departments, and other concerned parties to conduct poison prevention programs in their communities. The Consumer Product Safety Commission, which each year provides a member to serve as Secretary of the Poison Prevention Week Council, helps to lead this important public health campaign. Thus, it is a truly national campaign, enlisting the combined energy and resources of government officials, health care professionals, educators, business and industry leaders, media representatives, and members of private voluntary organizations.

Poison prevention activities such as those highlighted this week have helped to save lives, but there is more to do. Each year more than half a million children are exposed to potentially poisonous medicines or household chemicals. It is therefore vital that we continue to remind parents, grandparents, and other adults about the risks of childhood poisoning and the ways tragic accidents can be prevented. Simple safety measures—such as using child-resistant closures and keeping potentially harmful substances out of the reach of children—can save lives.

To encourage the American people to learn more about the dangers of accidental poisonings and to take more preventative measures, the Congress, by joint resolution approved September 26, 1961 (75 Stat. 681), has authorized and requested the President to issue a proclamation designating the third week of March of each year as "National Poison Prevention Week."

**Now, Therefore, I, George Bush,** President of the United States of America, do hereby proclaim the week beginning March 17, 1991, as National Poison Prevention Week. I call upon all Americans to observe this week by participating in appropriate ceremonies and activities and by learning how to prevent accidental poisonings among children.

**In Witness Whereof,** I have hereunto set my hand this sixth day of December, in the year of our Lord nineteen hundred and ninety, and of the Independence of the United States of America the two hundred and fifteenth.

**George Bush**

[*Filed with the Office of the Federal Register, 8:50 a.m., December 10, 1990*]

***Note:** This proclamation was released by the Office of the Press Secretary on December 7.*

## Statement on the Uruguay Round Negotiations

*December 7, 1990*

The United States went to Brussels prepared to conclude ambitious market-opening agreements in all areas of the Uruguay round.

Unfortunately, the Brussels meeting has ended without result due to the inability of nations with substantial economic strength—the European Community (EC), Japan, and Korea—to negotiate fundamental agricultural reform. This is all the more disappointing given the very constructive attitude taken by many developing countries, particularly many of our friends in Latin America.

The United States remains committed to maintaining and strengthening the multilateral trading system and to a timely and successful conclusion of the round. We will do all we can to bring this about while continuing to insist upon agreements that genuinely liberalize trade. Accordingly, it is our hope that participants, especially the EC, will take this opportunity to reflect upon their position on agriculture and develop the political will to negotiate real market-opening agreements while there is still time to do so.

## Toast at a State Dinner in Caracas, Venezuela

*December 7, 1990*

Mr. President, thank you for those very kind words and a very important speech. It

is wonderful to be back in this great nation and this lovely city of Caracas. I well remember my last visit to Venezuela, a much more somber occasion. I was in your country as Vice President in December of 1981 to pay my respects to a great founding father and defender of Venezuelan democracy, Rómulo Betancourt.

Now, 9 years later, there is cause to rejoice, for the vision of Betancourt and Carlos Andrés Pérez is being realized in the Americas. Just look at what's happened in one decade: Democracy has been restored in Argentina, Peru, Ecuador, Bolivia, Brazil, Uruguay, El Salvador, Nicaragua, Guatemala, Honduras, Chile, and Paraguay, leaving Cuba as the lonely totalitarian holdout in our hemisphere. So, we are close, very close, to a democratic hemisphere, from Alaska to Argentina. And I am here today to declare that this era of peaceful change came about, in no small part, because of the unwavering leadership and example of a democratic Venezuela.

Like President Betancourt, you, Mr. President, have been a creative democratic leader. Like Simón Bolívar, you have carried on a legacy as a standard-bearer of liberty. Mr. President—Cap, to me and many other leaders in this hemisphere—[*laughter*]—those who love freedom in the Americas know that you and Venezuela are always on their side. And it's because of your leadership that we're seeing, once again, that freedom at the ballot box inevitably leads to freedom in the marketplace, that free political systems and free enterprise go hand in hand—just one more reason why Venezuela's future is as limitless as your people's industry and imagination.

I know that the economic reform program that you launched upon taking office has been, at times, difficult. But you've stayed true to principle, and you stayed true to Venezuela's future—a future of prosperity and democracy.

The good relations that exist between my government and yours are especially welcome because my family, the Bush family, has had a close connection to Venezuela. Our son Jeb lived and worked here in Caracas not so many years ago. And I certainly know firsthand how important Venezuela's leadership is to my country and how a prosperous and democratic Venezuela is essential to our hemispheric community. And that is why I especially look forward to cooperating closely with Venezuela in carrying out our Enterprise for the Americas Initiative.

It is my hope that the day will be brought closer when, as Simón Bolívar wrote in 1818, all of the New World can assume a place "with a description of majesty and grandeur unprecedented in the Old World."

And so, with a heart full of gratitude and thanks, let me close with a toast to President Pérez and the Venezuelan people. I believe it will be recognized and appreciated here: *"Manos a la obra!"* [Let's get on with it!]

*Note: The President spoke at 9:35 p.m. in the Garden at La Casona. A tape was not available for verification of the content of these remarks.*

## White House Fact Sheet on the Venezuela-United States Science and Technical Cooperation Agreement
*December 8, 1990*

On Thursday, December 6, 1990, the Government of the United States of America and the Government of Venezuela agreed to enter into a 5-year agreement on cooperation in science and technology. This agreement renews the United States-Venezuela agreement for scientific and technical cooperation which expired in July 1988. It will serve as an important instrument to revitalize scientific and technical cooperation between the two countries.

The agreement was signed at the Ministry of Foreign Affairs by Dr. D. Allan Bromley, Assistant to the President for Science and Technology and Director of the White House Office of Science and Technology Policy, for the United States and by Minister Dulce Arnao de Uzcátegui for the Government of Venezuela.

The principal objective of the agreement is to provide additional opportunities to exchange ideas, information, skills, and techniques and to collaborate on problems of mutual interest. Cooperation may include

(Hinchliffe/Blymire)
April 10, 1991 11 a.m.
CHAMTOAST Draft One

**PRESIDENTIAL REMARKS: TOAST FOR PRESIDENT CHAMORRO**
April 17, 1991 7:15 p.m.
State Dining Room

It is a distinct privilege for Barbara and me to salute this evening an extraordinary woman of honor, passion and courage. With the greatest admiration we welcome to our nation's home, Nicaragua's President, Violeta Chamorro.

We honor her as **the visionary** who is forging a future of peace and dignity for her beleaguered land. As **the leader** who ended a bitter civil war, and who replaced a dehumanizing regime. As **the President** whom history will acclaim as the liberator of not only her country's government -- but also of its spirit.

Her people call her Dona Violeta -- a name of affection and respect. As I've come to know her, I've understood. For she personifies the blend of resolve and compassion that inspires a nation to become the best it can be.

I'll tell you something that impresses me tremendously. Not only is she working resolutely to bring about tangible reforms of democracy and opportunity -- but she has also embarked on what she terms a quest to restore moral values. What a powerful goal in this age. The most important goal there is.

Under the courageous and idealistic example of President Chamorro, Nicaragua is rediscovering the meaning of its coat of arms -- the beautiful symbol embossed in the center of its flag. A triangle for equality. A rainbow for peace. And a shower of light -- for liberty shining throughout the land.

Liberty that's embodied by Violeta Chamorro -- and by her late husband and inspiration, Pedro. He used to own a boat he named "Santa Libertad" -- St. Liberty. Well, the world now watches as his widow steers her own "Santa Libertad" -- her ship of state, bound for a bright horizon that promises freedom, respect and dignity for every person in her land.

On a shelf in President Chamorro's office is a plaque of a prayer she tries to live by. A prayer that reminds me of her. The words are by St. Francis. "Make me an instrument of peace. Where there is hatred, let me sow love. Where there is despair, hope. Where there is darkness, light. For it is in giving that we receive; [and] it is in pardoning that we are pardoned."

Dona Violeta -- you **are** an instrument of peace. Through your goals of reconciliation and liberty, you bring vision to your nation and hope to the world.

To your health, Madam President -- and to that of your proud and courageous land.

# # # # #



# Brassey's Soviet and Communist Quotations

*Compiled and Edited by*

ALBERT L. WEEKS

PERGAMON-BRASSEY'S
INTERNATIONAL DEFENSE PUBLISHERS
(a member of the Pergamon Group)

WASHINGTON · NEW YORK · LONDON · OXFORD
BEIJING · FRANKFURT · SÃO PAULO · SYDNEY · TOKYO · TORONTO

. . . The changes in the general alignment of forces between the capitalist world and the socialist world brought about by the war has still further enhanced the significance of the foreign policy of the Soviet state and enlarged the scope of its activity in the international arena.

Zhdanov, A., "The International Situation," Cominform declaration made in Poland at the end of September 1947. *Pravda*, October 22, 1947.

**90.** There exist now two diametrically opposed political lines. One, directed to bring down imperialism and strengthen democracy, is followed by the USSR. The other which is the policy of the USA and Britain is directed to strengthen imperialism and stifle democracy. . . .

This has led to the formation of two camps in the post-war era. The aim of the imperialist and anti-democratic camps is to establish firmly the world domination of American capital. The aim of the anti-imperialist and democratic camp is to undermine imperialism, strengthen democracy and remove the remnants of fascism.

The struggle between the two opposing camps is going while the general crisis of capitalism is intensifying and forces of socialism and democracy are strengthening.

Oleshchuk, "USSR, Bastion of Peace and Democracy." *Trud*, October 16, 1947, p. 2.

## Inevitability of Conflict

**91.** Communists should know that the future belongs to them; therefore we can [and must] combine the most intense passion in the great revolutionary struggle with the coolest and most sober estimation of the frenzied ravings of the bourgeoisie. But in all cases and in all countries communism is becoming steeled and is spreading, its roots so deep that persecution does not weaken it, does not debilitate it, but strengthens it.

Lenin, V., *Selected Works* (International Publishers, New York, 1943), vol. 2, p. 57.

**92.** Due to the Revolution, Russia, in its political structure has caught up with the advanced countries in the course of a few months.

But this is not enough. War is implacable; it puts the question with merciless sharpness; either perish or overtake the advanced countries and surpass them also economically. . . .

Either full steam ahead or perish. This is how history has put the question.

Lenin, V., "The Threatening Catastrophe and How to Fight It" (September 10–14, 1917). *Collected Works*, vol. 21; *Selected Works*, 4th Russian ed. (Gospolitizdat. Moscow, 1943), vol. 2, p. 98.

**93.** . . . International imperialism, with its mighty capital, its highly organized military techniques, which is a real force, a real fortress of international capital, could not under any circumstances, on any condition, live side by side with the Soviet republic because of its objective position and because of the economic interests of the capitalist class which are embodied in it—it could not because of commercial connections and international financial relations. In this sphere a conflict is inevitable. Here lies the greatest difficulty of the Russian revolution, its great historical problem, viz.,

the necessity of solving international problems, the necessity of calling forth an international revolution, traversing the path from our strictly national revolution to the world revolution.

Lenin, V., "War and Peace," Report to 7th Congress of the Russian Communist Party (Bolshevik), (March 7, 1918). *Selected Works* (International Publishers, New York, 1943), vol. 7, p. 288.

**94.** . . . Either the Soviet government triumphs in every advanced country in the world, or the most reactionary imperialism triumphs, the most savage imperialism, which is throttling the small and feeble nationalities and reinstating reaction all over the world—Anglo-American imperialism which has perfectly mastered the art of using the form of a democratic republic.

One or the other.

There is no middle course. . . .

Lenin, V., "Valuable Admission of Pitirim Sorokin" (1918). *Selected Works* (International Publishers, New York, 1943), vol. 8, pp. 148–149.

**95.** . . . We are living not merely in a state but in a system of states and the existence of the Soviet republic side by side with imperialist states for a long time is unthinkable. One or the other must triumph in the end. And before that end supervenes, a series of frightful collisions between the Soviet republic and the bourgeois states will be inevitable. That means that if the ruling class, the proletariat, wants to hold sway, it must prove its capacity to do so by its military organization.

Lenin, V., "Report of Central Committee at 8th Party Congress" (1919). *Selected Works* (International Publishers, New York, 1943), vol. 7, p. 33. Quoted by Stalin in *Problems of Leninism* (Foreign Languages Publishing House, Moscow, 1940), p. 156.

**96.** . . . As long as capitalism and socialism exist, we cannot live in peace; in the end, one or the other will triumph—a funeral dirge will be sung over the Soviet republic or over world capitalism.

Lenin, V., "Speech to Moscow Party Nuclei Secretaries" (November 26, 1920). *Selected Works* (International Publishers, New York, 1943), vol. 8, p. 297.

**97.** . . . We are at present between two foes. If we are unable to defeat them both, we must know how to dispose our forces in such a way that they fall out among themselves; because as is always the case when thieves fall out, honest men come into their own. But as soon as we are strong enough to defeat capitalism as a whole, we shall take it by the scruff of the neck. . . . We are surrounded by imperialist states, which detest the Bolsheviks with all their heart and soul, which are spending vast sums of money, ideological forces, the forces of the press and so on, and which yet were unable in three years to defeat us in war although we are from a military standpoint and an economic standpoint, infinitely weaker.

Lenin, V., "Speech to Moscow Party Nuclei Secretaries" (November 26, 1920). *Selected Works* (International Publishers, New York, 1943), vol. 8, p. 282.

**98.** We must say that either those who wanted to cause our destruction must perish, those who we think must perish—and in that case our Soviet republic will live—or the capitalists will live and in that case the republic will perish. . . . In an

the necessity of solving international problems, the necessity of calling forth an international revolution, traversing the path from our strictly national revolution to the world revolution.

Lenin, V., "War and Peace," Report to 7th Congress of the Russian Communist Party (Bolshevik), (March 7, 1918). *Selected Works* (International Publishers, New York, 1943), vol. 7, p. 288.

**94.** . . . Either the Soviet government triumphs in every advanced country in the world, or the most reactionary imperialism triumphs, the most savage imperialism, which is throttling the small and feeble nationalities and reinstating reaction all over the world—Anglo-American imperialism which has perfectly mastered the art of using the form of a democratic republic.

One or the other.

There is no middle course. . . .

Lenin, V., "Valuable Admission of Pitirim Sorokin" (1918). *Selected Works* (International Publishers, New York, 1943), vol. 8, pp. 148–149.

**95.** . . . We are living not merely in a state but in a system of states and the existence of the Soviet republic side by side with imperialist states for a long time is unthinkable. One or the other must triumph in the end. And before that end supervenes, a series of frightful collisions between the Soviet republic and the bourgeois states will be inevitable. That means that if the ruling class, the proletariat, wants to hold sway, it must prove its capacity to do so by its military organization.

Lenin, V., "Report of Central Committee at 8th Party Congress" (1919). *Selected Works* (International Publishers, New York, 1943), vol. 7, p. 33. Quoted by Stalin in *Problems of Leninism* (Foreign Languages Publishing House, Moscow, 1940), p. 156.

**96.** . . . As long as capitalism and socialism exist, we cannot live in peace; in the end, one or the other will triumph—a funeral dirge will be sung over the Soviet republic or over world capitalism.

Lenin, V., "Speech to Moscow Party Nuclei Secretaries" (November 26, 1920). *Selected Works* (International Publishers, New York, 1943), vol. 8, p. 297.

**97.** . . . We are at present between two foes. If we are unable to defeat them both, we must know how to dispose our forces in such a way that they fall out among themselves; because as is always the case when thieves fall out, honest men come into their own. But as soon as we are strong enough to defeat capitalism as a whole, we shall take it by the scruff of the neck. . . . We are surrounded by imperialist states, which detest the Bolsheviks with all their heart and soul, which are spending vast sums of money, ideological forces, the forces of the press and so on, and which yet were unable in three years to defeat us in war although we are from a military standpoint and an economic standpoint, infinitely weaker.

Lenin, V., "Speech to Moscow Party Nuclei Secretaries" (November 26, 1920). *Selected Works* (International Publishers, New York, 1943), vol. 8, p. 282.

**98.** We must say that either those who wanted to cause our destruction must perish, those who we think must perish—and in that case our Soviet republic will live—or the capitalists will live and in that case the republic will perish. . . . In an

impoverished country, either those who cannot stand the pace must perish, or the whole workers' and peasants' republic must perish. There is not, nor can there be, any third path, nor can there be any sentimentality.

Lenin, V., "Task of Political Education Departments" (1921). *Selected Works* (International Publishers, New York, 1943), vol. 9, pp. 266–267.

**99.** . . . Dictatorship is a state of acute war. We are precisely in such a state. There is no military invasion at present; but we are isolated. . . . Until the final issue is decided, the state of awful war will continue. . . .

Lenin, V., "Tactics of the Russian Communist Party (Bolshevik), Report to 3rd Congress of Communist International" (July 5, 1921). *Selected Works* (International Publishers, New York, 1943), vol. 9, p. 242.

**100.** The object of the party is to exploit all and any conflicting interests among the surrounding capitalist groups and governments with the view to the disintegration of capitalism.

Stalin, J., "The Party Before and After the Seizure of Power." *Pravda*, no. 190, August 28, 1921; *Sochineniya* (Gospolitizdat, Moscow, 1947), vol. 5, p. 111.

**101.** I took and looked over Zinoviev's article, "Contours of the Coming War." And what did it prove? It proved that in Zinoviev's article there is not one, literally not one word about the fact that war is inevitable. In Zinoviev's article, the possibility of a new war is discussed. There you have the entire article, demonstrating that war is possible. The article ends with the phrase: "That is why for Bolshevik-Leninists it is legitimate and necessary to think at once about the possibility of a new war." Note that, comrades—"to think" about the possibility of a new war. In Zinoviev's article, it is stated in one place that war "is becoming" inevitable, but not one word, literally not one word says that war has already become inevitable.

Stalin, J., "Speech to General Plenum of Central Committee and Central Control Commission of the Russian Communist Party (Bolshevik)" (August 1, 1927). *Sochineniya* (Gospolitizdat, Moscow, 1949), vol. 10, pp. 46–47.

**102.** With regard to the international conditions necessary for the complete triumph of communist society, these will develop and grow in proportion as revolutionary crises and revolutionary outbreaks of the working class in capitalist countries grow.

It must not be imagined that the working class in one country, or in several countries, will march toward socialism, and still more to communism, and that the capitalists of other countries will sit still with folded arms and look on with indifference. Still less must it be imagined that the working class in capitalist countries will agree to be mere spectators of the victorious development of socialism in one or another country. As a matter of fact, the capitalists will do all in their power to crush such countries. As a matter of fact, every important step taken towards socialism, and still more towards communism, in any country will be inevitably accompanied by the unrestrained efforts of the working class in capitalist countries to achieve the dictatorship of the proletariat and socialism in those countries.

Thus, in the further progress of development of the international revolution, two world centers will be formed: The socialist center, attracting to itself all the countries gravitating towards socialism, and the capitalist center attracting to itself all the

# Chapter 12



# Religion and Ethics

## MARXIST-LENINIST THEORY OF

**1120.** Law, morality, religion—they are to [a Communist] so many bourgeois prejudices, behind which lurk in ambush as many bourgeois interests.

Marx, K., and Engels, F., *Communist Manifesto* (Foreign Languages Publishing House, Moscow, 1957).

**1121.** . . . Everyone must be perfectly free not only to belong to whatever religion he pleases, but he must be free to disseminate his religion and to change his religion. No official should be entitled to ask anyone about his religion; it is a matter for that person's conscience and no one has any business to interfere.

Lenin, V., "To the Rural Poor" (1903). *Selected Works* (International Publishers, New York, 1943), vol. 2, p. 284.

**1122.** . . . Religion is the opium of the people. Religion is the kind of spiritual gin in which the slaves of capital drown their human shape and their claims to any decent human life.

Lenin, V., "Socialism and Religion" (1906). *Selected Works* (International Publishers, New York, 1943), vol. 11, p. 658.

**1123.** Every religious idea, every idea of a god, even flirting with the idea of god is unutterable vileness of the most dangerous kind, "contagion" of the most abominable kind. Millions of sins, filthy deeds, acts of violence and physical contagions are far less dangerous than the subtle, spiritual idea of a god decked out in the smartest "ideological" costumes.

Lenin, V., "Letters from Lenin to A.M. Gorky" (1913). *Selected Works* (International Publishers, New York, 1943), vol. 11, pp. 675–676.

**1124.** "Wherever there is suffering there is religion," says the archreactionary Barres. And he is right. . . .

Lenin, V., "Defeat of One's Own Government in Imperialist War" (1915). *Selected Works* (International Publishers, New York, 1943), vol. 5, p. 147.

**1125.** Religious doctrines, especially Catholicism, without doubt have the effect of suppressing the will of the working people to struggle.

Lenin, V., "Defeat of One's Own Government in Imperialist War" (1915). *Selected Works* (International Publishers, New York, 1943), vol. 5, p. 147.

**1126.** For a Communist, morality as a whole consists of total discipline and solidarity [with the cause] in the struggle against the exploiters. . . . Any morality that is taken outside its class conception we totally repudiate. . . . Morality is completely subordinated to the interests of proletarian class struggle.

Lenin, V., "Tasks of the Youth Unions" (1920).

**1127.** Telling the truth is a bourgeois prejudice. Deception, on the other hand, is often justified by the goal.

Lenin, V., memorandum to Foreign Affairs Commissar Chicherin (1921), in Annenkov, Y. (Lenin's aide), *Novy Zhurnal*, no. 65, 1961.

**1128.** Following my direct observations during my years of immigration, I must conclude that what one calls the cultivated circles of Western Europe and America are totally incapable of comprehending either the present situation or the real correlation of forces.

These circles must be considered deaf-mutes. The revolution never develops in a straight line or by uninterrupted exchange; revolution consists of a series of accelerations, sudden brakes, attacks, truces, and periods of relative calm, during which the power of the revolution reinforces itself and prepares itself for final victory . . . given the long length of time required for the growth of a world socialist revolution, we must resort to special maneuvers that can accelerate the ultimate victory over capitalist countries.

A. Announce, with a view to reassuring the deaf-mutes, the fictitious separation of our government and government organs, on the one hand, and the Politburo—especially the Comintern—on the other. The Comintern must clearly be categorized as an independent political group whose presence is merely tolerated within our borders. The deaf-mutes will believe this.

B. Express our hope to establish immediate diplomatic relations with all capitalist countries on the basis of total non-interference in their internal affairs. The deaf-mutes will believe us again. They will even be delighted and will throw their doors wide open. Through these doors will enter the emissaries of the Comintern and our secret service under the cover of diplomatic, cultural, and trade representatives. . . .

The capitalists of the whole world and their governments will close their eyes on the kind of activities I have described and will become blind as well as deaf-mutes.

They will extend loans which will provide us with the equipment and technology we lack and will thus help rebuild our military industry which we need to launch subsequent victorious attacks against our suppliers. In other words, the capitalist nations will always work to prepare their own suicide.

Lenin, V., memorandum to Foreign Affairs Commissar Chicherin (1921), in Annenkov, Y. (Lenin's aide), *Novy Zhurnal*, no. 65, 1961.

**1129.** We have a new ethics. Our humaneness is absolute because at its foundation lie the glorious ideals of abolition of every kind of coercion and oppression. We are permitted to do anything because we are the first in the world to lift the sword, not for the sake of enslavement and oppression, but in the name of universal liberation from slavery.

Zinoviev, G., *Red Sword*, no. 1, August 1919.

**1130.** Instruction of any type of religious doctrine given in schools to minors is one of the forms of infringement on the freedom of conscience guaranteed by the USSR

is the wrong approach. We know exactly where we are going as we improve our political system. We are fully convinced that the course we have chosen is the right one.

Brezhnev, L., 25th Party Congress, March 1976.

**1140.** We should remember Lenin's words, that in our society everything which serves to build up communism is moral. We can paraphrase this by saying that for us everything which serves the interests of the people and the interests of the building up of communism is democratic.

Brezhnev, L., 25th CPSU Congress, February 24, 1976.

**1141.** Conclusion of a treaty prohibiting the use of arms in no way must interfere with the legality of the struggle of colonial peoples for their freedom and independence.

Gromyko, Andrei A., to the Secretary-General of the UN, September 28, 1976.

**1142.** [Soviet] assistance was given at the request of the legitimate government [of Angola] and was fully in keeping with the norms of international law and the UN Charter.

*Pravda*, June 17, 1978.

**1143.** Socialist legality serves the purpose of building and developing socialist society.

*Kratkii politicheskii slovar'* (*Little Political Dictionary*), (Politizdat, Moscow, 1980), p. 139.

**1144.** We reject a "code of behavior" which would throw mankind back into a long past age when the diktat of the imperialists, blackmail and discrimination against the weak by the strong, held undivided sway in international relations. Socialist progress cannot be stopped or reversed.

Chernenko, K., *Pravda*, April 23, 1981.

**1145.** Hegemony in war belongs to that side which fights the more energetically and which uses any occasion upon which to deliver a strike against the enemy.

Reznichenko, V., quoting Lenin in *Taktika* (*Tactics*), (Voyenizdat, Moscow, 1984), p. 53.

## COMMUNIST PARTY AND

**1146.** Religion should be declared a private affair—these are the words in which the attitude of socialists to religion are customarily expressed. . . . We demand that religion should be a private affair as far as the state is concerned, but under no circumstances can we regard religion as a private affair as far as our own party is concerned.

Lenin, V., "Socialism and Religion" (1905). *Selected Works* (International Publishers, New York, 1943), vol. 11, p. 659.

**1147.** Religion is a kind of spiritual vodka in which the slaves of capitalism drown their human shape and their claims to any decent life whatsoever.

Lenin, V., "Socialism and Religion" (1905). *Selected Works* (International Publishers, New York, 1943), vol. 11.

**1148.** Dialectical materialism, the philosophy of Marxism–Leninism and the theoretical foundation of the Communist Party, is incompatible with religion. . . . The world outlook of the party is based on scientific data, whereas religion contradicts

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# AMERICAN AID TO RUSSIA
## *Failures and Successes in a Century of Controversy*

**Summary:**

At the "G-7" summit in London, Western leaders confront the problem of whether and how best to help the USSR in a time of crisis. The problem has been a recurrent one, going back to Tsarist times. The efficacy of past U.S. aid programs has largely been determined by the ups and downs of Russian internal politics:

- U.S. credits in 1917 failed to keep Russia fighting World War I or save its fledgling democracy.
- The sharp reversibility of Kremlin policies was dramatized in 1927, when Stalin revoked Lenin's 1921 market reforms and then drove out Western businessmen.
- Clarity of purpose and strong leadership from Herbert Hoover and Franklin Roosevelt enabled two U.S. emergency programs -- famine relief in 1921-23, lend-lease in 1941-45 -- to succeed. Both are still warmly remembered.
- For four decades after 1944, the Kremlin's repressive domestic and aggressive foreign policies precluded significant economic relations with the West.
- Aid to *perestroika* thus far has been vitiated by Communist political maneuvers and bureaucratic resistance. Even now, as Gorbachev woos Western aid, top Kremlin officials openly oppose it, while Baltic and some other Soviet reformers urge the West to exact political concessions.

The Soviet situation today resembles politically unsettled 1917 more than it does the emergencies of 1921 or 1941. Despite the promising accords between Gorbachev and Yeltsin, traditional Communist power structures continue to impede reform and seek to limit or manipulate Western aid. Before considering a "new Marshall Plan" for the USSR, therefore, Western leaders have been insisting on further Soviet progress toward democracy, devolution and arms reduction.

-- **End Summary**

**Feuds With the Tsars**

From 1882 on, every year saw resolutions introduced in the U.S. Congress to curb trade with Russia in protest against Tsarist political repression and official anti-Semitism. In 1891, the Congress declined to respond to an appeal by Tolstoy and others for relief to famine victims in the Volga valley. (Private agencies provided some aid.) In a precursor of the Jackson-Vanik amendment, the Senate in 1911 voted to abrogate the U.S.-Russian commercial treaty; President Taft promised to negotiate a new one addressing Congressional human-rights concerns.

**1917: Too Little, Too Late**

President Wilson was quick to hail the March 1917 revolution that overthrew Tsarism, to recognize Russia's new Provisional Government, and to offer "all moral and material assistance." Credits were offered even before Wilson's April 6 address to the Congress urging a declaration of war on Germany, in which he described Russia as "a fit partner for a league of honor."

U.S. aid efforts were aimed, almost exclusively, at keeping Russia in the war (the Allies blocked the new Russian Government's efforts to promote a general peace "without annexations or indemnities"). Wilson sent a high-level civilian-military commission headed by Elihu Root, former Secretary of State and War, to Petrograd in June 1917 but largely ignored its political recommendations.[1]

Russian leaders sought $5 billion in credits to continue the war through 1917: $1 billion from the U.S., the rest from Britain and France. The U.S. extended $325 million in credits between May and October, but these efforts proved too little, too late once the Germans repelled a Russian Army offensive and launched their own advance. A right-wing coup attempt opened the way to Lenin, who had vowed in 1914 to "turn the imperialist war into a civil war" and in 1918 did so.

**ARA Famine Relief, 1921-23**

After a devastating civil war, worker, peasant and sailor revolts in March 1921 forced Lenin to abandon his policies of "War Communism," but his turn toward market reforms came too late to avert widespread famine and a typhus epidemic. In response to a public appeal for relief from novelist Maxim Gorky, a dramatic U.S. aid program saved millions of Russian lives. The American Relief Administration's efforts between September 1921 and July 1923 were recognized as a model of

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[1] Alarmed by the torrent of anti-war propaganda financed by Germany, Root urged creation of a Russian news agency to distribute U.S. news, mass distribution of pamphlets and leaflets, and organization of YMCA units in the Russian Army. Root sought immediate outlay of $100,000. The State Department ignored his request. Commission members were eventually reimbursed for $30,000 expended out of pocket.

effective humanitarian aid by Soviet leaders of the day[2] as well as the outside world. ARA's effectiveness in Russia owed much to Hoover, then Secretary of Commerce, and the experience he and ARA had earlier gained elsewhere in war torn Europe.

At a cost of some $80 million[3] and with an in-country, largely volunteer staff of some 300 Americans, the ARA and U.S. volunteer agencies working with it:

- Fed more than 20 million Russians between Petrograd and Odessa (at the peak in August 1922, some 6.3 million children, and almost as many adults);

- Carried out what Hoover called "the greatest foreign peacetime medical crusade ever undertaken" (1.6 million people were vaccinated, 6.8 million were inoculated; millions of tons of medical supplies were supplied to 16,000 Soviet hospitals and other institutions caring for a million patients);

- Provided millions of tons of cloth and clothing; 166,000 tons of vital seed grain; and $10.7 million in special assistance to Russian intellectuals.

Clarity of purpose, rapid response, attention to detail and unified command characterized the ARA's efforts:

- The mission was defined as aid to the peoples, especially the children, of Russia. Hoover distinguished "between 140,000,000 terrorized Russian people and the one or two million Communists who oppressed them."

- Hoover offered ARA aid "subject to certain conditions." The conditions, embodied in the Riga Agreement of August 20, 1921, compare favorably with those negotiated with Soviet authorities in later circumstances.[4]

- President Harding stipulated that "the distribution in Russia of all charity arising in the U. S." be carried on solely through ARA, which coordinated

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[2] A scroll presented to ARA in July 1923 by the Soviet Government, signed by acting Premier Lev Kamenev, declared that "the people inhabiting the USSR will never forget the help given them by the American people, through the ARA, seeing in it a pledge of the future friendship of the two nations." Under Stalin, who executed Kamenev and other moderate Communists as traitors, Soviet media and Communists worldwide vilified Hoover, minimized ARA relief and linked it to "spies" and "saboteurs."

[3] Resources included Congressional appropriations ($18.6 million); Army medical supplies ($5 million); ARA funds ($10 million); the American Red Cross ($4.9 million); voluntary agencies ($15.3 million); individual food drafts ($9.3 million); volunteer staff services ($5 million); and $11,357,325 in Soviet gold.

[4] They included full freedom of movement for ARA staff; "complete freedom" to hire their own Russian employees and organize local ARA units; cost-free provision of offices, store-rooms and residential quarters; "complete freedom" in the use of all communications facilities; free transportation, etc.

the work of reputable volunteer agencies and excluded dubious operators.

- Various Communist efforts to control or disrupt ARA work were repelled by prompt protests to higher officials. ARA terminated its program on learning that Moscow intended to export an expected grain surplus in 1923.

Many Soviet children saved by ARA in 1921-23 fought in the war of 1941-45. At recent USIA exhibits in the USSR, American visitors have been thanked anew for ARA relief, as well as World War II aid, by Soviet survivors or their families.

**Americans and the NEP**

The 1920s showed how sharply Soviet policies could be reversed, absent democratic institutions and the rule of law. Lenin's New Economic Policy (NEP), proclaimed in March 1921, restored a free market in agriculture, created a gold-backed parallel currency (the *chervonets*), encouraged small private enterprise and offered "concessions" on 20-year lease to foreign companies to develop Soviet resources. Armand Hammer and W. Averell Harriman were among U.S. entrepreneurs who took part. Ford equipped a major auto plant at Nizhny Novgorod; U.S. engineers helped design the Magnitogorsk steel plant and other key installations.

In 1927, however, Stalin began dismantling the NEP to pursue rapid industrialization and forcible farm collectivization. Western companies and experts were soon forced out of the country. During the 1932-33 famine induced by his policies, Stalin sought no foreign relief but exported grain; 10 million Soviet citizens perished.

**Lend-lease, 1941-45**

Within days after the Nazi attack on the USSR June 22, 1941, Churchill and Roosevelt pledged all-out aid to the Soviet war effort. Both were determined not to repeat World War I tragedies: collapse of the Russian front, murderous trench war on the Western front. They also recognized the threats posed to effective aid by Nazi submarine war, rival resource claimants and their own bureaucracies. FDR personally set aid priorities in 1941-42; a key lieutenant, Harriman, served him first in London, then (1943-45) in Moscow.

In the summer and fall of 1941, Stalin was desperate for political as well as material support[5]; Western special envoys extracted political concessions.[6] Allied

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[5] On July 31, he asked Harry Hopkins to tell FDR that he would "welcome American troops on any part of the Russian front under the complete command of the American Army." Later, he urged Britain to "land in Archangel 25 to 30 divisions or transport them across Iran to the southern regions of the USSR."

[6] *E.g.*, renunciation of the Hitler-Stalin Pact and the Soviet release of 60,000 Polish prisoners to the West.

aid began flowing to the USSR long before Pearl Harbor. Hundreds of British Spitfires and other allied war planes helped halt the Wehrmacht at the gates of Moscow. (By mid-1942, Britain had sent Russia 1,800 planes and 2,400 tanks.) As the tide of battle turned, however, Stalin became increasingly less responsive.

By 1943, U.S. war production and aid deliveries, hampered at first by domestic bottlenecks and Nazi U-boats, were in high gear. By mid-1943, the U.S. had sent 4,100 planes, 138,000 trucks and jeeps, and 912,000 tons of steel to the USSR. The Kremlin later disparaged Allied aid but, as independent Soviet media have recently confirmed, millions of Russians have always understood that U.S. lend-lease played a decisive role in averting defeat and winning victory on the Russian front.[7]

**Four Decades of Cold War**

Communist policies of "international class struggle," based on an autarchic war economy, dictated Soviet economic relations with the West for the next 40 years. At the Bretton Woods conference of 1944, the USSR rejected participation in the World Bank and International Monetary Fund. In 1947, Stalin kept the USSR and Eastern Europe out of the Marshall Plan, which drew successfully on Hoover, Harriman and many of the personnel as well as the cumulative experiences of ARA and Lend-lease.

Stalin's heirs sought limited Western aid and trade (*e.g.*, importing U.S. grain) while pursuing traditional political priorities. Moscow's bid for U.S. aid under the Nixon-Brezhnev *détente* of 1972 was nullified by the Jackson-Vanik amendment and other laws prompted by the Soviet Iron Curtain. The Final Act of the Conference on Security and Cooperation in Europe (CSCE), sought by Moscow to stabilize East-bloc frontiers, generated manifold challenges to Soviet human-rights practices but little economic aid. The invasion of Afghanistan brought a U.S. grain embargo and other sanctions. All-out pursuit of the arms race led to economic and political crisis.

***Perestroika* and Beyond**

Five years' talk of *perestroika* produced little change in the primacy of Kremlin politics over economics, including prospects for Western aid. "Ideological" scruples prevented privatization of land or a NEP-like monetary reform to establish a convertible currency. Since 1988, the Soviet Government has been printing paper

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[7] Between October 1, 1941 and May 31, 1945, at a cost of $11 billion, 1,660 ships left from U.S. ports with 16.5 million tons of supplies for Russia; 15.2 million tons arrived safely. U.S. aid included 14,700 planes, 7,000 tanks, 415,000 field telephones, 375,000 trucks, 52,000 jeeps, 35,000 motorcycles, four million tires, 1,900 steam locomotives, 11,000 freight cars, 2.6 million tons of petroleum products, hundreds of thousands of tons of armorplate, aluminum, copper, zinc, explosives and chemicals, 4.5 million tons of foodstuffs, 107 million yards of cloth and 15 million pairs of army boots. (The British sent another five million pairs of boots.)

money to avoid choosing among conflicting domestic priorities (military-industrial demands, consumer goods, minimal social welfare standards) -- thereby devaluing the ruble, spurring inflation and increasing foreign debt.

The "war of laws" since 1990 between the traditionalist Union "Center" and the rebellious Soviet republics has been as much a struggle over the pace and breadth of economic liberalization as it has been over the devolution of power and resources. Not surprisingly, the "secessionist" republics have been most radical in this respect, with autonomy-minded Russian, Ukrainian and Kazakh leaders not far behind.

While political uncertainties may inhibit large-scale credits from Western governments, the Union Government has yet to create economic conditions attractive to private investment. With some notable exceptions reflecting near-heroic efforts (*e.g.*, McDonalds on Pushkin Square), two-thirds of Western and local Soviet attempts at "joint ventures" have been frustrated by the central economic bureaucracies.

Kremlin politics have also affected humanitarian aid. President Reagan's dispatch of medical aid after the Chernobyl disaster (1986) and relief after the Armenian earthquake (1988) were warmly welcomed, but the impact of such aid was soon overshadowed by Moscow's politics-first approach to both tragedies.[8] The primacy of politics over economics was also evident in three more recent episodes:

- West European offers of $10 billion in credits to reequip Soviet consumer goods industries in 1988-89 mostly went unused. The Soviet Government, primarily responsive to military and energy interests, had few consumer projects to propose. Last winter, $5 billion of the offered credits were taken up to meet overdue payments on prior Soviet debts.

- After 1989 the Kremlin "punished" East European countries that had rejected Communism by insisting that future transactions be at world prices in hard currency. This cut East European-Soviet trade by half, penalizing Soviet consumers who relied on East European goods to relieve Soviet shortages.

- Last summer and fall, as Gorbachev wavered on economic reform, Western grain imports piled up on the docks of Odessa while nearly half of the record domestic harvest failed to reach Soviet consumers. One reason for this calamity, according to liberal Soviet media, was that the Army had commandeered limited railway capacity to move thousands of tanks and armored vehicles beyond the Urals in an effort to evade an arms-reduction treaty.

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[8] Amid protests from Ukrainians and Belorussians, Moscow ministries enlisted pro-nuclear experts of the International Atomic Energy Agency in support of their efforts to minimize continuing dangers from Chernobyl. On arriving in the Armenian earthquake zone, Gorbachev's first move was to order the arrest of local nationalist leaders. (One of them has since become Armenia's President.)

Such episodes help explain widespread Soviet popular distrust of the Union "Center" and support for Boris Yeltsin and other republic leaders urging devolution and more rapid reform. The popular pressures reflected in the miners' strikes and Yeltsin's election as Russian President led Gorbachev once more to contemplate reforms and to seek assistance from the West. As Gorbachev sought such aid, however, his Premier, Defense Minister and KGB chief variously disparaged or warned against it (KGB chief Kryuchkov alleged a CIA plot, dated 1977, to "occupy" the USSR through intellectual agents of influence). Meanwhile, Baltic leaders and some of the more radical democratic spokesmen like chess champion Gary Kasparov urged the West to demand basic political changes before giving a dime.

**Historical Lessons**

While designers of future U.S. aid programs for Russia can learn much from the conduct of *ARA, Lend-lease,* the Marshall Plan and later aid endeavors that drew on the earlier programs, the current situation in the USSR is not comparable to the crises of 1921 or 1941. No one is starving, and the main military threat in the country is to Baltic and Transcaucasian peoples from Kremlin armed forces.[9] Moreover, one clear lesson of the rise and fall of the *NEP* is that Western leaders must look beyond plans for economic reform to the power-political context in which they arise.

Since 1989, Soviet analysts have compared their historically "open" situation to that of the summer of *1917* or winter of 1916-17, with the old imperial order crumbling and revolutionary forces on the rise. Again, Western expressions of interest in stability (albeit in a new, evolving framework) have sometimes struck observers as incongruent with popular aspirations for radical discontinuity (or resumption of pre-Communist continuities) -- particularly those aspirations that invoke Wilson's promise of self-determination. 1991 differs from 1917, however, in the absence of war and in the existence of skeletal if imperfect constitutional frameworks, and internationally recognized standards, that may enable "post-Communist" forces to achieve their objectives through democratic elections and/or referendums.

The current aid discussion arises largely from the hopes for a peaceful Soviet transition raised by the latest Gorbachev-Yeltsin "truce." The scenario outlined in the April 23 accord signed by nine republic leaders and Gorbachev called for conclusion of a new Union Treaty this summer, adoption of a new Constitution six months later, and new free elections in 1992. But even Step One has not been easy. Hardliners have denounced the current treaty draft as a "sellout" of Union prerogatives, while pro-independence demonstrations led the Ukrainian parliament to defer discussion until September. Nor did the "9 + 1" accord address the crisis in the Baltic states.

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[9] Kremlin renunciation of force toward these peoples has already emerged as a "silent" precondition for even minimal Western aid. More formal guarantees, perhaps the actual withdrawal of Soviet forces, may be required to reconcile Western publics to the large-scale assistance needed to renew Soviet society.

Western good wishes and technical aid alone seem unlikely to forestall new dramas. It is to be hoped, although it is by no means inevitable, that the outcome will be happier than it was in 1917.

The current situation in the USSR and Eastern Europe also recalls ***Western Europe in 1945-46***, to which the U.S. responded in 1947 with the Marshall Plan. Then, too, after years of devastation, social stability seemed at the mercy of a harsh winter, and problems transcended national boundaries. However, the war damage then posed relatively simpler problems than the deformation of Soviet and East European societies since 1914 and 1939 respectively. (The West European private sector, independent labor movements and democratic political parties were largely intact in 1945; their equivalents are only now being recreated in the East.) There have also been major changes in Western financial balance sheets: The U.S. economy is burdened by debts and deficits; West Europeans are no longer poor relations.

These changed conditions largely explain the Western tendency, apparent since 1988, to spread the effort of aiding the USSR beyond bilateral frameworks and to involve various multilateral institutions. The World Bank, IMF, Organization for Economic Cooperation and Development, and European Development Bank did a joint survey of the Soviet economy last year and will likely become more involved. The European Community and CSCE will also doubtless have roles to play.

However, basic political decisions will be made by Western political leaders, and the most glaring difference between the Soviet-East European scene today and the Western Europe of 1947 is political: In 1947 Nazism and Fascism were certifiably "dead." But the continuity of Communist power structures in the USSR, including the party, KGB and a huge military machine, remains unbroken. These unreformed structures continue to impede peaceful domestic evolution and (despite the "new thinking," for months now under hardline fire in Moscow) to cast an ambiguous shadow westward, as witness uneasy Kremlin relations with Poland.

These historical perspectives help explain why Western leaders, in reviewing Gorbachev's new reform plans and aid proposals, have also been looking for fairly firm commitments to further Soviet progress toward democracy, devolution and arms reduction. It remains to be seen whether Gorbachev can make such commitments.

*Prepared by:* Anatole Shub, R/SU (619-4975)

M-102-91

*Approved by:* Ronald H. Hinckley, Director of Research

**Toast of Chairman Khrushchev to Ike**
**The White House**
**September 15, 1959**

**Khrushchev:** "We believe our system to be better -- and you believe yours to be better.... Let history judge which of us is right."

**Radio and Television Address to the People of the Soviet Union**
**July 2, 1974**

**Nixon:** "One of the greatest of your writers, Leo Tolstoy, once told this story. A very old man was planting apple trees. He was asked: 'What are you planting apple trees for? It will be a long time before they bear fruit, and you will not live to eat a single apple.'

"The old man replied, 'I will never eat them, but others will, and they will thank me.'"

**Arrival Ceremony in Moscow**
**May 29, 1988**

**Gorbachev:** "Aware of your [Reagan's] interest in Russian proverbs, let me add another one to your collection: 'It is better to see once than to hear a thousand times.'"

**Remarks at the Ratification of the INF Treaty**
**Moscow**
**June 1, 1988**

**Gorbachev:** "The first lines have already been written into the book of a world without wars, violence, or nuclear weapons. I believe that no one can now close that book and put it aside."

**Arrival Ceremony for Gorbachev**
**The White House**
**May 31, 1990**

**Bush:** "Fourteen years ago, [Sakharov] wrote: 'I am convinced that guaranteed political and civil rights for people the world over are also guarantees of international security, economic and social progress.' Sakharov knew that lasting peace and progress are inseparable from freedom, that nations will only be fully safe when all people are fully free."

The George Washington University
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# SOME SAYINGS AND PROVERBS

ХУДОЙ МИР ЛУЧШЕ ДОБРОЙ ССОРЫ.

A bad peace is better than a good fight.

ПУТЬ И В ТЫСЯЧУ КИЛОМЕТРОВ НАЧИНАЕТСЯ С ПЕРВОГО ШАГА.

A journey of a thousand miles begins with but one step.

ОДНОЙ РУКОЙ УЗЛА НЕ ЗАВЯЖЕШЬ

You can't tie a knot with one hand.

КТО СЕЕТ МИР, ПОЖНЁТ СЧАСТЬЕ.

One who sows peace will reap happiness.

КТО ДРУГИМ ПОМОГАЕТ, ПОМОГАЕТ СЕБЕ.

One who helps others helps himself.

НАЗВАЛСЯ ДРУГОМ, ПОМОГАЙ В БЕДЕ.

A friend in need is a friend indeed.

С ВЕРОЙ НИКОГДА НЕ ПРОПАДЁШЬ!

Faith will keep us strong!

УВЕРЕННОСТЬ ГОРУ С МЕСТА СДВИНЕТ.

Faith will move mountains.

ИМЕНА ПРАВИТЕЛЕЙ ПРОХОДЯТ, А ИХ ДЕЛО ОСТАЕТСЯ.

The names of the rules will be forgotten but their deeds will live.

ДЛЯ ДРУЖБЫ НЕТ РАССТОЯНИЙ И ПРЕГРАД!

There is no road too long and no obstacle too hard for friendship.

## TOASTS

ZA MIR! (to peace!)

ZA BUDUSHCHEYE NASHIKH NARODOV! (to the future of our countries!)

## SOME COURTESY EXPRESSIONS

| | |
|---|---|
| ZDRASTVUYTE | all purpose "hello" |
| SPASIBO | thank you |
| DO SVIDANYA | all purpose "goodby" |

## Etiquette hints

1. Russian males may kiss each other even in official circumstances.
2. Russians talk louder than Americans.
3. Russians often interrupt their conversation partners or don't let them finish.
4. Russians may switch topics without warning in a conversation.
5. Russians often quote literary sources, use idioms, folk sayings, and proverbs.
6. Russians take long conversation turns.
7. Russians may disagree with their conversation partner in what appears to Americans to be a very abrupt way, i.e., they don't acknowledge the value of what their conversation partner has said.
8. Russian meals are long and heavy. Be ready to sit through a **very** long and **very** rich meal.
9. The first "no" to offers of food is not accepted as a "no." You will have to refuse several times.
10. Russians hold the fork in their left hand, the knife in their right hand, and do not switch hands.
11. Iced water is not served with meals. Mineral water (quite salty) is served instead.

12. Do not put your hands in your pockets!!!! Especially during photo opportunities.

13. Do not drink by yourself. If you lift your glass, always invite someone to drink with you.

14. Do not put feet up on furniture.

15. For the ladies. Do not cross your legs. Cross only as high as the ankles.

16. Russians smoke indiscriminately, often without asking for permission.

17. Russians are known to be heavy drinkers. Americans are no match. Don't try to keep up!

18. Russians tend to answer questions in oblique ways. Direct is not considered polite or desirable.

19. Russians in official circumstances generally do not talk about their families and personal interests, etc.

20. When shaking hands, the woman offers her hand first.

21. When walking upstairs, the man walks in front.

22. Russians do not appreciate being slapped on the back, on the shoulder or being hugged in public. They don't know how to react.

23. If Russians look poker-faced to you, don't think they are unhappy or being unfriendly. Russians simply smile less than Americans, especially when dealing with people they do not know well.

24. Russians will generally reject compliments by denigrating the object of the complement (e.g., "What a lovely dress!" "Oh, no, it is an old one.")

25. Before departure (such as on a trip), Russians sit down for a few seconds and remain silent. Sign of good luck!

26. If you don't understand a Russian joke, it is because Russian humor is quite different. Russians like to tell foreigners jokes. Do the best you can under the circumstances: relax and smile!

27. Russian officials' wives take second seat to their husbands. They rarely talk or express opinions at official receptions.

28. Be prepared to listen to some long and flowery toasts. Russians expect you to answer each toast.

U.S. News & WORLD REPORT

JULY 1, 1991

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HEALTH COSTS



INSURANCE THAT PLUGS THE GAPS

# THE ODD COUPLE

Exclusive: How George Bush has become a true believer in Mikhail Gorbachev

26

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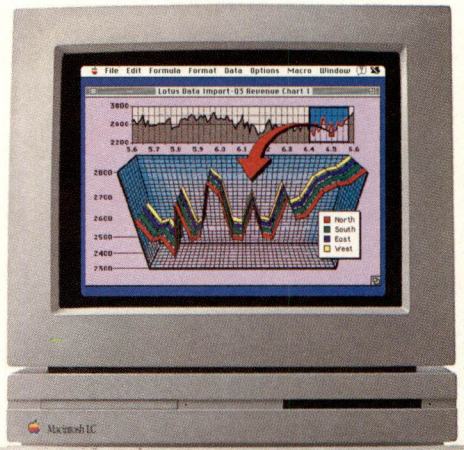
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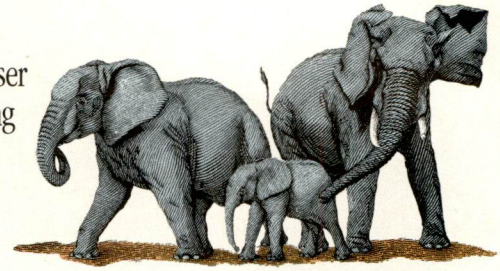
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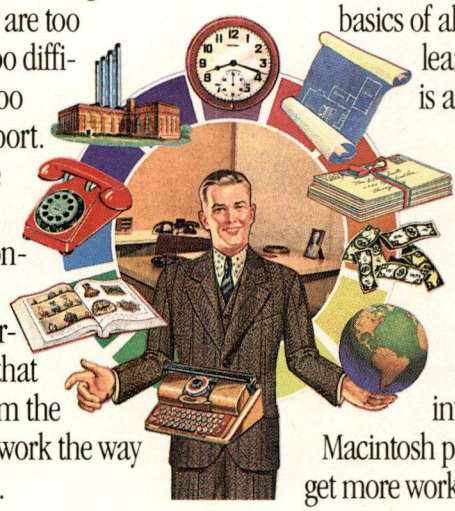
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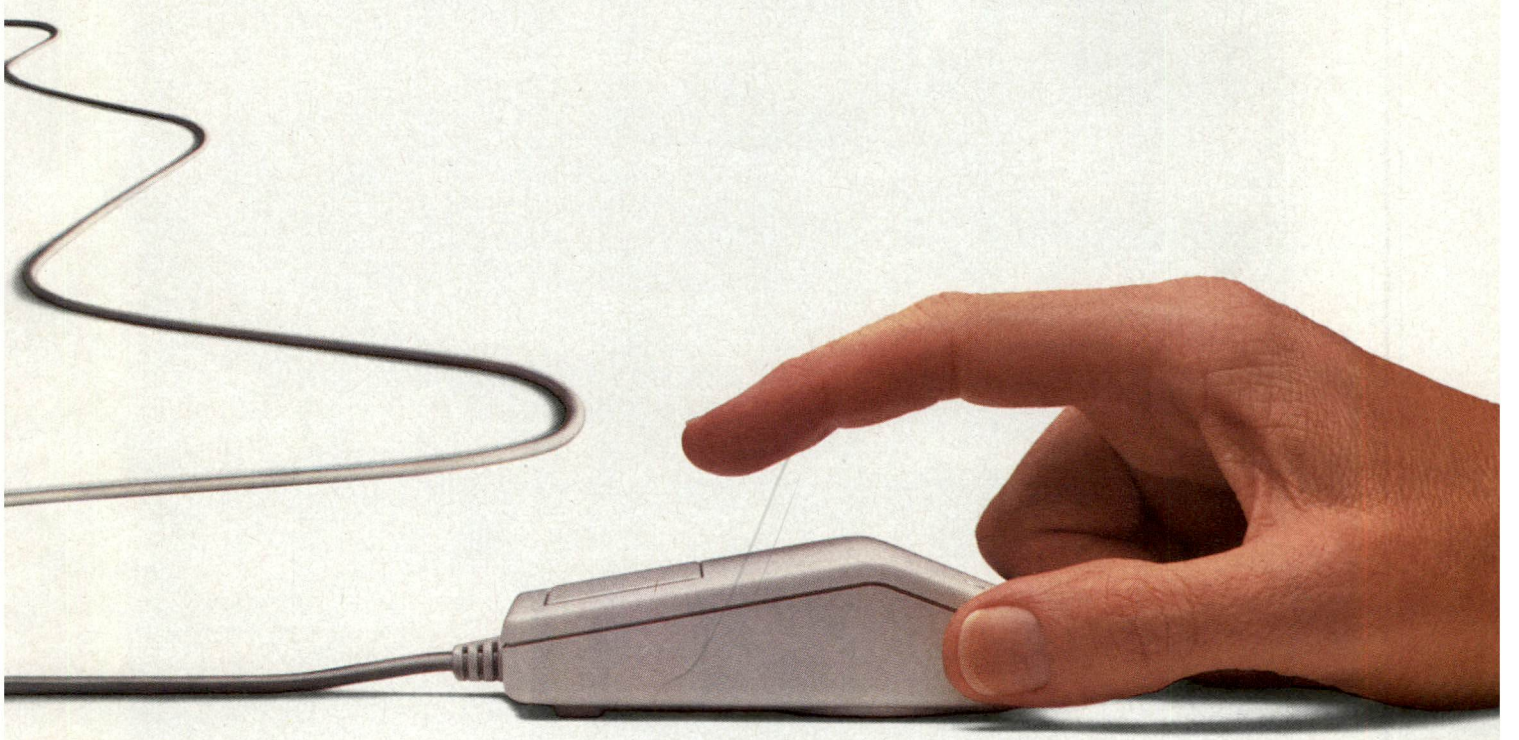
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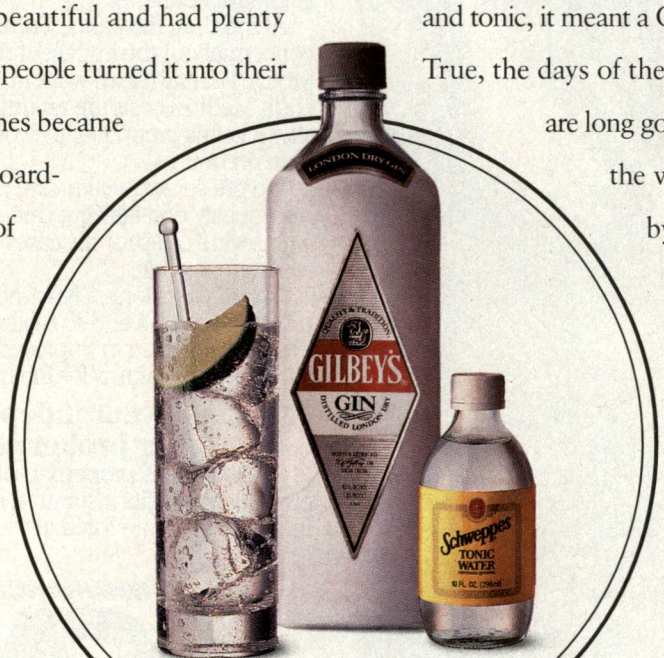
If it was warm, beautiful and had plenty of water, the beautiful people turned it into their playground. The beaches became their ballroom. The boardwalks took the place of the fashion show runway. And even the nightlife of the big cities—the orchestras, the nightclubs, the entertainers—followed them.

They played hard all day. And in white dinner jacket or flowing gown, dined and danced and socialized all night.

But nothing was more fashionable than a tall, iced glass of Gilbey's with a splash of tonic. Because back then a "G&T" didn't just mean a gin and tonic, it meant a Gilbey's and tonic.

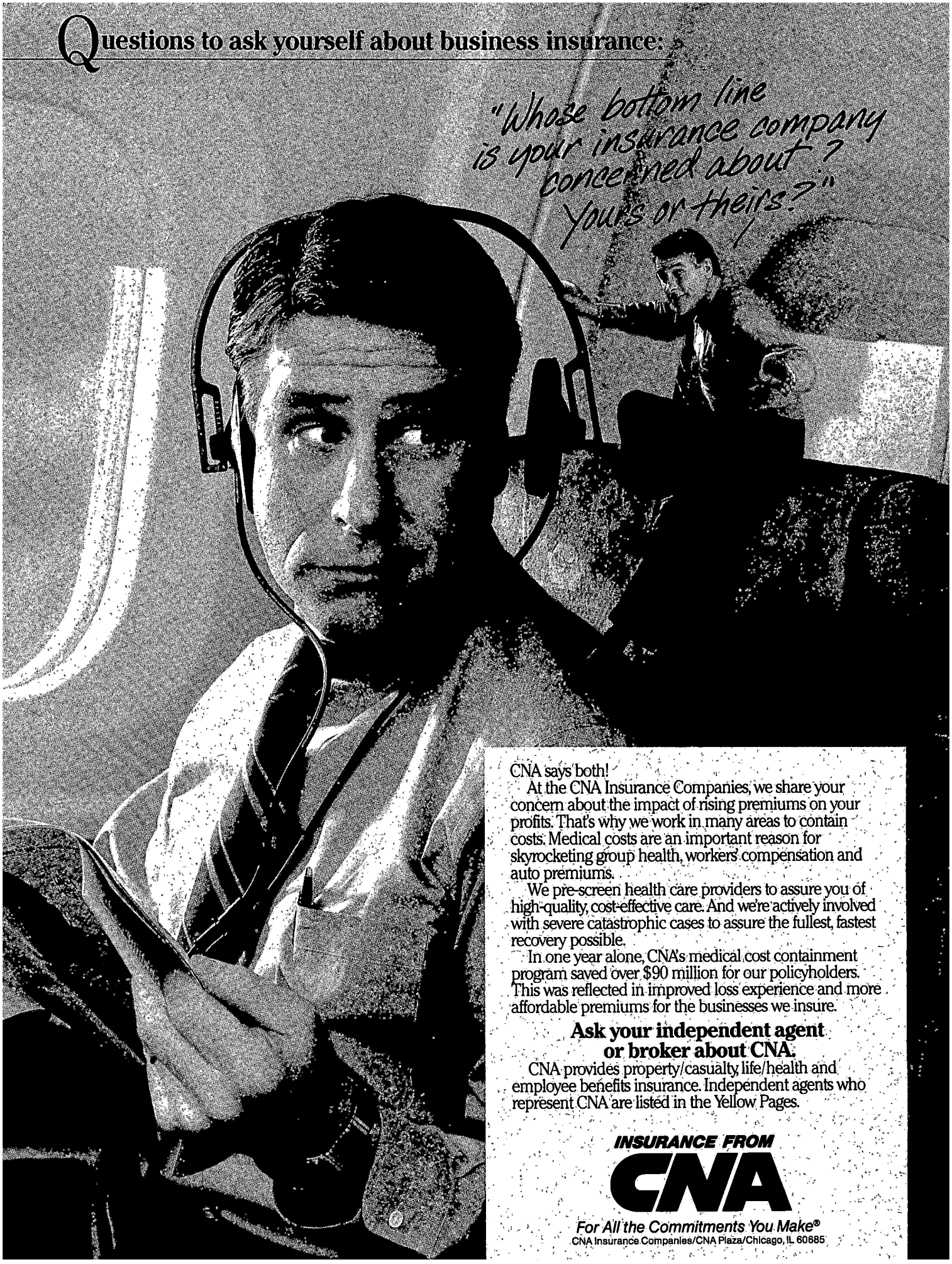
True, the days of the grand old boardwalks are long gone, and the big band by the water has been replaced by the boombox, but at least a bit of the old magic from the great resort life of the twenties is coming back.

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MARK GODFREY—*USN&WR*



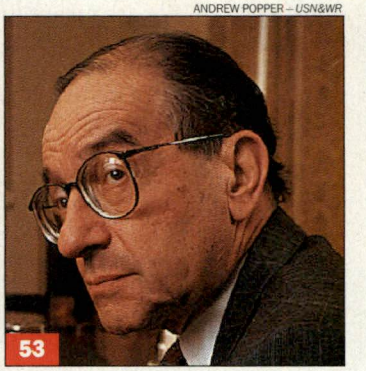

**Such good friends.** *In two years, George Bush's view of Mikhail Gorbachev changed from deep skepticism to a sense of possibility, then ripened into outright admiration.*

BALDEV—SYGMA




**India's new leader.** *Narasimha Rao is no political fireball, but he may give India a period of stability.*

ANDREW POPPER—*USN&WR*




**Fed head.** *Will Greenspan's policies hamper the recovery?*

JEFF HENRY




**Marked.** *Clear-cutting in Gallatin National Forest*

ILLUSTRATION BY GARY BASEMAN FOR *USN&WR*




**Senior sanity.** *After a total overhaul, medigap policies for older Americans soon will be cheaper and considerably less confusing.*

COVER: Illustration by Alan Reingold Inset illustration by Gary Baseman

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# LETTERS

**"Toxic feminism":** When male movie characters kill bad guys who would otherwise assault or kill them, is John Leo moved to write an essay refuting their right to self-defense ["Toxic Feminism on the Big Screen," June 10]? I doubt it. Leo calls it "really bad news" that Thelma and Louise kill a would-be rapist and feel stronger. Why is it OK for Sylvester Stallone, Arnold Schwarzenegger, Charles Bronson and Eddie Murphy to kill villains and revel in their triumph but not OK for women? Are our only alternatives waiting to be rescued (by a man, of course) or submitting to rape? No thank you.

*Lily Santiago*
*San Francisco*

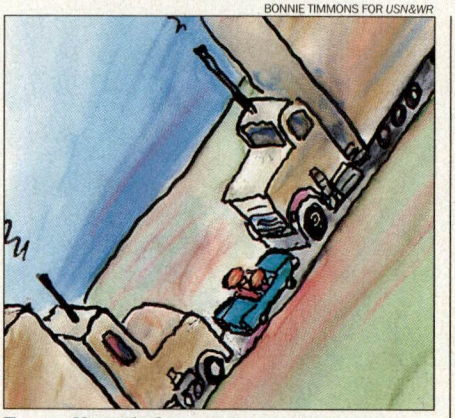
■ "Thelma & Louise" did not contain the crude moral views John Leo saw in it. On the contrary, it is challenging precisely because moral problems were not oversimplified. We are meant to sympathize with Louise's shooting of a man, since we understand later that it is in part a reaction to an unpunished assault on herself. There is a startling amount of unpunished violence against women in this country. That a person may react with violence is understandable. Euripides did something similar in "Medea." "Thelma & Louise" is not quite "Medea," but it's a good film.

*Daniel Blickman*
*Professor of Classics*
*Brigham Young University*
*Salt Lake City*

■ Despite being well-versed in "sensitive male" rhetoric and displaying an admirable understanding of the film's male-oppression symbolism, it is obvious that Leo walked away from "Thelma & Louise" with the same interpretation as his less well-read male counterparts. Leo labels the film "disturbing," a description with which I wholeheartedly agree. However, the key to this disturbance is not, as he sees it, the spiritual liberation of women via violence. As any of the women crying in the restroom after the showing I saw could tell you, violence is not the issue in the movie. The issue is control, or the female lack of it, and that is what men like Leo are trying to avoid.

*Kathy Katich*
*Mesa, Ariz.*

BONNIE TIMMONS FOR *USN&WR*



**Face-off.** *"Thelma & Louise" uproar*

■ This movie conveyed exactly what it was supposed to convey: how women can become victims of male egoism to the point that they become so frustrated as to be self-destructive. This is happening all over the world; however, men just chalk it up to premenstrual syndrome. What is really going on in this movie is that women are fighting back, and guys are getting a little nervous. The basic philosophy is evident: "We're mad as hell, and we are just not going to take it anymore." Give us a break, John. Let us have a movie now and then that sends an honest message to men who feel that they have an inalienable right to physically and emotionally demean and abuse women.

*Patti Galvin*
*Union Lake, Mich.*

■ John Leo seems to have completely missed the point. Instead of focusing on the empowerment of women through the events of the movie, he portrays the characters as "tough-guy wannabes." The beautiful message of the movie is that women can rely on their individuality to succeed in the world. No longer do women need relationships with men to find themselves.

*Amy Westphalen*
*Boston*

■ John Leo has said the things that needed to be said about the unsettling film "Thelma & Louise." He showed an insightful maturity that other movie critics lacked, and I'm so glad that he had the forum in which to speak out.

*Virginia W. Eggleston*
*Mechanicsville, Va.*

**Most favored nation?** A principle widely recognized by civil societies but forgotten by David Gergen in "Let's Not Cut Off China" [May 27] is that those who witness a crime bear a moral responsibility to stop the perpetrator.

Many of us witnessed via CNN the crimes committed in Tiananmen Square by that gang of murderers that calls itself the government of China. Making a citi-

■ **CROSSTALK**

## 'The Gospel on sex'

Religion is a topic guaranteed to evoke passionate debate, and when sex is added to the mix, as in our June 10 cover story, "The Gospel on Sex," the result is a deluge of mail. The story, which reported on the push by several mainline Protestant churches to modernize sexual standards, generated more than 300 letters—and they are still coming in.

There were a few writers who supported change. Sanjay Lal of Columbus, Ga., thought it "apparent that the only reason religion has survived for so long is that it has continued to modify its doctrines as civilizations became more enlightened."

But the overwhelming majority preferred the status quo. D. Gary Griffin of Pensacola, Fla., attributed the "epidemic" of sexually transmitted diseases, skyrocketing teen pregnancy, record numbers of divorces and family dissolutions to rejection of "Judeo-Christian sexual principles." Others argued that the denominations growing most rapidly are those emphasizing very strict morals. And Julie Stringer, a 15-year-old from Corsicana, Texas, wrote: "It is not the church that should change to suit man, but man who should change to please and glorify God."

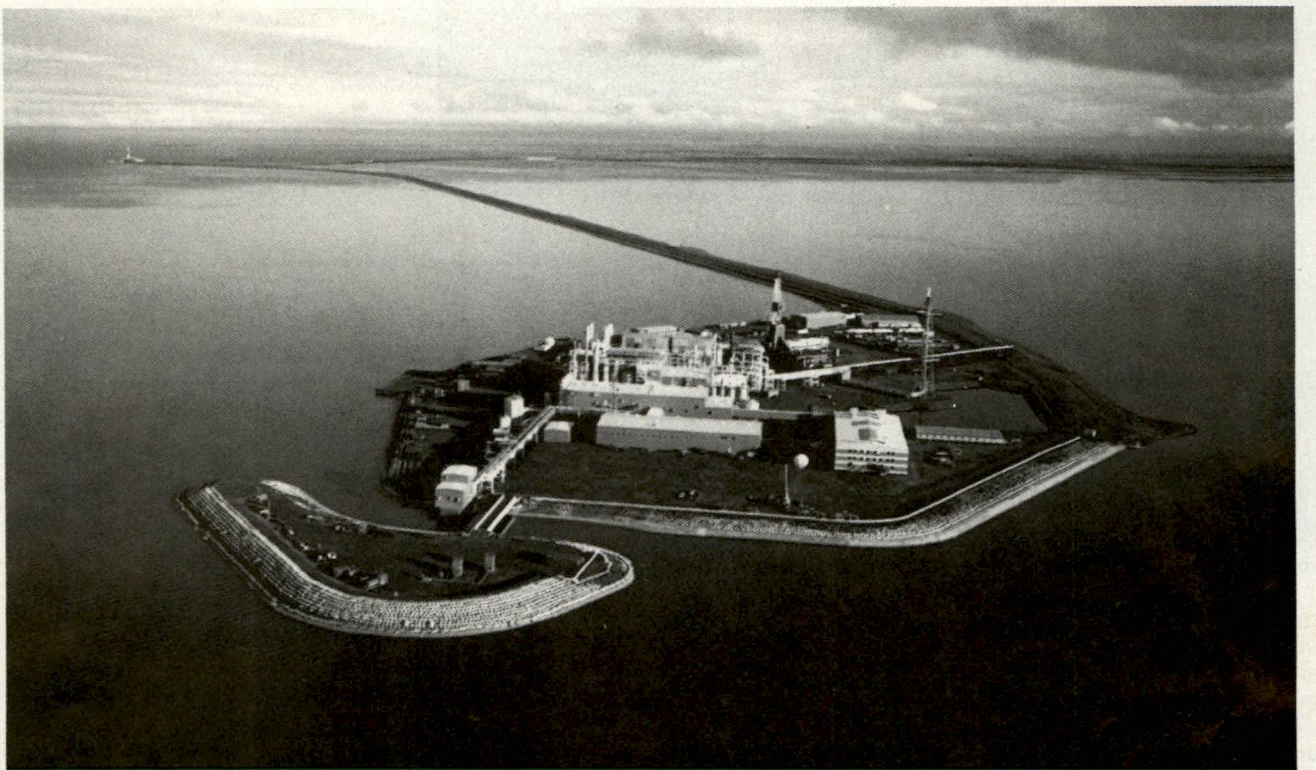
*—The Editors*

THE GRANGER COLLECTION



**Adam and Eve.** *Sex and religion*

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# LETTERS

GREG VAUGHN—TOM STACK & ASSOCIATES



**Urban wetland.** *Property rights versus environmental protection*

zen's arrest of the gang is not possible, but we must demand that our government break relations or at the very least that Congress deny an extension of most-favored-nation (MFN) status. To sit on our hands, as the administration wants, is to become partners in the gang's crimes.

*Bruce Franklin*
*Taipei, Taiwan*

■ I agree with David Gergen that we should renew China's MFN status. I spent three weeks in China this year and noticed remarkable progress in economic reform and much improved living conditions. Many intellectuals I met share the view that a successful market economy would democratize China's political system. By renewing MFN status, we can help China's continued transition to a market system. This will certainly encourage internal political democratization, which we all wish to see.

*Kenneth Wang*
*New York, N.Y.*

**Wetlands protection:** Your June 3 article "In a Murky Quagmire" failed to mention that more than half of the original wetlands in the lower 48 states have already been destroyed, and that this loss continues at the rate of 400,000 acres a year. All this has happened under the current rules or their even weaker predecessors and has resulted in a precipitous drop in waterbird populations, among other environmental losses.

How further deregulation could possibly increase protection of the wetlands is hard to fathom. The current scheme to define wetlands out of existence is a developer's dream—and that is precisely who is pushing it. What is needed is a true "no net loss" wetlands policy, which has met the same fate as the rest of our "environmental" president's promises.

*Andrew Mason*
*Jefferson, N.Y.*

■ The Fifth Amendment states that private property shall not "be taken for public use without just compensation." If Congress wants to establish wetland sanctuaries, then property owners should receive fair compensation rather than being subject to fines, imprisonment or deprivation of use.

*William Paul Barron Jr.*
*Xenia, Ohio*

■ Your article said that East Carolina University is in Greenville, S.C. Actually, it is in North Carolina! Except for this minor error, your article is right on target. A less restrictive definition of wetlands enables better land management.

*Catherine Humphrey*
*Livonia, Mich.*

**Correction:** In "Goings-On Behind Bedroom Doors" [June 10], we misstated findings by sociologist Lillian Rubin. More than 1 in 4 adults she polled, not 50-plus percent, participated in group sex.

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ONE WEEK

# Confronting the new face of South Africa

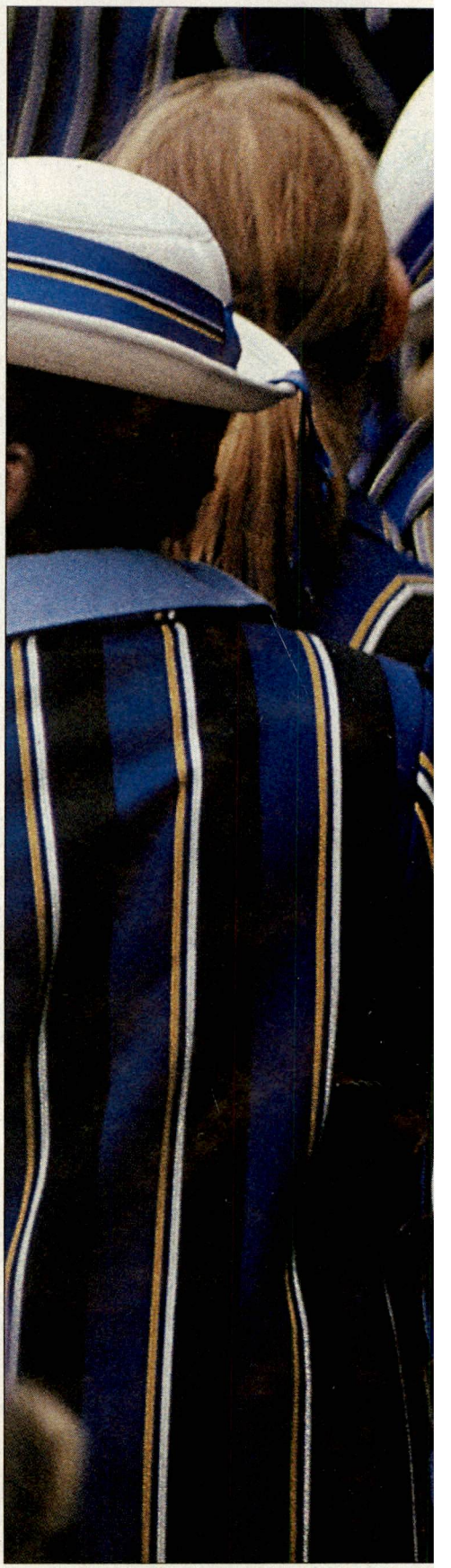
Five years ago, fueled by an unusual surge of moral fervor, Congress brushed aside Ronald Reagan's veto and imposed economic sanctions on South Africa. Apartheid represents such a pure form of institutionalized bigotry that Americans could support its demise unclouded by the ambivalence that usually threads through public policy questions. Besides, people could indulge their principles without paying much of a price in terms of disruption at home. Later, that distance helped Americans to regard Nelson Mandela, the freed African National Congress leader, as an unblemished hero, a black martyr who had suffered for all sins of racial prejudice—not just South Africa's.

It is much harder to see South African President F. W. de Klerk as a hero. The apartheid system spawned and shaped this man who remains a central part of a white power structure that desperately clings to its position and privilege. But de Klerk is determined to push and prod South Africa into a new era. His motives may be suspect. Like Mikhail Gorbachev in the Soviet Union, he may have only one bleak choice: Abandon an outmoded system, or abandon any hope of joining the world economy and attracting Western capital. Yet, unlike Gorbachev, de Klerk seems to have made that choice and is now moving in a clear direction—while fighting off those who want him to move faster and those who want him to slow down. By jettisoning one of the last legal pillars of apartheid, the Population Registration Act that classifies all South Africans at birth by race, de Klerk now confronts the United States with a much more troublesome decision than it faced five years ago. Should de Klerk be encouraged and rewarded by lifting the sanctions? Or should the pressure be maintained? How big a stick? How juicy a carrot? Which is the more moral course?

*'South Africa enables us to vent rage and expiate guilt about our own failures to achieve racial harmony.'*

It is such a thorny judgment because Americans have such complex feelings about the subject of race. South Africa enables us to vent our rage and expiate our guilt about our own failures to achieve racial harmony and justice. But yielding to that impulse risks creating double standards. Supporters of sanctions say they should remain in place until South Africa changes a political system that still disenfranchises black people. Yet we continue to do business with Gorbachev, who has never been popularly elected by anyone to anything in his country. He has a veto in the United Nations Security Council, so we manage to temper our self-righteousness.

Morality is a murky business in foreign policy. Just as personal rights must eventually be balanced against societal needs, principles must be balanced against practicalities. Can we fight our way through our own sense of superiority and make a decision aimed at reviving South Africa, rather than one aimed at relieving our own guilt? □ BY STEPHEN V. ROBERTS



**Looking forward.** *The move by South African*

J. KYLE KEENER—*PHILADELPHIA INQUIRER*/MATRIX



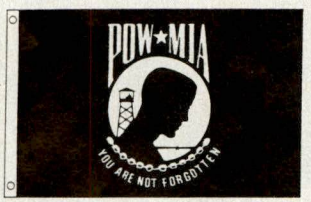
*authorities to end one of apartheid's last legal remnants means students like these will not be officially registered according to race.*

## CALENDAR

**Trade favorites** • This week, legislation on China's most-favored-nation status comes before the House Ways and Means Committee. The full House won't vote on the measures until after the July 4 recess.

**Basic training** • Starting July 1, a $1 billion federal grant takes effect for vocational education. Responding to fears about lack of international competitiveness, the program—with an 8 percent increase over 1990—requires vocational graduates to be literate and academically strong.

**Missing** • On July 11, the National League of POW/MIA Families begins its 22nd annual convention in Washington, D.C., meeting in the wake of a resignation by the Pentagon's top POW official. He claims that the government has tried to discredit evidence that Americans from the Vietnam era are still alive in Indochina.




DATABASE

Americans still listed as missing in Southeast Asia: **2,273**

Americans who disappeared in North Vietnam: **581**; South Vietnam: **1,075**; Laos: **528**; Cambodia: **83**; China: **6**

Missing from the U.S. Army: **676**; Navy: **448**; Marines: **283**; Air Force: **823**; Coast Guard: **1**; civilians: **42**

Females missing: **2**

Of 1,000 adults surveyed in 1990, percentage who say some American MIAs are alive in Vietnam: **62**

POWs who have been returned to the U.S.: **658**; released in 1973: **591**; date of last release: **1979**

Remains of U.S. soldiers returned by Vietnam since 1987: **122**

. . . .

## U.S. NEWS

CHARLIE ARCHAMBAULT—*USN&WR*



**In their place.** *Reporters in the Supreme Court press room*

### WHERE FIRST AMENDMENT PROTECTION ENDS

For 199 years, the free speech and press clauses of the Constitution's First Amendment have been invoked by flag burners, antiwar protesters and writers. But some claims of privilege may burden the First Amendment too much. That, at least, was the Supreme Court's opinion as expressed in two cases last week:

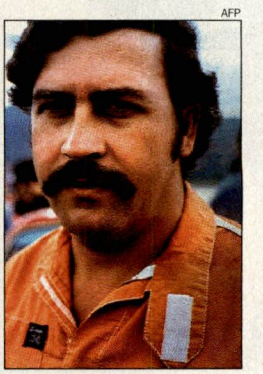
■ "By necessity, by proclivity, and by delight, we all quote," said Ralph Waldo Emerson. But, said the court last week, because "quotations may be a devastating instrument for conveying false meaning," writers do not have "the freedom to place statements in their subjects' mouths without fear of liability." The court ordered a trial in a lawsuit by psychoanalyst Jeffrey Masson, who claims that *New Yorker* writer Janet Malcolm fabricated damaging quotes from him describing his stormy work at London's Sigmund Freud Archives. But the ruling is interpreted as a press victory; it condemned only altered quotes that "differ materially" from the speaker's meaning.

■ States may ban nude barroom dancing to protect "order and morality." By a 5-to-4 vote, the court said Indiana's requirement that female dancers don at least pasties and a G-string is the "bare minimum" necessary to achieve the state's goal of disapproving nudity without violating freedom of expression.

### THE MEANDERING COURSE OF THE DRUG WAR

How should America assess the success of its drug war? Last week, Colombian cocaine king Pablo Escobar surrendered. But he did so only after being assured that he would never be extradited to the United States—a demand that the Bush administration had already sacrificed months ago, in part to win Colombia's vote during the gulf crisis. In Washington, D.C., federal drug czar Bob Martinez told state and local officials that the number of drug abusers has dropped 43 percent to 23 million in the last five years. Indeed, Martinez claims that the drug war is going so well that he can turn his efforts to alcohol and tobacco. But even if casual drug use is down, addiction is rife. Enforcers point to signs of a heroin comeback, and police in 15 big cities count a record 1,500 thriving open-air drug markets, says the American Alliance for Rights and Responsibilities, which backs tough neighborhood anticrime actions. The group complains that big-city cops shun techniques used in places like Tampa, Fla., and Charleston, S.C., such as condemning traffickers' houses, impounding buyers' cars and forcing convicts to clean up drug-sale sites. The Supreme Court endorsed another tool last week by making it easier for police without warrants to search bus passengers.

AFP



**Custody.** *Escobar*



FLAG: NATIONAL LEAGUE OF FAMILIES OF AMERICAN PRISONERS AND MISSING IN SOUTHEAST ASIA

## CULTURE

### FAUX PAS

The waters of the Atlantic may be rough because of comments attributed to French Premier Edith Cresson. (She's reported to have once said that American, British and German men lack a certain *je ne sais quoi* when it comes to women.)



**Cresson**

But the most turbulent squall is in the Pacific, where the Japanese are offended by Cresson's assessment that they want to carry out a worldwide economic "conquest."

In some ways, the Japanese are ill-prepared for this joust. The British and Americans, after all, know that French criticism frequently springs from envy; witness how the French are often the first to glom on to even the most vulgar American trends. The Japanese can take no similar comfort; the cultural affinity between them and the French seems as thin as croissant crust. Sushi bars are rare in Paris compared with American-inspired fast-food chains. France's fashion know-how squeezes out all but a handful of Japanese designers. For the most part, the only experience the French have with the Japanese is watching them patiently line up to buy Vuitton bags.

But the enmity involves more than simple ignorance. "How Japan Is Invading Us," blared the cover of last week's *L'Express* magazine. The French have been discouraging Japanese imports, with the government limiting Japanese car sales to 3 percent of the French market. Understandably, Japan has bypassed France as an entry point to the emerging single European market. It is opting for friendlier Britain, which the French call "Japan's Trojan horse." No doubt they mean that to be at least as great a slam as anything Cresson might say about British sexuality.

BY DAVID LAWDAY WITH JO ANN TOOLEY

## BUSINESS

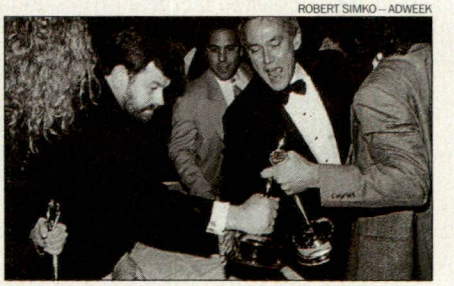
### STATE LEDGER LEGERDEMAIN

California Gov. Pete Wilson is ruffling feathers with a plan to take $1.6 billion from Calpers, the state employees' pension fund, to help close a $14.3 billion state budget deficit. With $64 billion in assets, Calpers is the nation's largest public pension fund, and its chief, Dale Hanson, has likened Wilson's move to abolish the current pension board and appoint a new one to a "hostile takeover." If the legislature follows Wilson's lead, pension beneficiaries are expected to fight the move in court. Pension experts worry that Wilson's move will embolden other cash-strapped state governments, including those of Connecticut, New York and Virginia, which are already cutting back on state contributions to employee pensions. If those governments begin to withdraw money from the funds, the ultimate liability could come to rest on the shoulders of future taxpayers, who will have to make up the difference.

### ANNALS OF ADVERTISING

These are not the signs of good times. At a recent ceremony for the Clio Awards—advertising's Oscars—executives rushed the stage to grab the statuettes. Then, Bill Evans, the owner of the for-profit organization that runs the Clios, could not come up with nearly $60,000 to lease a posh New York City site for a second gathering, forcing cancellation of the show only hours before it was due to begin. The embarrassments come on the heels of a tough period for many in the advertising industry; nationwide, ad-revenue growth over the past year has been almost flat. Though many advertising agencies think their hard-won Clios have been cheapened by mismanagement of the award ceremonies, most of them are too busy battling the recession to think about taking Evans up on his hint that he might sell the organization.

ROBERT SIMKO—ADWEEK



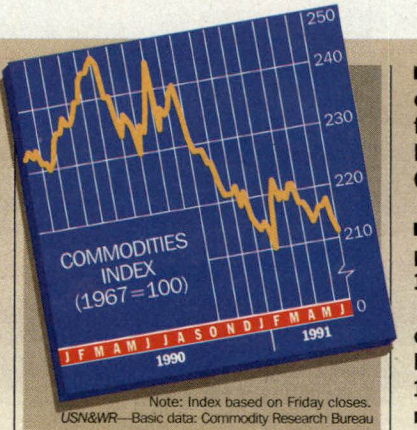
**Discount rate.** *Picking up Clio Awards*

### MONEY CLIP

**THE FUTURE IS NOT IN COMMODITIES**

■ **Decline in futures index from one year ago: –9.7%**
**Largest decline by subcategory:**
**Oilseeds –20.6%**
**Imported (cocoa, sugar, coffee) –17.8%**
**Grains –13.3%**

■ **Biggest price decreases in food from one year ago:**
**Orange juice –34.4%**
**Cocoa –22.8%**




Note: Index based on Friday closes.
*USN&WR*—Basic data: Commodity Research Bureau

*The index, tracking the prices of 21 commodities, has hit its lowest level in four months, signifying a weak economy.*

■ **Biggest price decreases in industrials from one year ago:**
**Platinum –22.4%**
**Copper –14.3%**

■ **Domestic crude oil production, May 1990 to May 1991: +2.9% (highest increase in five years)**
**May 1990 to May 1991 decline in demand for petroleum products: –5.9% (ninth straight year-over-year decline)**
**Decline in oil prices from the beginning of 1991: –24%**



A. GYORI—SYGMA

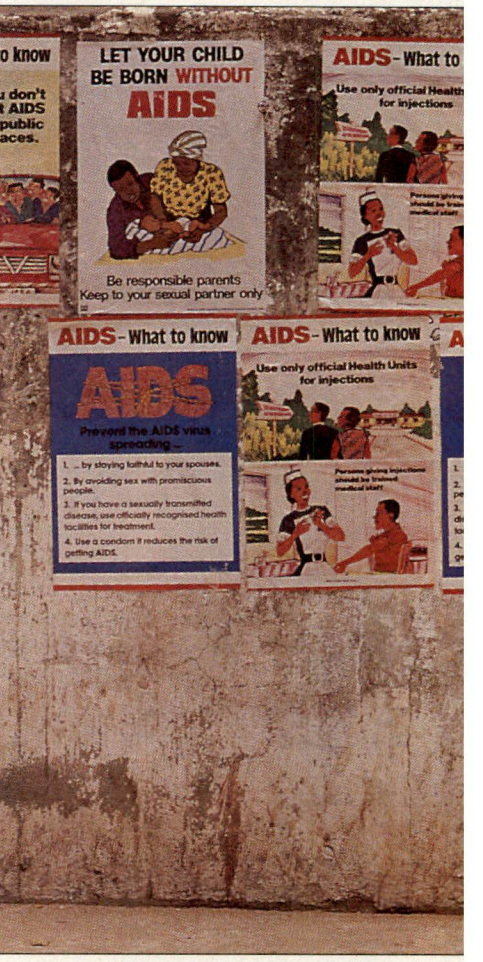
## SCIENCE & SOCIETY

# A MIXED REPORT ON AIDS

AIDS traffics in paradoxes, a conclusion brought home again last week in Florence, Italy, at the seventh annual international AIDS conference. The 9,000 professionals working on the disease who crowded into a refurbished fort in the Tuscan hills came away with cause for both renewed hope and renewed despair. The hope springs from reports of tests of a dozen or so vaccines on hundreds of people. Several look so promising that AIDS researchers are talking about the mechanics of a large-scale test. "Going into efficacy trials in the next three years with some of these candidates is realistic," says Dr. Dani Bolognesi, a vaccine expert from Duke University. But the chilling reality is that the number of AIDS infections will rise dramatically in the next decade, especially in the Third World. Officials estimate that 9 to 11 million people—close to 6 million in Africa alone—are already infected with the virus. And it is gaining in parts of Asia, which could be a new pipeline into the developed world. For example, Thailand, popular with tourists, had no reported AIDS cases three or four years ago and now reports 400,000 infections.

**Horror on the home front.** The conferees also discussed David Acer, a Florida dentist and AIDS carrier, and five of his patients infected with the virus. One of them, 23-year-old Kimberly Bergalis, was near death last week, when a letter surfaced in which she lambasted medical professionals who, under Florida law, enabled Acer to practice without disclosing his infection. "I blame Dr. Acer and every single one of you bastards," Bergalis wrote to a state investigator, "[a]nyone who knew Dr. Acer was infected . . . and stood by not doing a damn thing about it. . . . P.S. If laws are not formed to provide protection, then my suffering and death are in vain."

BY JOANNE SILBERNER IN FLORENCE

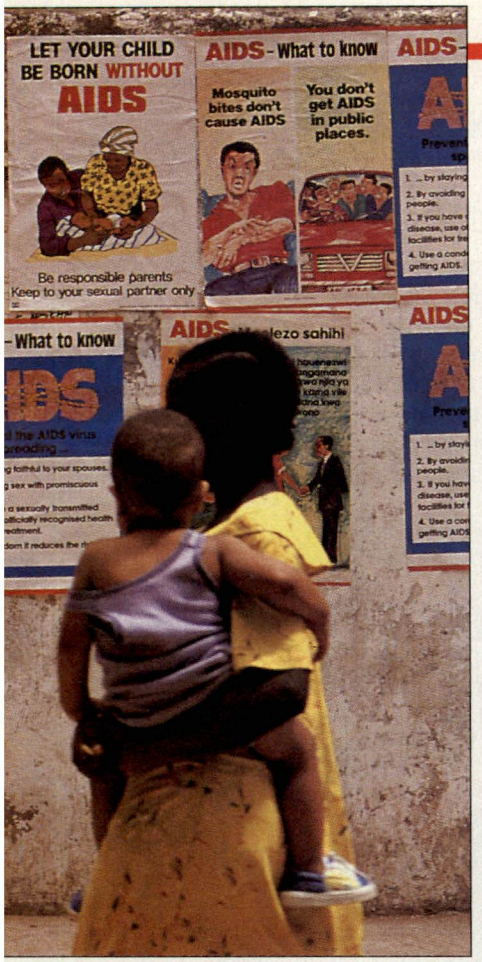



**Signs of the times.** *AIDS warnings in Kenya*


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*reflect growing concerns.*

GAMMA LIAISON

## WORLD

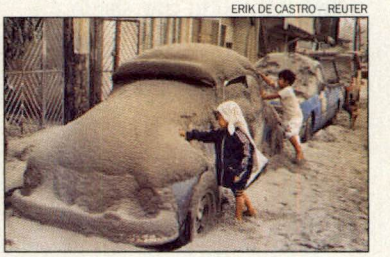
### A MARK OF CONCERN: MADE IN THE U.S.A.

It was bad enough that during the gulf war U.S. fighter pilots dueled Iraqis who flew French and Soviet aircraft. Next time, says a new study by Congress's Office of Technology Assessment, U.S. soldiers could come under fire from weapons made in the United States. If the OTA is correct, the Bush administration's admixture of arms sales and controls in the Middle East could spread rather than curb high-tech weaponry. The report also notes that arms sales – long a foreign-policy tool – are no longer an effective way to buy influence; importers who object to political strings on U.S. tanks, for instance, can buy from Germany, France or the Soviet Union.

### SHALL THEY RETURN?

Pentagon officials aren't sure whether the troops evacuated from the Philippines after Mount Pinatubo's eruption will ever return. The U.S. Geological Survey is now running computer mapping exercises to determine whether Clark Air Base will be flooded as rivers full of volcanic ash change course. If not, the U.S. bargaining stance in talks over the use of the bases will be stronger. The Filipinos have tried to link the amount of some U.S. aid to the value of the land the bases stand on, giving the negotiations "the tenor of a real-estate deal," in the words of a letter that U.S. special negotiator Richard Armitage sent to Congress last week. With land values falling through the floor, Congress will have to decide whether to hold the Filipinos to their own formula.

ERIK DE CASTRO – REUTER



**Fallout.** *Volcanic aftermath*


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## EYE ON THE '90s



**Green .00002 acre** • Simple pleasures are back, even when it comes to plants. In New York City, the latest topiary trend is the "personal meadow." For $50, urban dwellers are snapping up 7-by-18-inch plots of sod—exotica by city standards. Peggy O'Dea, who runs the Zezé flower shop on Manhattan's East 52nd Street, says that customers, amazed to see the grass, stop to run their hands through it. The plots require little care, just regular mistings and trims with nail scissors. Maybe the "personal meadows" will spawn a trend in tiny sheep.

◇

**No vacancy** • Tours of infamous scandal sites have been popular in Washington, D.C., for years, but the Colony Hotel in Palm Beach, Fla., has come up with a novel promotional twist. Instead of pushing its proximity to great restaurants and night life, the Colony's new handbills trumpet that it is "just steps" from the Palm Beach County Courthouse and police station. Distributed only to reporters covering the William Kennedy Smith rape case—due to begin August 5 at the courthouse—the fliers hawk a scandalously low "media rate" of $49 a night.

◇

**Toxic TV** • Turtles, make way for Toontown's newest mutants. Starting in mid-July, television screens will glow with the "Toxic Crusaders," led by Toxie, described as "the world's first hideously deformed superhero." America's most recent environmentally conscious cartoon characters, the Toxic Crusaders are a "quartet of human environmental accidents" who have joined forces to fight crime, corruption and chemicals. Their archenemy is Dr. Killemoff, whose goal is to "help the human race on the road to toxic ruin."



CARTOON: TROMA INC. USA

BY AMY BERNSTEIN

## DATELINE

### PAIN RELIEF

**ELKHART, IND.**—Visitors aren't allowed inside Whitehall Laboratories, a large factory at the edge of this blue-collar town. Sneak past the security guards, however, and there are no great trade secrets—just linoleum floors and workers driving forklifts. Indeed, the plant's only products are easy-to-copy name brand drugs like Anacin. Yet this nondescript aspirin factory has become a major headache for its parent company, New York-based American Home Products. And it is the *cause célèbre* behind a new bill in Congress that could affect the bottom lines of numerous corporations and, curiously, Puerto Rico's chances to become the 51st state.

It all began last October, when AHP announced plans to close the 40-year-old factory. Officials from the town, the state and the union representing most of Whitehall's 775 employees offered concessions to keep the plant open. "But the company told us to butt out," says Connie Malloy, local union president.

GARY SIGMAN—BLACK STAR




**Last stab.** *Union organizer Connie Malloy*

The workers are particularly angry that AHP shifted some of Elkhart's product lines to a new Puerto Rican plant. That kind of relocation frequently sparks protests, but the union has a special gripe: This time, Uncle Sam is paying for it. To spur development in Puerto Rico, Section 936 of the Internal Revenue Code allows companies to shelter profits from plants on that island and in other U.S. territories. Using 936, as the provision is commonly known, some 300 U.S. firms have saved more than $2 billion a year in taxes. But, according to a new union-sponsored study, at least 21 of those companies are "runaways" that have shut down mainland plants to take advantage of the break.

That a law designed to create jobs on an impoverished island might be causing plant closings in Indiana infuriates not just Whitehall workers but some of Elkhart's leading citizens. At her floral shop, Linda Rupnow, past chairman of the Chamber of Commerce, figures that for each lost Elkhart job, AHP gains more than $60,000 in federal tax relief. "If that loophole weren't there," she says, Rotary Club plaques hanging behind her, "Elkhart wouldn't be losing this factory."

AHP claims that the tax break isn't that lucrative and that plant overcapacity, not 936, led to the factory's closing. As a good-will gesture, it has promised to donate Whitehall to the city. That has cooled tempers, but not much. "We've got enough empty buildings around here," grumbles Gene Dyer as he drags on a cigarette, tattoos visible under his rolled sleeves. Dyer manages an industrial parts supply firm that will lose business when Whitehall closes in November.

The union is fighting the closing with a $100 million federal lawsuit against AHP. And recently, in Congress, Democratic Rep. Pete Stark of California introduced a bill to deny the 936 break to "runaways." The legislation could have unintended consequences. In a plebiscite that may be held in 1993, Puerto Ricans will be asked if they want the island to become a state, which would mean losing the tax break entirely. If Congress cuts the scope of the break, Puerto Rican voters might feel they have less to lose by voting for statehood. It's little consolation to the workers of Elkhart, but thanks in part to them, the United States might thus gain its 51st state.

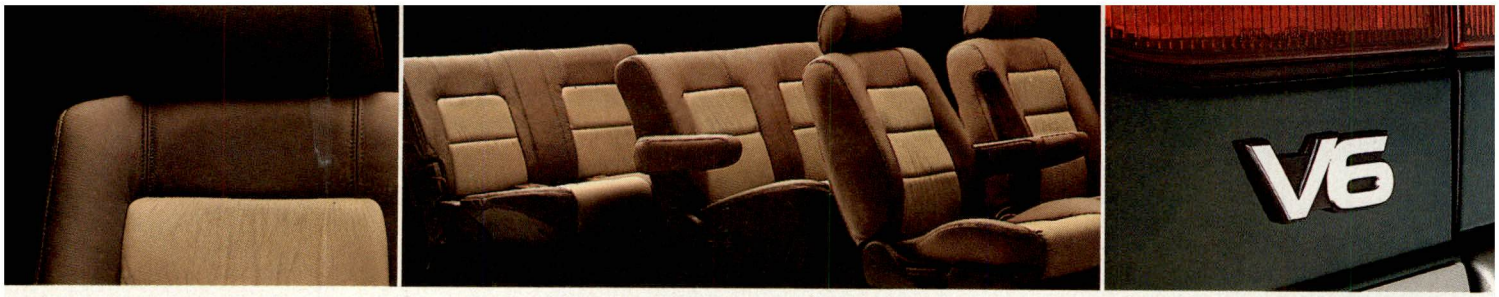
BY PAUL GLASTRIS

# REFRESHING SEAGRAM'S GIN HAS HIDDEN PLEASURE.
# WELCOME INTO THE FOLD.

A ▶ (FOLD SO "A" MEETS "B") ◀ B




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**MPV Luxury Edition** As truly enjoyable as success is, it's even more enjoyable when shared. To that end, the engineers at Mazda have developed a luxury car with room for seven. The Mazda MPV Luxury Edition.

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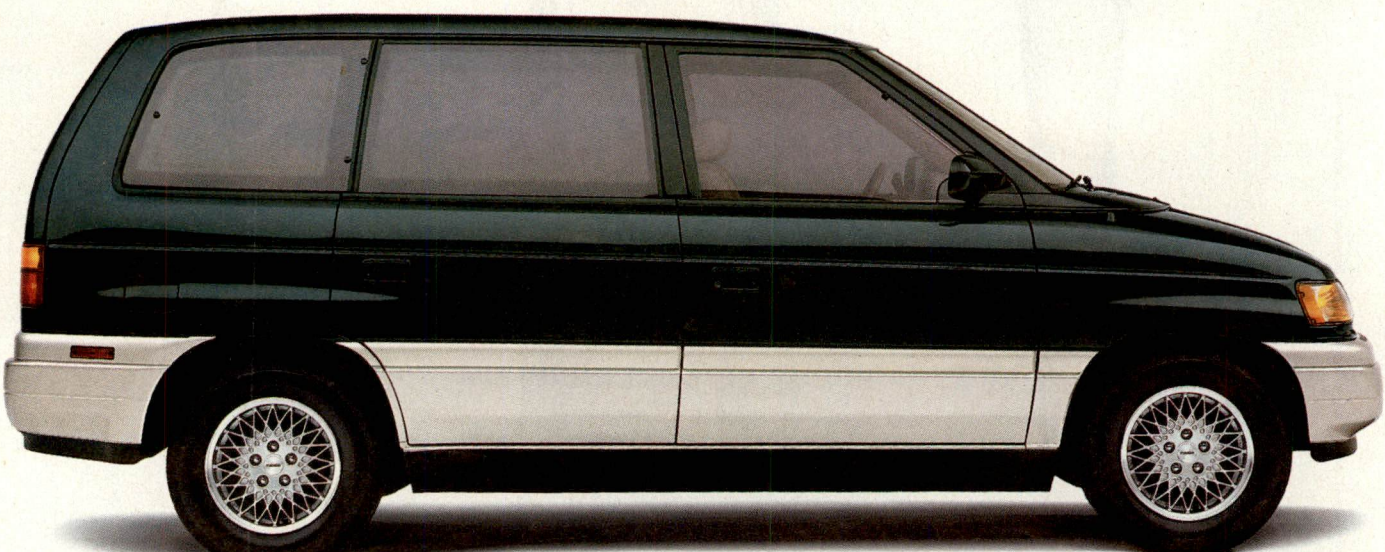
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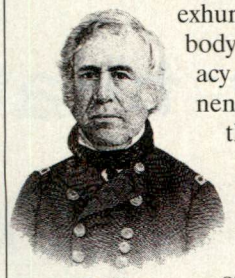


*Seats upholstered in leather except for vinyl on rear side of seatback and other minor areas. **J.D. Power and Associates 1989 and 1990 Initial Quality Survey.℠ Based on owner-reported problems during the first 90 days of ownership. © 1991 Mazda Motor of America, Inc.

## ANALYSIS

### CHANCES ARE

President Zachary Taylor's death in 1850 was, as historian David Potter wrote, "one of those extraneous events which suddenly and in an irrational way alter the course of history." Suddenly, to be sure: Taylor died five days after falling ill on July 4. But maybe not irrationally. If, as the scholar who has prompted the exhumation of Taylor's body claims, a conspiracy of political opponents killed Taylor, then an arsenic poisoning altered the course of American history.



**Taylor**

The great issue of the day was whether to allow slavery to spread to the western territories. Though a Southerner and a slaveholder, Taylor was an ally of New York's William Seward, an abolitionist who urged barring slavery in lands won in the Mexican War. Under Seward's strong influence, Taylor would have vetoed pro-Southern parts of the Compromise of 1850, which helped to stall the Civil War. Instead, Taylor's successor, Millard Fillmore, a Northerner who relied heavily on Southern support, replaced the entire cabinet—the only time this has happened—and approved the compromise.

If Taylor had lived, the South might have acceded to him as it did to another general turned president, Andrew Jackson, in the Nullification Crisis of 1832, thus averting civil war. U.S. slavery might have persisted—perhaps until 1888, the year that Brazil became the last American nation to abolish it outright. But many historians argue that if Taylor had lived, the Civil War still would have come—in 1850, not 1861. That might have left a railroad lawyer named Abraham Lincoln in Illinois, never called upon to hold the Union together. And the nation could have ended up as two countries.

BY MICHAEL BARONE

## PEOPLE



**EBERHARD DIEPGEN** and **HANS DANIELS,** the mayors of Berlin and Bonn, were both taken by surprise last week when the newly united German Parliament voted to move the capital from Bonn back to Berlin. The move, which will take about 10 years and cost up to $41 billion, is a show of support for the former East Germans—it should bring much-needed investment to the hard-hit eastern capital—and an effort to strengthen German ties to the rest of Eastern Europe.



**WILLIAM GRAY III,** the most powerful black member of Congress, will resign his House seat in August to become president of the United Negro College Fund. First elected in 1978, the Philadelphia Democrat became chairman of the budget committee, and, in 1989, majority whip, the No. 3 official in the House. Many thought he would eventually become speaker. Gray, 49, says that he is making the switch because he can do more for young blacks at the UNCF than in Congress. At the UNCF, Gray will conduct a new $250 million capital campaign.



**MARC CHRISTIAN,** onetime lover of the late Rock Hudson, knows the price of fear. A California appeals court has upheld a $5 million award to Christian, saying that the sum is not too much compensation for "the ultimate in personal horror—the fear of a slow, agonizing, certain death." Christian had sued Hudson's estate, claiming that the movie star never told him that he had AIDS and that the two continued to engage in high-risk sex. Hudson died of AIDS in 1985. Christian, 38, has so far tested negative for the AIDS virus.



**THOMAS POWNALL,** former Martin Marietta CEO, has been identified as a target of the Pentagon procurement probe. Sources name him as a "high corporate official" who set up an account to pay for the home repairs of a former Navy official who awarded a $500 million contract to Martin Marietta. Pownall denies any wrongdoing.

**JEAN ARTHUR** breathed charm and intelligence into the sharp career women she played in such movie classics as "Mr. Deeds Goes to Town" and "Mr. Smith Goes to Washington." She was director Frank Capra's favorite actress, and another director, George Stevens, called her "one of the greatest comediennes the screen has ever seen." She was a perfectionist whom Columbia Pictures often suspended for rejecting roles. Arthur died of heart failure last week at age 90.

THE BETTMANN ARCHIVE




**Style.** *Arthur (right) in "Mr. Smith Goes to Washington"*



PHOTOS: (LEFT) N.Y. PUBLIC LIBRARY; (TOP RIGHT) ROLAND WEIHRAUCH—AP; FRITZ REISS—AP; MARTY LEDERHANDLER—AP; PIERRE SUU—SIPA; JEFFREY MacMILLAN

You're driving by that
like you do every day,
asks you what they
answer that you're not
occurs to you that you



It also occurs to you that you don't have the foggiest idea how to go about finding out.

Well, we can't say we blame you. Over the years, our industry hasn't exactly been noted for open doors, much less open dialogue.

But recently, the member companies of the Chemical Manufacturers Association have taken some crucial steps towards changing that. Through an effort called Responsible Care.®

Many of us, for example, are now regularly holding community meetings. Which give the people who live near our plants an opportunity to tell us about their fears and concerns. And to ask questions of the people who actually run the plant, day in and day out.

Others are offering tours to anyone interested in a firsthand look at the way we make, handle and dispose of chemicals. Because, ultimately, the best way to answer your questions about what goes on behind the walls of our plants is to show you what goes on behind the walls of our plants.

We're opening the lines of communication in other ways. In some cases, quite literally. Call **1-800-624-4321*** and we'll tell you how you can find out what your local chemical company is making. We'll also send you our **Responsible Care® Brochure**, which details other ways we're working to keep you informed.

So that the next time you're driving by that chemical plant, like you do every day, and one of your kids asks you what they make in there, you can tell him.

*8 a.m. to 7 p.m. EDT

**chemical plant, just when one of your kids make in there and you really sure and it probably should be.**

**The Chemical Manufacturers Association.**

We want you to know.

# WASHINGTON WHISPERS

**SUNUNU** *limits Oval Office access for HHS Secretary Sullivan*

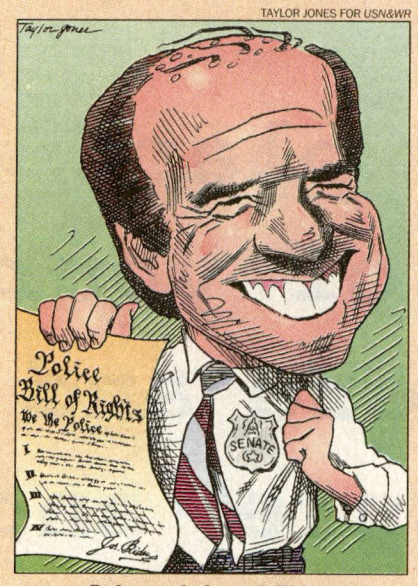
**QADHAFI:** *Kinder and gentler? No way, says United States*

**VIKINGS** *to Columbus: We got to the New World first*

■ **Keeper of the gate.** White House Chief of Staff John Sununu, unfazed by the latest reports on his freewheeling travel habits, remains as high-handed as ever in his role as the keeper of the gate to the Oval Office. The latest official denied access is Health and Human Services Secretary Louis Sullivan. For weeks, the cabinet's only black member has been seeking a meeting with the president to talk about improving his image on civil rights. Sullivan believes he would be able to convince black groups that George Bush is fair-minded on race relations and has a long and favorable record on minorities. The HHS secretary is also prepared to support Bush's claim that the Democrats' proposed civil-rights legislation is a "quota bill." While Sununu's defenders say "it is nonsense" to think a cabinet member cannot have access to the Oval Office, the question is what he can discuss once he is there. Sununu believes civil-rights legislation does not fall within Sullivan's jurisdiction. As a consequence, the administration's ranking black official has not been permitted to meet privately with the president to talk about a critical issue affecting the nation's minorities.

■ **Next to blow.** *In the wake of last week's destructive eruption of Mount Pinatubo in the Philippines, U.S. volcanologists are worrying about which of the world's 560 historically active volcanoes will be the next to blow. Chief among their concerns: Japan's Sakurajima, which recently began spewing clouds of ash—usually a sign of major trouble. The 3,000-foot volcano is especially dangerous because it is located near a densely populated area. Other volcanoes that may be ready to erupt include a second one in the Philippines—Taal, 80 miles from Pinatubo—and Galeras, 325 miles southwest of the Colombian capital of Bogotá.*

TAYLOR JONES FOR USN&WR




**Delaware's Joseph Biden**
*Wrong about rights, say police chiefs*

■ **Unfair play.** Buried in the 240-page anticrime package now before the Senate is a "police bill of rights" inserted by Judiciary Committee Chairman Joseph Biden as a favor to law enforcement unions. Among other provisions, the Biden bill would allow officers accused of wrongdoing to examine the evidence against them *before* undergoing a hearing. Usually, criminal suspects must wait to first hear the evidence at that stage. But the International Association of Chiefs of Police does not think Biden has done the law enforcement profession any favors. With the angry reaction to the videotaped case of police brutality in Los Angeles still reverberating across the country, the chiefs think giving cops legal rights not granted to accused criminals would be a public relations disaster. So while rank-and-file policemen lobby hard for the Biden bill, their chiefs are working the halls of Congress seeking its defeat.

■ **Phony smile?** *Muammar Qadhafi has launched a campaign to convince the West that he's turned his back on terrorism. One example: The Libyan dictator recently offered to give the British secret information on the Irish Republican Army in exchange for normalization of relations with London. But U.S. officials remain unconvinced. Mideast intelligence sources add that Qadhafi is providing bases and training facilities for 600 members of the Palestine Liberation Front now being transferred to Libya from Baghdad. The PLF was responsible for the 1985 hijacking of the Achille Lauro.*

■ **Job creation.** After House Democrats elect a successor to Rep. William Gray of Pennsylvania—who has resigned to head the United Negro College Fund—they plan to expand their leadership structure by two or three posts. The aim: provide representation for groups such as blacks, women and Southerners. Those segments have felt shut out of a team that, with Gray's departure, will be dominated by white male Northerners like the chief contenders for his job as majority whip, Michigan's David Bonior and Steny Hoyer of Maryland. As for the expanded leadership, the top candidates for the "women's" post include Patsy Mink of Hawaii and Barbara Kennelly of Connecticut; included in the running for the "black" slot are Alan Wheat of Missouri and John Lewis of Georgia.

■ **Goodbye, Columbus.** *To demonstrate that Scandinavians really discovered the New World, Norway and Iceland are launching what might be called a Counter-Columbus Quincentennial. Underscoring their claim that 1991 is the 1,000th anniversary of Leif Ericsson's pre-Columbian voyage from Iceland to Newfoundland, the sponsors are sailing a replica of Ericsson's Viking long ship over the same route. In the fall, the voyage will continue to New York and Washington. But in their haste to upstage Columbus, the Viking descendants are being a trifle premature. Most historians believe Ericsson did not land in the New World until the year 1,000. Even at that, say the proud Vikings, "We still beat Columbus by 492 years."*

EDITED BY CHARLES FENYVESI

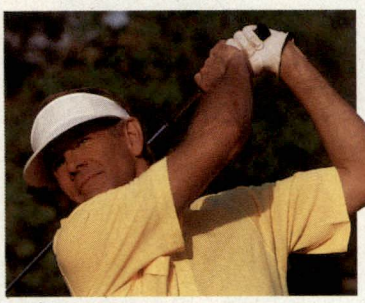
# What beer drinkers drink when they're not drinking beer.



Beer drinkers think it's a smart idea to drink O'Doul's brew when they're watching the big game.

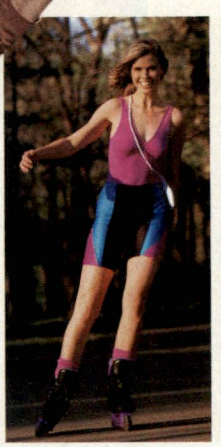
Beer drinkers enjoy sailing through the day with plenty of O'Doul's.





Beer drinkers like to have a few O'Doul's brews before a long drive.





Beer drinkers won't stand still for the taste of just any non-alcohol brew. That's why they drink O'Doul's brew.

Whether beer drinkers are working out or out working, they enjoy having a few O'Doul's.



Lunch is a great time for a beer drinker to have an O'Doul's. Or a bunch if they have the time.

70 calories is another reason beer drinkers like O'Doul's.






When you're thirsting for the taste of beer but not the alcohol, try O'Doul's brew from Anheuser-Busch. Carefully brewed as a premium beer. Using imported hops. Fully fermented and cold aged. Then the alcohol is naturally removed. Leaving the real beer taste. It's perfect for those times when, for one reason or another, you're not drinking beer.

Anheuser-Busch, Inc.

O'DOUL'S® MALT BEVERAGE. © 1991 ANHEUSER-BUSCH, INC. • ST. LOUIS, MO

# The true believer

## *A once skeptical George Bush is now one of Mikhail Gorbachev's biggest fans. Here is how he got that way*

En route from Camp David to the White House in George Bush's olive-drab-and-white Marine helicopter last June, Mikhail Gorbachev peered out the window and pointed to the green ribbon of Maryland suburbs below. How, Gorbachev asked, do people buy those houses? Raising his voice above the roar of Marine One, Bush explained that a prospective buyer could read newspaper advertisements to find a home. More likely, he would ask a real-estate agent to find a seller. Gorbachev jerked his head upward and waved his arms in amazement. "In my country," he declared, "such an agent would be shot."

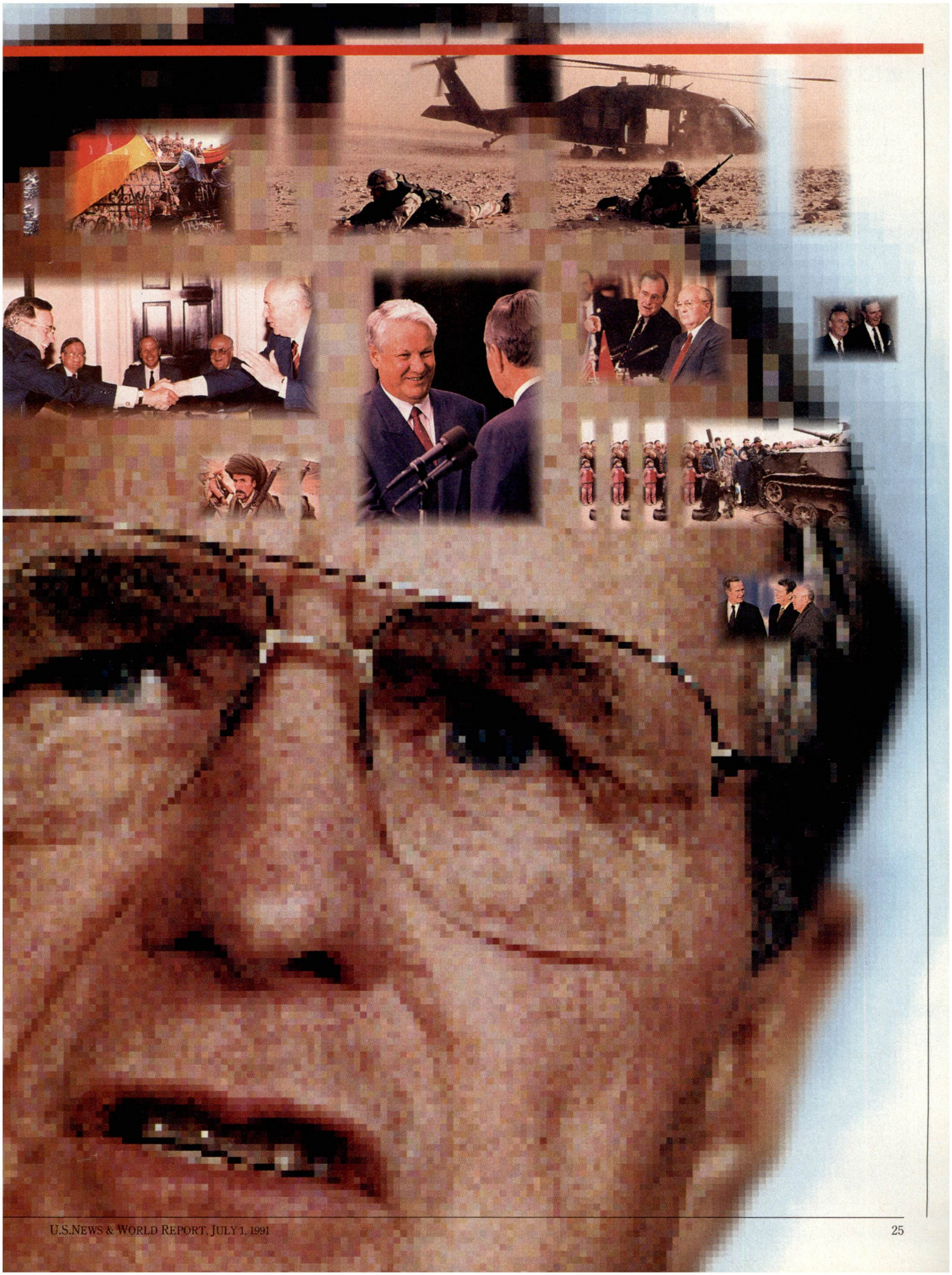


Teaching capitalism to the world's leading communist is no easy task. But George Bush is eager to try. He now considers educating Gorbachev one of the most important aspects of the extraordinary, expanding partnership between the leaders of the world's two most powerful nations. Bush knows that the Soviet leader's problems are immense: While hard-liners try to block economic reforms, a new Soviet opinion poll reveals that most Soviets want to move faster toward a market economy (story, Page 26). But Bush and Secretary of State James Baker have concluded not only that they can do business with Gorbachev, but also that it is in America's interest to support the embattled Soviet leader.

Gorbachev's critics, including some skeptics in Bush's own administration, believe the Soviet president is more interested in preserving his own power than in reforming his troubled country. Gorbachev, they argue, is either too weak to confront the hard-liners or else interested only in tinkering with the communist system, not in dismantling it. Beginning last fall, he balked at radical economic reform, appointed communist reactionaries as prime minister and interior minister and stood by while security forces killed pro-independence demonstrators in the Baltic republics. Gorbachev has since shifted back to the left, negotiating a new union treaty that will devolve power to the republics and approving new—but still limited—economic reforms. But he rejoined the reformers this spring only after massive demonstrations and a miners' strike



(LARGE PHOTO) CHICK HARRITY—*USN&WR;* (TOP LEFT TO RIGHT) FILIP HORVAT—SABA; BILL GENTILE—DOD POOL; M. GODFREY—*USN&WR; USN&WR;* ANTHONY SUAU—BLACK STAR; TRIPPETT—SIPA; R. WILKING—REUTER; D. HEIKES—*USN&WR;* C. HARRITY—*USN&WR;* G. MERILLON—GAMMA LIAISON; *USN&WR;* S. McCURRY—MAGNUM; ABBAS—MAGNUM; C. HARRITY—*USN&WR*



dramatized how out of sync he was with public opinion.

Bush, however, has concluded that Gorbachev is a true reformer who constantly tacks from left to right because that is the only way he can make progress in the face of strong head winds from the military, the KGB and the vast communist *apparat*. "I've been convinced all along that he's committed to reform," Bush told *U.S. News*. "The question is: Given the forces coming at him, is he going to be able to continue the reform?" (Interview, Page 32)

In fact, Bush sees in Gorbachev many of his own character traits, including political stamina, perseverance and a willingness to be flexible while adhering to a basic course. "The two obviously have sympathetic personalities," says one of the president's senior advisers. Bush and Gorbachev now talk on the phone or swap letters and cables every two weeks or so. Last Friday, they chatted for 40 minutes. Bush briefed Gorbachev on his talks with newly elected Russian President Boris Yeltsin, one of the Soviet leader's chief rivals. An upbeat Gorbachev told Bush how he beat back the latest conservative challenge to his rule. The previous afternoon, Bush had even tried to play peacemaker by trying to phone Gorbachev while Yeltsin was in the Oval Office, but the call didn't go through. Some of Bush's closest advisers say he now considers Gorbachev a friend, and while a full superpower summit is not expected until later this summer, the president is arranging a less formal meeting with Gorbachev in London July 17.

CHICK HARRITY – *USN&WR*



*'Bush considered Ronald Reagan's trust in Gorbachev excessive and gushy.'*

Bush's most pressing concern is how to help Gorbachev rebuild the shattered Soviet economy. Two weeks ago, the president discussed a package of options with National Security Adviser Brent Scowcroft, Secretary of State Baker, Trea-

**HEARING DIFFERENT DRUMMERS**

# The voice of Ivan Q. Public



Mikhail Gorbachev's decision to go hat in hand to the West is not popular at home. In an exclusive nationwide poll undertaken for *U.S. News* in early June, nearly 1 in 2 Soviet citizens opposed Western aid. The xenophobia is being echoed in the Supreme Soviet (parliament). As one lawmaker put it last week: "Russia has always attracted foreigners, but foreigners worked for our country and not the country for foreigners, as it is now turning out."

But the poll also suggests Soviet citizens are prepared for faster and deeper economic change than Gorbachev has proposed—provided it is not imposed from outside. Two conclusions follow. If Gorbachev returns to Moscow from the London summit of industrialized nations next month with pledges of massive Western aid, he will reap less of a political reward than he may expect. But if he—or newly elected Russian President Boris Yeltsin—starts dismantling the communist economic system, he can count on wide support.

Moves toward a market economy enjoy broad support, and most ordinary citizens do not share Gorbachev's continuing hostility to private property. In fact, no age group or occupation covered in the survey opposes private property ownership. Support is especially strong among the self-employed (100 percent in favor), white-collar workers (88 percent in favor) and engineering workers (83 percent support) and among those ages 21 to 30 (88 percent in favor) and 31 to 40 (76 percent in favor).

In fact, the survey reveals a growing generation gap in the Soviet Union. Students are among the groups most strongly favoring "capitalism" and Western assistance. Two thirds of those under 30 back aid from the West, and they are least concerned about Western economic "domination." Fewer than 7 percent of Soviet young people favor "socialism" (communism), and more than 8 out of 10 support the concept of private property. About 4 out of 10 back Soviet membership in the European Community.

Opposition to change is




**A nation stumbles.** *Soviets are divided about how to revive their*

sury Secretary Nicholas Brady, Deputy National Security Adviser and CIA Director-designate Robert Gates and White House Chief of Staff John Sununu. Among the proposals outlined by Scowcroft were granting the Soviets $1.5 billion in loan guarantees to buy American grain, which Bush has endorsed publicly, and granting Moscow most-favored-nation trade status and observer standing at the World Bank and the International Monetary Fund.

Bush, however, wanted to do more, *U.S. News* has learned. According to senior U.S. officials, he directed aides to come up with a more ambitious economic aid package, to be offered to Gorbachev when he appears at the London economic summit next month. When the group met again last Friday, Bush ruled out cash assistance, at least until the U.S. economy improves and the Kremlin implements more market-oriented reforms. Among other things, the president wants Gorbachev to establish a single monetary authority and free-trade zones among the nation's 15 republics.

When they meet in London, Bush also will ask Gorbachev to clear up what Soviet officials call the "war of the laws," the tangle of measures enacted by the central government, the republics and localities that confound would-be foreign investors. In return, officials told *U.S. News*, Bush will encourage some American states, especially economic powerhouses such as California and Texas, to launch joint ventures with Gorbachev's central government and with the Soviet republics.

Bush, a former Texas oil man, also is interested in stimulating Soviet energy development. Aides say he will ask Gorbachev to recommend test projects for cooperative oil and natural gas development with American companies, which would, in turn, receive U.S.-backed loan guarantees. That way, the Soviet Union could earn more hard currency, American firms could make money and the United States could develop new sources of oil and gas.

Such energetic efforts to help Gorbachev at a time when America's own needs are so pressing would have been unthinkable two years ago. But since that time, Bush's skepticism about the Soviet leader turned first to a sense of possibility and now has ripened into outright admiration.

*NOVEMBER 1988–DECEMBER 1989*

## Skepticism

During his vice presidency, Bush and his advisers contrasted their hardheaded view of the Soviet leader with Ronald Reagan's simple trust in the man, which they considered excessive and "gushy."

Bush's skeptical view of Gorbachev had been shaped by two unhappy encounters during the Reagan years. In 1987, during a superpower summit in Washington, Bush and Gorbachev were riding in a shiny black limousine from the Soviet Embassy to the White House when Gorbachev ordered his driver to stop in the middle of downtown Washington. The Soviet

G. PINKHASSOV – MAGNUM



*economy, but want change.*

**REFORM, 'DA' – WESTERN AID, 'NYET'**

**Should the Soviet Union ask for financial aid from the West?**

Yes: **41%**
No: **47%**
Don't know: **11%**

**Do you think the West could dominate the Soviet Union economically?**

Yes: **34%**
No: **46%**
Don't know: **19%**

**What type of union should we have in the U.S.S.R.?**

Political union: **4%**
Economic union: **39%**
Political and economic union: **25%**
Military union: **2%**
Economic union with the European Community: **25%**
Don't know: **4%**

**Which system appeals most to you?**

Socialism: **29%**
Capitalism: **26%**
Mixture of socialism and capitalism: **46%**

**How do you feel about owning private property?**

Positive: **64%**
Negative: **19%**
Don't know: **17%**

**Note:** Percentages may not add up to 100 because of rounding. The survey of 3,000 people, taken in all 15 Soviet republics in early June, has a margin of error of plus or minus 1.5 percent. Interviews were conducted in person by the Center for International, Sociological and Marketing Research, a private research firm in Moscow.

strongest among those between ages 31 and 50 and in government and education, where workers have the most to lose if the Marxist status quo is altered. Sixty-two percent of Soviets between 31 and 40 oppose Western aid; 76 percent of those ages 41 to 50 are opposed. "Education workers" emerge as a particularly reactionary group: 75 percent are against Western help, 75 percent think the West might dominate the U.S.S.R., and no one favors Soviet membership in the European Community.

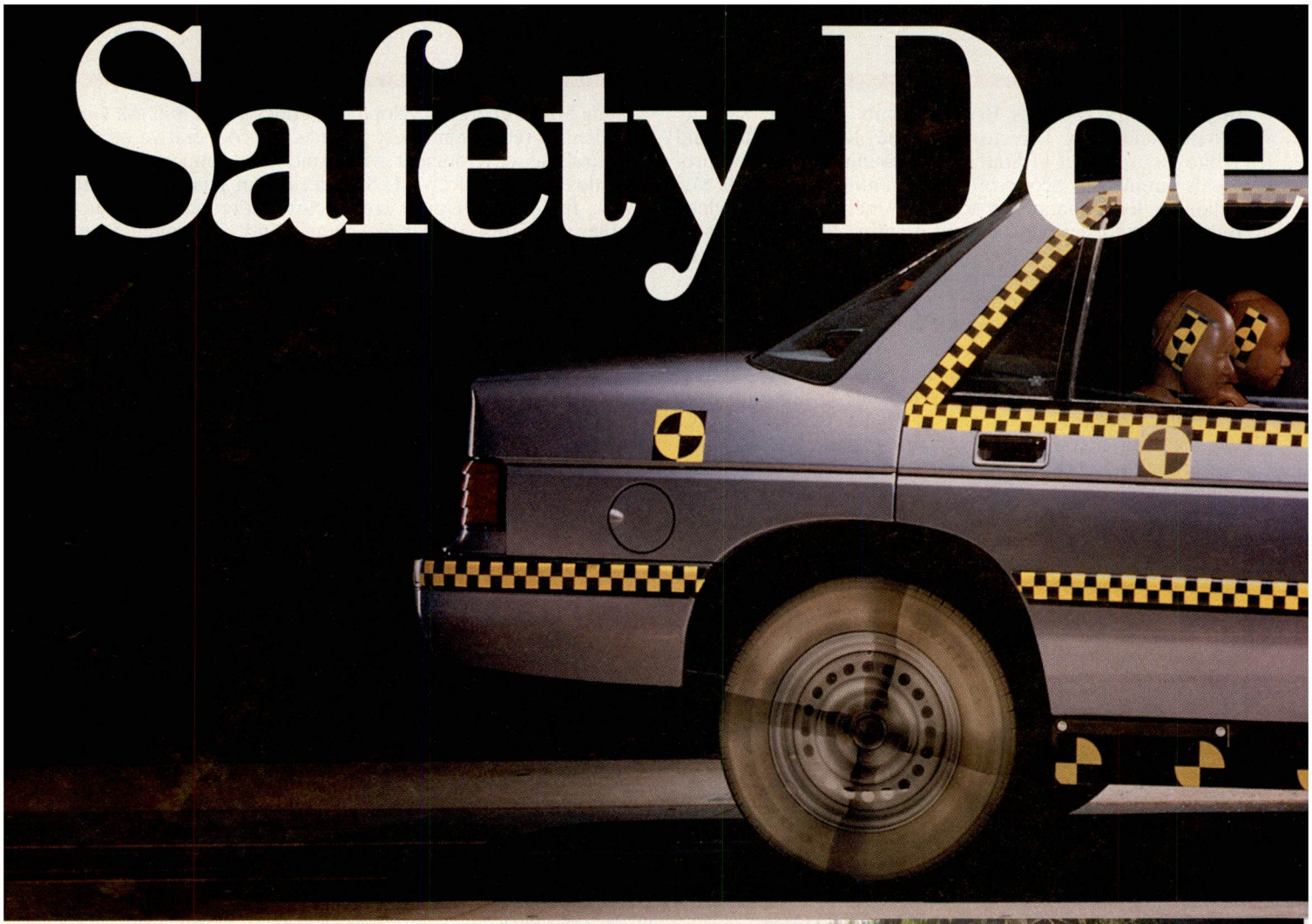
The elderly (those over 60) are a study in contrasts. Forty-three percent favor Western aid (38 percent oppose it, 19 percent don't know), and 48 percent do not believe the West could dominate the Soviet Union economically (28 percent think it could, 24 percent don't know). But support for "socialism" remains strong among the elderly, with 39 percent supporting the current system (only the 51-60 age group polls higher, with 50 percent in favor of "socialism"). Just 11 percent of the over-60s want "capitalism."

Among the unskilled, who face widespread job losses as market-driven reform looms (unemployment offices open in Russian cities July 1), 53 percent fear Western economic domination and oppose Western aid, while 40 percent back the socialist status quo. Even among this group, though, 6 out of 10 (59 percent) support private property.

Gorbachev receives mixed reviews from the survey on another key issue. Two out of 3 respondents support some kind of integrated Soviet state, but there is little backing for the kind of strong executive presidency the Soviet leader wants.

BY ROBIN KNIGHT IN MOSCOW

# Safety Doe



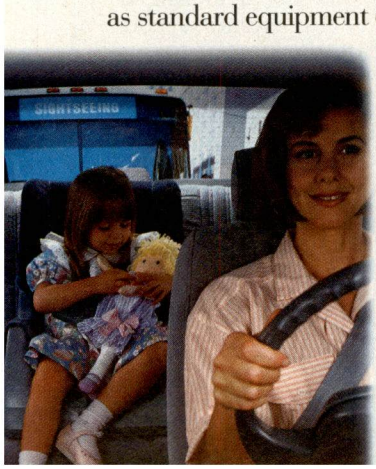
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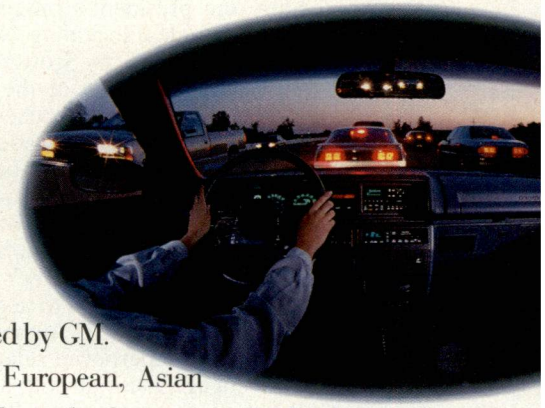
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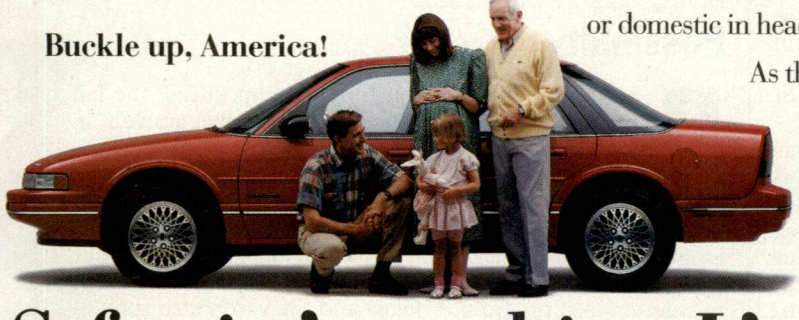


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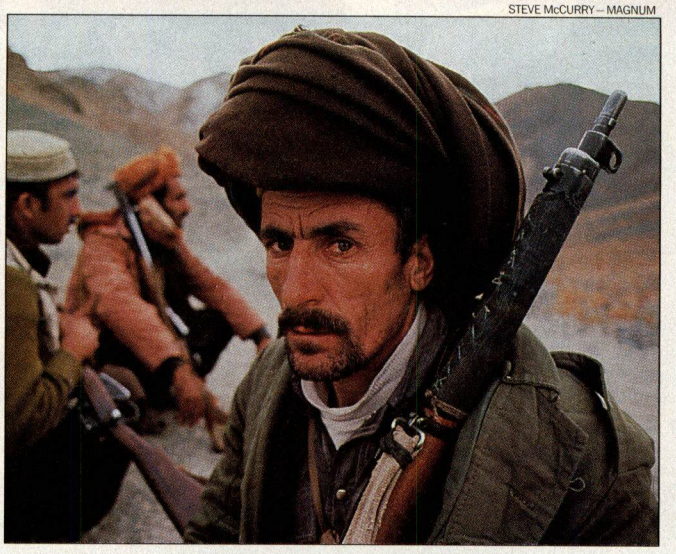
## Safety isn't one thing. It's everything.

CHEVROLET PONTIAC OLDSMOBILE BUICK CADILLAC GMC TRUCK

leader jumped out of the car and exuberantly greeted startled passersby. Bush was left standing, hapless and perplexed, in the background. He never forgot the incident.

The following year, Gorbachev was in New York to address the United Nations and to meet again with Reagan. A separate session with the vice president went badly. "We support what you're trying to do," Bush said of *perestroika* and *glasnost*. But, he added, "There are some people in America, some organizations, that are critical of you or don't believe it's real." Gorbachev, perhaps misunderstanding the translation, launched into a tirade about arrogant Americans who hate his country. Bush gently replied that *he* was not questioning the Soviet leader's credibility, and Gorbachev dropped the matter. But his performance left its mark. Bush concluded Gorbachev was intemperate and excessively combative—an assessment he now thinks was wrong, according to U.S. officials.

STEVE McCURRY—MAGNUM



*'The Americans were surprised when Gorbachev did not insist that Najibullah must remain in power in Afghanistan.'*

Bush's distrust of Soviet officialdom had first taken root during his tour as America's U.N. ambassador in the early 1970s, in frequent confrontations with his unbending Soviet counterpart, Yakov Malik. In his autobiography, "Looking Forward," Bush describes Malik as "a stone wall . . . one of the early cold war Russian diplomats who made the word *nyet* known to the English-speaking world . . . ."

After his election, the president's misgivings were reinforced by several of his aides, including National Security Adviser Scowcroft, and especially by Scowcroft's chief deputy, Gates, a longtime Soviet analyst at the Central Intelligence Agency. Gates argued that Gorbachev's reforms were designed mainly to enhance the Soviet leader's own political power. Bush agreed. Determined that he would not be gulled by the savvy Gorbachev, Bush put U.S.-Soviet relations on hold and began a protracted "review" of Soviet policy. It fell to Secretary of State Baker, a neophyte in Soviet affairs but Bush's most trusted friend, to test Moscow's "new thinking," and especially Gorbachev's willingness to negotiate an end to the proxy wars in Central America, Afghanistan and elsewhere that had so poisoned superpower relations. Baker told aides he wanted to "engage these guys to see what kind of people they are." Baker's strategy, says a State Department official, "was a no-lose proposition. If we engaged and found out that the new thinking was for real, we could make mutually productive deals. If we found the new thinking was not productive, we could look for other forms of leverage."

In Moscow, according to Soviet sources, Gorbachev was deeply disappointed that the close relationship he had developed with Reagan seemed to be in danger. He could not understand why an experienced U.S. official such as Bush would jeopardize the new "business as usual" superpower relationship. During an April 1989 visit to London, Gorbachev complained to British Prime Minister Margaret Thatcher about the new coolness in Washington. When Baker met Gorbachev in May, the two disagreed sharply on arms control issues. *Pravda* took aim at a vapid Bush speech on Soviet-American relations, dissecting the address as full of "old clichés" and displaying a "poverty of ideas."

For seven months, Bush refused to meet the Soviet leader at a summit, despite rising domestic criticism that he was too timid about encouraging Gorbachev's reforms. At that time in 1989, administration sources say, Bush and his senior advisers were afraid of alienating Republican conservatives, whose hostility to the Soviets was undiminished.

But Baker reported that his probes of the Soviets were encouraging. Gorbachev and his foreign minister, Eduard Shevardnadze, a Georgian to whom Baker quickly warmed, were giving ground. The Soviets were moving, for example, toward backing elections in Nicaragua and abandoning their support for the Sandinistas. In a stream of phone calls and cables, Baker's message was consistent: Gorbachev seems to be for real.

As 1989 progressed, Bush's views began to soften. He found, to his surprise, that Gorbachev's actions lived up to his words. The Soviets withdrew from Afghanistan in February as promised, pushed for more dramatic reforms at home and, most important, began letting their Eastern European satellites go free. Bush told his advisers that he was astonished to see Gorbachev moving so swiftly.

At the Paris economic summit in July 1989, Bush gathered his inner circle on the veranda of the U.S. ambassador's residence. Instead of waiting until the late spring or summer of 1990, he said, he wanted a face-to-face talk with Gorbachev before the year ended. Events in the U.S.S.R. and Eastern Europe, the president said, were moving so fast that he needed to size up Gorbachev himself—and as soon as possible. A few weeks later, Bush's younger brother William told him he had just returned from a vacation in Malta and was impressed with the island's relaxed atmosphere and world-class facilities. Bush conceived the idea of a shipborne summit off the scenic coast of Malta as a refreshing change of pace. He wanted *his* first superpower summit to be different.

*DECEMBER 1989–JUNE 1990*

## Possibility

Baker laid the foundation for a summit during the fall of 1989. In September, Shevardnadze arrived in America complaining that the U.S. stance toward *perestroika* was "restrained and irresolute." But a thaw began when he and Baker took a fishing trip to Wyoming; among other things, Shevardnadze backed away from the Soviets' longtime refusal to negotiate reductions in strategic nuclear weapons without imposing restraints on Reagan's Star Wars missile-defense program. "Baker and Shevardnadze spontaneously liked each other," says Andrei Melville of Moscow's

Center for International Projects. "This was enormously influential in ending the coolness that had begun to form." After Wyoming, Baker began talking publicly about U.S.-Soviet partnership. "That was a turning point," recalls Igor Malashenko, one of Gorbachev's foreign policy aides.

But when Bush and Gorbachev arrived in Malta on Dec. 2, 1989—less than a month after the fall of the Berlin Wall—60 mph winds at one point kept them stranded on their ships in Marsaxlokk Bay. Bush braved the gale and met Gorbachev on the Soviet cruise liner Maxim Gorky.

Their 90-minute chat that morning, in a dreary card room with the wind whistling outside, was precisely what Bush wanted to avoid—a formal exchange of statements with staffs assembled nervously on opposite sides of a big mahogany table. Bush, described by one senior aide as "uptight" and "ill at ease," outlined a 17-point plan of largely technical measures to help the Soviet economy and improve the superpower relationship. Gorbachev seemed pleased, but the meeting lacked the spontaneity Bush sought.

Just before lunch, the two leaders resumed their discussions with only note takers and translators present. Munching fruit and sipping iced tea, Bush began talking about his ups and downs as a Texas oil man in an effort to get Gorbachev to talk about the Soviet Union's problems. Bush told how one of his oil rigs had vanished during a hurricane in the Gulf of Mexico and how, circling overhead in a helicopter, he had realized his multimillion-dollar investment was gone. But the American taxpayer didn't pay for his bad luck, Bush explained. He did. That's the way it works in a market economy.

Gorbachev was skeptical, but the president's anecdotes had broken the ice. When Bush then asked about conditions in the Soviet Union, he found Gorbachev astonishingly candid, especially when contrasted with past Soviet leaders, who always blamed capitalism for their troubles. The Soviet leader even shared his frustrations with the lack of initiative and the "stagnation" in Soviet society.

Bush aides say Gorbachev was trying to "establish his bona fides as different from his predecessors," and he succeeded. Bush reached into his leather-bound folder, pulled out a thick document and handed it to Gorbachev. It was a white paper on the U.S. stock market prepared by Robert Blackwill, the National Security Council staff's chief Soviet expert at the time. The gift marked the beginning of Bush's attempt to educate Gorbachev about capitalism.

When he returned to the White House, the president told a group of foreign policy experts in the Roosevelt Room how the Soviet leader had questioned whether the United States really had a market economy. Bush told him American companies were mostly owned by shareholders. No they're not, Gorbachev said, they're owned by the boss. Bush said millions of Americans own stock. Gorbachev didn't believe him.

Malta was equally important to the Soviets. At first, they had hoped simply to continue the traditional superpower agenda, dominated by arms control, but during 1989, as their East European empire collapsed, the Soviets understandably focused on new European security arrangements. In Malta, Gorbachev was relieved to find Bush both committed to the old agenda and uninterested in exploiting the Soviet retreat. But by the end of 1989, the Soviets also had begun to realize the depth of their economic problems, and at the summit, for the first time, Gorbachev sensed real American interest in economic cooperation. "We left Malta thinking that partnership meant something in practice," Gorbachev aide Malashenko told *U.S. News*.

ANTHONY SUAU—BLACK STAR



*'Gorbachev said matter-of-factly that he would accept a united Germany in NATO. Bush asked him to say it again.'*

*JUNE 1990–PRESENT*

## Admiration

By early 1990, the Soviet empire in Eastern Europe had crumbled and the Soviet Communist Party was losing its constitutional monopoly on power. But just as Moscow's global power began evaporating, the Bush administration began recruiting the Soviets as partners in the president's post-cold-war order. The president and his advisers argued that the Soviets were no longer willing or able to do American interests much harm. Critics asked why, if the Soviets were toothless, the administration was so eager to make them allies.

One answer is that Bush's admiration for Gorbachev deepened at the very time the Soviet leader's standing at home began to plummet. A pivotal moment came in June 1990, when the two met in Washington for a summit. Bush, Gorbachev and their senior aides gathered in the Cabinet Room over ice water and coffee. The Soviet leader announced matter-of-factly that he would accept a reunited Germany in NATO if that's what the German people wanted. There was a stunned silence. Gorbachev had rejected precisely the same idea just a month earlier, insisting that Germany also must belong to the Warsaw Pact. Bush looked Gorbachev in the eye. "Let me hear what you said again," the president said. "One more time. You are saying if the German people want to be in NATO, it's OK with you?" Gorbachev repeated himself: "If they want to be in the Warsaw Pact, that's fine. If they want to be in NATO, that's fine, too."

Bush, noticing that even Shevardnadze was squirming, asked Gorbachev to repeat himself once more. The Soviet leader did. Bush and his aides were astounded. Two weeks later—on July 16—Gorbachev formally announced his decision after meeting with German Chancellor Helmut Kohl.

That weekend, Bush took Gorbachev and their senior advisers to Camp David, the secluded presidential retreat in Maryland's wooded Catoctin Mountains, in search of the informal atmosphere that had been so effective in Malta. The leaders and their staffs gathered on a terrace at Aspen Lodge overlooking the golf course and swimming pool. The president and his aides sat in short-sleeved shirts on one side of a large glass patio table under a blue umbrella striped in

Creamsicle orange. Across from them, also in shirt sleeves, sat Gorbachev, Shevardnadze, military adviser Sergei Akhromeyev and other Soviet aides. Gorbachev wore a pale blue shirt but didn't roll up his sleeves. The country club atmosphere, the warm sun and everyone's good cheer made it seem more like a friendly chat among business partners after 18 holes than a superpower discussion about global politics. That was exactly the mood Bush wanted.

When the conversation turned to regional conflicts, the Americans were surprised to hear Gorbachev make still more concessions. He no longer insisted that Najibullah, the Soviet-backed ruler of Afghanistan, must remain in power. And he would reduce Soviet support to Marxist Angola. To Bush, it was a vindication of his person-to-person style of diplomacy. The skeptics said the impoverished Soviet Union had no choice but to abandon its expensive, ill-gotten empire.

Bush knew that Gorbachev's internal problems were immense. Under communism, Gorbachev had told him during one of their quiet walks along the wooded trails at Camp David, making money for its own sake is illegal. Our people don't understand profit and they don't understand unemployment, he explained. They don't understand that it's acceptable for other people to be rich. In fact, they resent it. The ethic, Gorbachev explained, is "We all stay poor."

The two presidents had played horseshoes, and Gorbachev's first toss was a ringer. At dinner that night, Bush gave him the horseshoe for good luck. Bush later told aides that it was at the Washington summit that he first felt a bond of "personal trust" with Gorbachev and sensed it was mutual.

But just as Bush was warming to Gorbachev, the Soviet

**AN INTERVIEW WITH THE PRESIDENT**

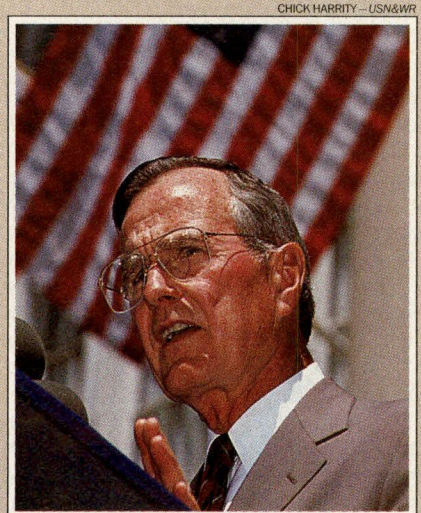
# 'I've been convinced all along he's committed to reform'

President Bush discussed his evolving view of Soviet President Mikhail Gorbachev in an exclusive interview with *U.S. News* Senior Editor Kenneth T. Walsh. Excerpts:

**What difference has your relationship with Gorbachev made in improving U.S.-Soviet relations?**
The personal side of it is, I think, built on mutual respect. First, I know it's built on my respect for him and for the changes he's made against big odds. Here's a man who is faced with enormous controversy, and he stands up and is under enormous pressure and takes a lot of heat but, in my view, is committed to continuing reform and openness, *glasnost* and *perestroika*. So the personal side of it is built on a certain respect I have for him and an unwillingness on my part to forget the achievements that he's already made.

**Has your personal relationship with Gorbachev made a difference?**
Well, I'm not sure that substantively it has made a difference. All I'm saying is that it facilitates open discussion. The Soviet Union is going through a period of unbelievable change. And I just think when you have a personal relationship where, without rancor, you can discuss differences, you have a better chance of eliminating misunderstanding. There are certain things the Soviet Union probably wants us to do that we won't be able to do. But if the person knows you're dealing in good faith and don't have a private agenda that's opposite to his wishes or his commitments, why, things are better off. I don't believe that if somebody likes you they're going to change their policies. I'm not naive about this.

CHICK HARRITY – *USN&WR*



**Message to Moscow.** *"I'd like to see less of their money go to defense."*

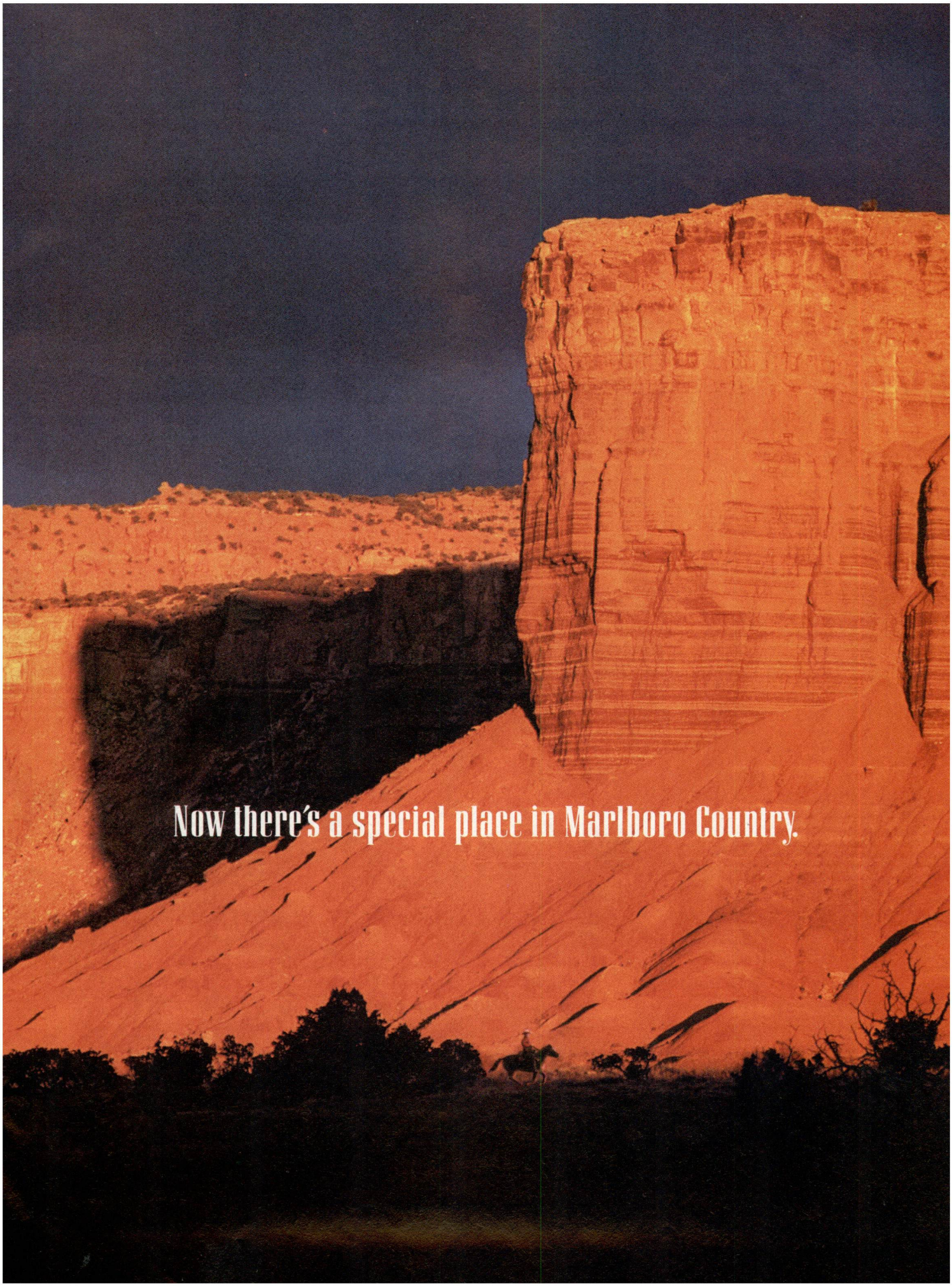
**You say we will not do everything he wants us to do. Were you speaking about aid to the Soviets?**
We're not sure what his request will be at the economic summit meeting. I'm very pleased he's coming. We keep reading out of the Soviet Union that he's not coming asking for a blank check and certainly not coming hat in hand. But if there are requests for substantial amounts of money, that will put the United States and I think all the other countries on the horns of a dilemma, because there isn't that kind of money around.

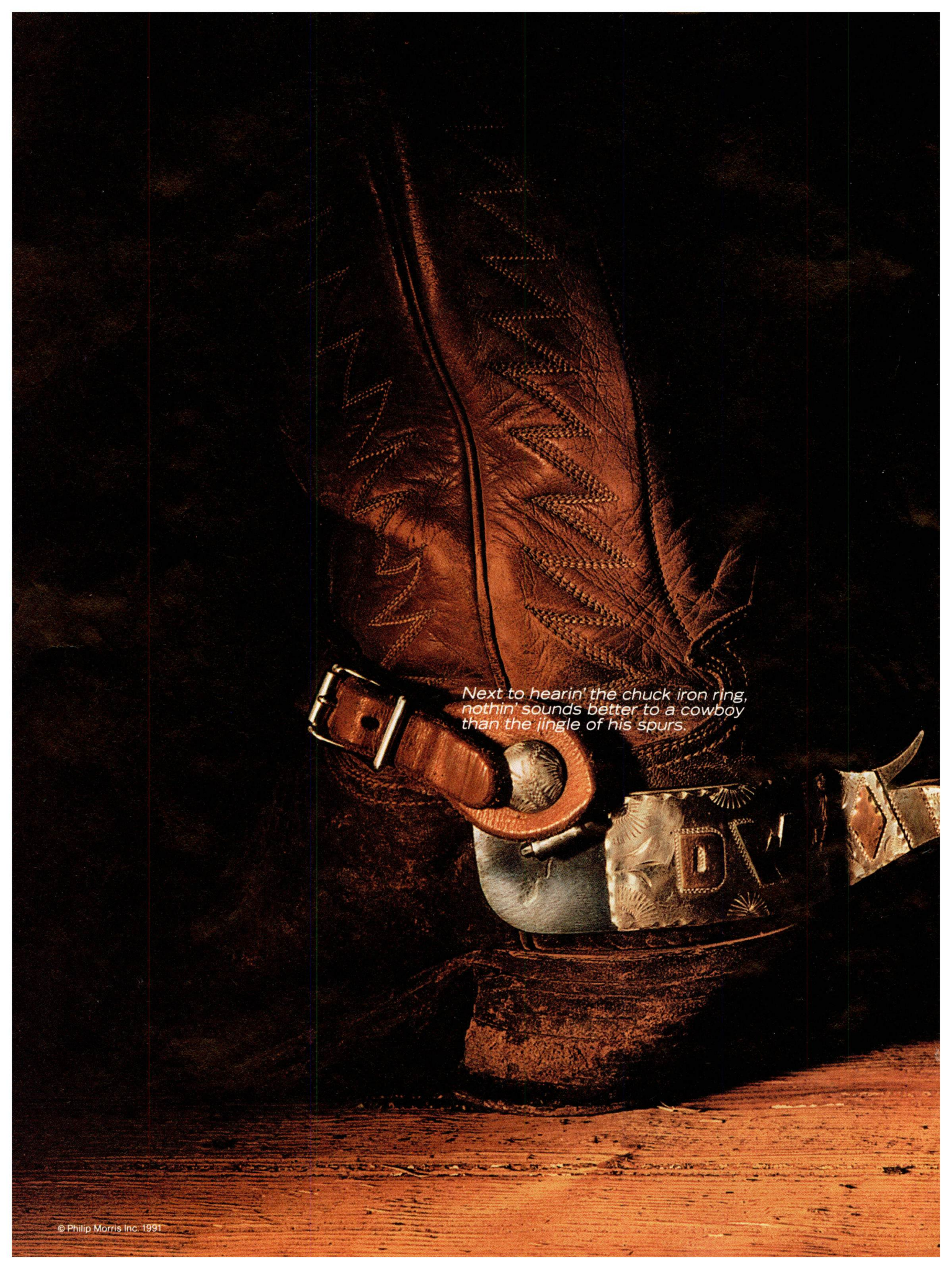
**You came into office quite skeptical of Gorbachev. What helped convince you that he is for real?**
I think I will use the word *prudence,* a new word for me, to say what our approach was. I remember getting clobbered by some of our most astute Soviet observers that we weren't rejoicing quickly enough over these changes.

**What points have made a difference in your assessment of Gorbachev?**
I've been convinced all along that he's committed to reform. The question is: Given the forces coming at him, is he going to be able to continue the reform? He's made very clear to me that he is committed, that the clock will not be turned back.

**What do you want to see in the Soviet Union?**
I'd like to see a democratic Soviet Union with respect for the republics, and I think he's on the move there. I'd like to see less of their money go to defense spending. That would facilitate relations with the United States. Obviously, we're committed to freedom for the Baltics. I'd like to see no more support for Cuba. It's failed, and it just kind of sticks out like a sore thumb in our own hemisphere.

**Finally, do you see growth in Yeltsin, having talked to him?**
Certainly he comes in with the confidence that an elected governor would have here, an elected president would have here, an elected mayor would have here. The people have spoken, and I think that is what's different than any previous visits.


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leader began retreating from his own reforms at home and slowing the pace of superpower progress abroad. Economic reform went nowhere. Security forces cracked down on dissent without much criticism from the Kremlin – or Washington. Hard-liners won key government posts. On December 20, Shevardnadze, whom Baker had met 20 times in 1990, abruptly resigned, warning that a dictatorship might be imminent.

The low point came on "Bloody Sunday" – January 13, when Soviet troops stormed the Lithuanian radio-television center in Vilnius. Fourteen people were killed and more than 200 injured. The ruthless attacks occurred just as the war with Iraq was about to begin, and critics argued that Gorbachev had cynically seized the moment when Bush was most distracted.

Bush, however, ignored the growing evidence of Gorbachev's swing to the right not simply because he was distracted, but because he needed Soviet cooperation in his campaign against Iraq – and because he believed the Soviet leader was merely making another "midcourse correction," the kind any practical politician should understand. "Bush didn't want to overrespond because we didn't know the facts," says one adviser. "But he was anguished about knowing whether or not Gorbachev was directly responsible for the violence. . . . Gorbachev said he didn't know. So the West could only surmise two things. One is either he did know and said he didn't. Or if he didn't know, that he'd lost control." Either way, it was a big problem.

The Deputies Committee, an interagency task force chaired by Gates, recommended that the president impose largely symbolic economic sanctions on the U.S.S.R. "The

**DANCES WITH BEARS**

# A score card on U.S.-Soviet deals

For 45 years the cold war raged on a variety of fronts, many in the Third World. Now cooperation is replacing confrontation.

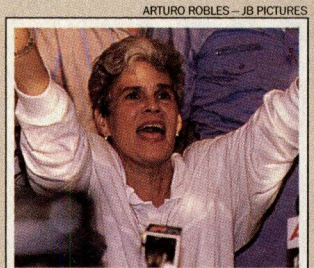
**Gulf war:** The Soviets backed George Bush's decision to oppose Iraq's invasion of Kuwait and voted with the United States on every United Nations resolution, including the one that authorized the use of force against their old client Saddam Hussein.

**Mideast peace:** Moscow has agreed to co-sponsor Arab-Israeli peace talks. The Soviets have urged their client Syria to compromise on the conference format and promised to restore diplomatic relations with Israel before talks begin.

**Nicaragua:** A U.S.-Soviet agreement to back free elections in Nicaragua made sure the Sandinistas didn't backslide after President Violeta Chamorro's victory at the polls last year. The election also ended the U.S.-backed Contra insurgency.

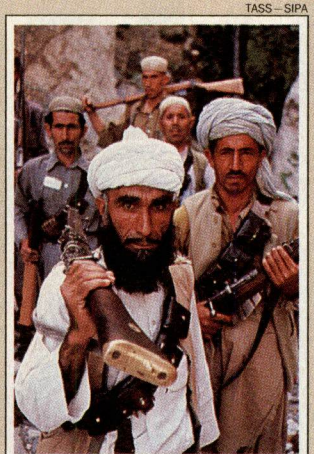
**El Salvador:** Moscow no longer backs the leftist rebels of the Farabundo Marti National Liberation Front and has recognized democratically elected conservative President Alfredo Cristiani. The Soviets persuaded Nicaragua's Sandinista-controlled Army to cut aid to the FMLN but have had less success with Cuba.

ARTURO ROBLES – JB PICTURES



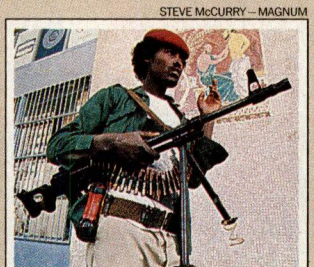
**Nicaragua.** *Chamorro won.*

TASS – SIPA



**Arms control.** *Deep cuts*

STEVE McCURRY – MAGNUM



**Afghanistan.** *Room to deal?*

JEROME DELAY – AFP



**Ethiopia.** *Soviet ideas*

**Angola:** After years of U.S.-backed negotiations, Washington and Moscow persuaded the Cubans to withdraw from Angola and the South Africans to withdraw from Namibia. A cease-fire in Angola's 15-year civil war was signed last month in Lisbon, with U.S. and Soviet officials looking on.

**Ethiopia:** The cutoff of Soviet aid to dictator Haile Mengistu Mariam helped persuade all sides in Ethiopia's decades-long civil war to seek U.S. mediation. Washington hoped Moscow would join the talks, but rebels objected. Talks on establishing a new government and holding elections continue.

**Afghanistan:** Since Mikhail Gorbachev withdrew Soviet troops in 1989, Moscow and Washington have been trying to craft a diplomatic settlement. But Moscow won't cut off Kabul until Pakistan and Saudi Arabia stop aiding Muslim rebels. There is some hope the issue may soon be settled.

**Cambodia:** Washington and Moscow helped draft a U.N. Security Council plan for elections that would undercut the power of the Khmer Rouge. The United States and the U.S.S.R. still send humanitarian aid to opposing sides but at greatly reduced levels.

**Eastern Europe:** Gorbachev abandoned hard-line Communist regimes in Eastern Europe and opened the way for the region's march toward democracy and market economies. But his most important concession was a decision to allow a united Germany to remain in the North Atlantic Treaty Organization.

**Arms control:** The Soviet Union agreed to scrap all its medium-range missiles and to allow unprecedented inspections of military facilities. In the Strategic Arms Reduction Talks (START), the Soviets have agreed to reduce their long-range nuclear arsenal by about 30 percent and to eliminate many of their most threatening heavy intercontinental ballistic missiles.

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*There's no comparison.*

Baltics were a symbol of what was going on internally," says a U.S. official. But Bush refused even to slap Gorbachev's wrist. Aides, including Press Secretary Marlin Fitzwater, told him that despite charges from the media and ethnic Americans that Bush was abandoning morality in his effort to prop up Gorbachev, the American people really did not care about the Baltics. Bush agreed.

Americans did care about Iraq, but there, too, Bush chose to ignore the fact that his Soviet allies were pursuing their own interests, not America's. At the same time as they were cracking down in the Baltics, the Soviets tried to derail Bush's campaign against their old client Saddam Hussein. Gorbachev first tried to convince Hussein to retreat from Kuwait with his Army and arsenal intact—a move that would not have served U.S. interests. Later, he twice tried to warn Hussein of impending allied attacks. Bush thought Gorbachev was just trying to help the United States avoid bloodshed. In any case, Gorbachev's alarms never got through.

Having paid no price for their meddling in the Persian Gulf, the Soviets may have concluded that the administration's tolerance is considerable. In March, *U.S. News* has learned, U.S. Embassy officials in San Salvador found out from a television news interview with leftist guerrillas that the rebels had acquired Soviet-made SA-16 surface-to-air missiles. Only last year, at Washington's request, Moscow had pressured Nicaragua's Sandinista-controlled Army to stop supplying older SA-7 and SA-14 missiles to the rebels—and even managed to get some of them returned. This time, the United States believed the Cubans were the culprits; again, it expected Moscow to stop the shipments.

**DOMESTIC PRIORITIES**

# But will it play in Peoria—or on Capitol Hill?

Minutes after the White House announced plans to grant the Soviet Union $1.5 billion in farm credits, Sen. Bill Bradley slam-dunked the proposal as a "waste of taxpayers' dollars." The money, said the New Jersey Democrat, could be better spent on Head Start or the environment or a tax cut for working families.

The debate over how to aid the Soviets is assuming strange shapes on Capitol Hill. Some liberal Democrats see a chance to steal traditional GOP issues by talking tough on foreign policy and criticizing runaway government spending. Sounding much like Ronald Reagan in 1980, Bradley admits: "I came out of the last election convinced that I should do anything I could to put money in the pocket of middle-income Americans and to cut back waste in government." Other Democrats, however, including House Majority Leader Richard Gephardt, blast Bush for timidity in the face of the massive changes sweeping Eastern Europe and favor a vigorous aid program. Many Republicans are torn between loyalty to the administration and suspicion of the Soviet Union.

Bradley may have the most effective political argument: the accusation that Bush is more interested in helping Gorbachev than in solving America's own problems. "I'm going to have to look very, very carefully at Soviet aid when I can't bring anything home to Hartford," says Rep. Barbara Kennelly, a Connecticut Democrat. "The average American thinks it's a lot more important to save the American economy than the Soviet economy," says Geoff Garin, a Democratic pollster. Neil Newhouse, who consults for Republican candidates, agrees that an aid package would be a "very tough sell," in part because Republicans have spent more than 40 years emphasizing the Soviet threat and asking for billions in military hardware to block Moscow's evil designs. Indeed, the Bush administration is still pushing ahead with a modernization of U.S. strategic forces, designed primarily to counter Soviet weaponry. And that leaves the White House open to the charge that it is trying to make the Soviets out to be both strong and weak at the same time.

CHICK HARRITY—*USN&WR*



**Doubting Congress.** *Capitol Hill isn't sold on aid.*

Supporters of Soviet aid argue that helping Moscow would save money in the long run by enabling the West to reduce military outlays. Democratic Rep. David Obey of Wisconsin, head of the subcommittee that handles foreign aid, says the "greatest cost to us is to do nothing," because a disintegrating Soviet Union would halt progress on arms control while unleashing a torrent of refugees. "I don't understand those who would spend hundreds of billions for defense, but not tens of billions to alleviate the need for that defense," he says.

In searching for a marketable aid program, lawmakers propose a wide range of conditions, from greater independence for the Baltics to reduced aid for Cuba. Like us, they say, Gorbachev should be forced to set priorities and make hard choices in a time of limited resources. He can't expect America to buy his butter, goes this argument, while he is still buying guns for Castro. Sen. Sam Nunn of Georgia suggests his own wrinkle: provide loan guarantees to American companies that help the Soviets exploit oil and gas resources, convert military installations to civilian use and clean up nuclear waste. That way, he says, the United States wins two ways: The Soviets focus on useful projects, and American companies get the business.

BY STEVEN V. ROBERTS

Baker phoned Shevardnadze's successor, Foreign Minister Alexander A. Bessmertnykh, then followed up on April 6 with what one official calls "a very strongly worded letter," accusing the Cubans of trying to undermine peace negotiations in El Salvador and pointedly warning that the missiles posed a threat to American personnel there.

Bessmertnykh wrote back on April 27 that Moscow had looked into the matter and believed the Cubans' claim that they had not provided the missiles. He offered no further assistance, however. Baker got no more satisfaction last week when he raised the issue with Bessmertnykh while both were in Berlin. So far Bush and Baker have kept their disappointment about Moscow's lack of cooperation private—instead criticizing Cuba, and then only elliptically.

SADAYUKI MIKAMI—DOD POOL



*'Gorbachev tried to warn Hussein of allied attacks, but Bush thought he only wanted to avoid bloodshed.'*

Bush justifies his tolerance on the ground that he is working for a greater good—lessening world tensions and improving superpower relations. "The president looks back," says an adviser, "and he doesn't see Gorbachev's path, in retrospect, veering very much, only wobbling here and there." In other words, an aide says, Bush agreed to "look the other way."

Bush has done more than look the other way. Despite the mounting evidence that American and Soviet interests still conflict in some important areas, the administration routinely recruits Gorbachev as a partner in its diplomatic efforts. Bush thinks Gorbachev's motives are relatively benign and Soviet influence minimal, so including the Soviets gives them something constructive to do and reassures them that the United States isn't trying to reduce them to second-class status.

Bush and Baker hope that enhancing Gorbachev's image as a statesman will strengthen him at home—despite evidence that bolstering the center may impede reform, not promote it. Asked why the administration tried this spring to get Moscow to co-sponsor Ethiopian peace talks—an idea rejected by Ethiopian rebels—a veteran diplomat responds: "Would being in the Ethiopia negotiations help Gorbachev's prestige?"

*JUNE 1991–*

## Storm clouds

The wisdom of making Gorbachev a pillar of a "new world order" remains open to question. So far, the Soviet president has not shown that he is ready, willing or able to dismantle the communist system that produced him—or that he can survive the challenges from reformers and reactionaries alike. Rival politicians, many of them more committed than Gorbachev to dismantling the discredited old system, are springing up in the cities and the republics. Gorbachev himself, meanwhile, continues to act as if the "center" is the solution rather than the problem. Although Bush dismisses it, there is a risk that propping up Gorbachev could even impede reform by delaying the collapse of the bankrupt Soviet system and enabling him to avoid tough decisions; about cutting military spending, for example. Bush's diplomatic invitations to the Soviets may be the result of American inertia and the president's and Baker's own uncertainty about how to lead the post-cold-war world.

Even without four decades of cold war, it would be unrealistic to expect two such different nations to avoid disagreements. "Even a completely noncommunist Russia, with Boris Yeltsin as its president, would have different foreign policy interests," says Yeltsin admirer and former Bush adviser Peter Rodman. And Bush may live to regret his mild response to Gorbachev's last-minute tinkering in the gulf, says former Reagan aide Stephen Sestanovich of Washington's Center for Strategic and International Studies. "He did not show Gorbachev that there was any penalty for getting in our way . . . and in the future he may regret that." Sestanovich is particularly concerned about a Soviet role in the Mideast peace process, where, he says, "winks and nods [from the Soviets] can set back years of U.S. efforts."

In Moscow, there already is a growing sense that Soviet-American interests are diverging again: While the United States tries to exploit its cold war victory by dominating global politics, the Soviet Union is fighting to survive. Despite Bush's efforts at reassurance, the Soviets' sense of vulnerability is growing, made worse by Gorbachev's diminishing ability to act unilaterally as his power ebbs.

After investing almost exclusively in Gorbachev, the administration belatedly has begun opening lines of communication with Yeltsin and other radical reformers. Still, Bush is careful not to treat any other Soviet politician as Gorbachev's equal. And despite the president's admiration for Gorbachev's reforms, there is no money in the Treasury for a Soviet bailout and little enthusiasm in Congress or the White House for such a move. Bush himself tells aides that he doubts whether pouring billions of dollars into the U.S.S.R. would do much good until more-fundamental reforms are made.

Ironically, however, the Soviet economic collapse is giving Gorbachev more leverage in his campaign to win Western aid. Bush, aides say, is fearful that failure to help Gorbachev now could result in the fragmentation of Soviet society, millions of refugees and instability throughout Europe. "In terms of domestic politics," a senior U.S. official says, "everyone around Bush wants to be cushioned against the charge of 'Who lost Gorbachev?' "

But one of Bush's main political precepts is that the American people cannot look to Washington for all the answers. Neither, he believes, can the Soviets. He thinks the closest thing to a savior they are likely to find, in their crumbling world, is already in power. ■

BY KENNETH T. WALSH WITH CARLA ANNE ROBBINS, ROBIN KNIGHT IN MOSCOW AND LOUISE LIEF IN BERLIN

When we are very young, we are possessors of a splendid gift: a mind that knows no limits.

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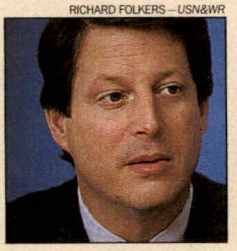
*To learn how your local school can obtain these films, write to: Educational Films, Phillips Petroleum Company, 16C-4PB, Bartlesville, Oklahoma 74004.*

# TOMORROW

## ONCE AGAIN, DEMOCRATS SWING LEFT

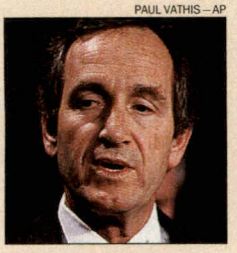
BY MICHAEL BARONE

RICHARD FOLKERS—*USN&WR*



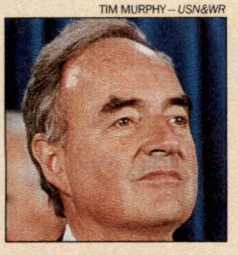
**■ Sen. Al Gore is hunkered down finishing a book on environmental hazards. Then he'll decide whether to run for president—and risk a second loss—or spend time with his young family.**

PAUL VATHIS—AP



**■ Sen. Harris Wofford hopes his background working for Martin Luther King Jr. in the '50s, John Kennedy in the '60s and the Peace Corps can help him hold his Senate seat.**

TIM MURPHY—*USN&WR*



**■ Sen. Tom Harkin is one of the Senate's most passionate populists. But few saw him as a candidate until a vacuum developed. As one Democrat put it, "Harkin has nothing to lose."**

■ **FOR '92: MODERATES OUT, LIBERALS IN.** Events are moving the Democratic field in the 1992 presidential race to the left. One after another, moderates have disqualified themselves: New Jersey Sen. Bill Bradley by his narrow re-election victory, Georgia Sen. Sam Nunn by his opposition to the gulf war resolution, Virginia's Sen. Chuck Robb and (quite possibly) Gov. Doug Wilder by their unseemly public feud. Sen. Albert Gore of Tennessee gave underwhelming performances at recent cattle shows and seems equivocal about whether to make a second run. The only thriving moderate seems to be Arkansas Gov. Bill Clinton, who has been turning heads with his sharp and sometimes inspiring stump speech. Yet, while his record has made him popular in Arkansas, most voters there say he shouldn't run and fewer than a third prefer him to George Bush.

That leaves the field dominated by liberals. Most conspicuous are two (almost) favorite sons: Sen. Tom Harkin of Iowa and Paul Tsongas of Lowell, Mass., 5 miles from the New Hampshire line. Harkin is convinced that the populism that enabled him to win re-election last year with 54 percent in a state Michael Dukakis carried with 55 percent will enable him to sweep the nation; he got big cheers from liberal Wisconsin state convention delegates (by contrast, they groaned when New York Rep. Stephen Solarz praised gulf war victory parades). Tsongas insists he is pro-business but also says, "I am a liberal"—a fair description of his record on most cultural and foreign and many economic issues. Also looking to run is Jay Rockefeller, with a conventional liberal record as senator from West Virginia and a popular issue—health care—on which he urges a larger government role. Standing nervously in the wings are New York Gov. Mario ("two nations") Cuomo and Missouri Rep. Dick ("America is in decline") Gephardt. And then there is Jesse Jackson, whose TV talk show has not been renewed; he has no other line of work but running for president.

■ **POPULISM AND ISOLATIONISM.** None of this guarantees a leftish nominee. But it does suggest that the field of candidates, and hence the political conversation, will be tilted toward the left, as they were in 1984 and 1988. Some think that a populist appeal, with calls for economic redistribution and trade protectionism, can produce a majority. But there is precious little evidence for that in election results over the nearly two decades in which the income distribution has been growing less egalitarian. Even so, it's clear that what energizes the activists heavily represented in Democratic primaries and caucuses is populism and isolationism—not Gore's cerebral analysis of global warming or Tsongas's calls for nurturing the businesses that will help the economy. The moderate-led Democratic Leadership Council can point to mainstream Democrats who have successfully governed states and won elections. But it is looking less likely that a moderate will be raising his arms to cheers at Madison Square Garden a year from next month.

■ **PENNSYLVANIA UPSET?** It has been widely assumed that Attorney General Dick Thornburgh will easily win the late John Heinz's Senate seat if he runs—and it seems likely that there will be a race, despite a recent court decision that threw the election process into doubt. But don't count out Harris Wofford, the Democrat appointed by Gov. Bob Casey. He may start off far behind in the polls, but if he can raise money—and he seems off to a good start—he should be able to rival the name identification of Thornburgh, who hasn't been on the ballot in nine years. And don't dismiss Wofford as too liberal. He's a liberal Democrat from the era when liberal Democrats won national majorities: He was John Kennedy's civil-rights adviser, one of the co-founders of the Peace Corps, a thoughtful man with rich experience in public and private life. He is in favor of some abortion restrictions as well as government intervention in the economy—popular stands in Pennsylvania, which, with its large older population, is culturally conservative and economically liberal. And unlike Thornburgh, he seems to want the job.

Democrats should be careful, though, not to learn the wrong lessons from a Wofford win. It would show that a traditional Democrat can carry a state that demographically and attitudinally resembles the America of 1960, when Pennsylvania and California had the same number of electoral votes. But in 1992, Pennsylvania will have 23 and California 54. A Wofford victory would show that a Democrat can carry older industrial America, which is more than Michael Dukakis did. But it wouldn't get Democrats much further toward carrying new postindustrial America, which they need even more.

# India's nod to 'Mr. Morose'

*The new prime minister, heir to the Gandhis, is a low-risk choice for high-risk times*

The ghost of Rajiv Gandhi gave his Congress Party a new lease on life last week in India's 10th national election. The sympathy vote in the wake of the young leader's murder had nothing like the force of the tidal surge that swept Gandhi into power seven years ago after his mother, Indira, was killed. It gained Gandhi's party just enough seats to form a minority government under an unelected old warhorse. But it may not have equipped the frail and elderly heir to the Gandhi dynasty to run the country very long or very well.

India's new prime minister, P. V. Narasimha Rao, who turns 70 this week, is a low-risk choice for a party facing high-risk times. He had retired from politics because of a heart condition (he had bypass surgery in Houston last year) when he was drafted to see the leaderless party into the election. He then became the murdered Rajiv Gandhi's consensus successor, as the man most likely to preserve vested political interests and to fend off radical change. He was strongly backed by Gandhi's inner circle and duly gave ministerial posts to a covey of cronies whom even Indira and Rajiv had kept in the kitchen.

**Always on the fence.** As a self-effacing Brahmin poet and intellectual, reported to know 12 languages but to speak his mind in none of them, Rao is as unlike the assertive, charismatic Gandhis as could be. In two stints as foreign minister, he was known as "Mr. Morose." He reportedly warned Mrs. Gandhi that as a teetotaling vegetarian who hated traveling and socializing, he was not the man for the diplomatic job. But he was just the person for Mrs. Gandhi, since he never pushed his own policy or defied his patron. "If he has a spine, he's hidden it well," says one fellow southerner who has watched Rao prosper over the years, largely by avoiding both conflict and commitment.

Still, for a time at least, Rao's conciliatory style could be just what the doctor ordered for a country emerging from its most violent election with a less than decisive result. Out of 506 seats declared last week, Congress won 223; even with its allies, this leaves it 14 votes short of a bare majority. Independents, splinter parties and defectors might yet push it past the halfway mark. But to pass major legislation, it will need the cooperation of the opposition, which is where Rao's healing touch may come in.

The opposition anyway is in no mood to confront the government right away. Neither voters nor politicians could endure another billion-dollar election in



**Two cheers for a new leader.** *Narasimha Rao (right) faces mounting difficulties—from the*

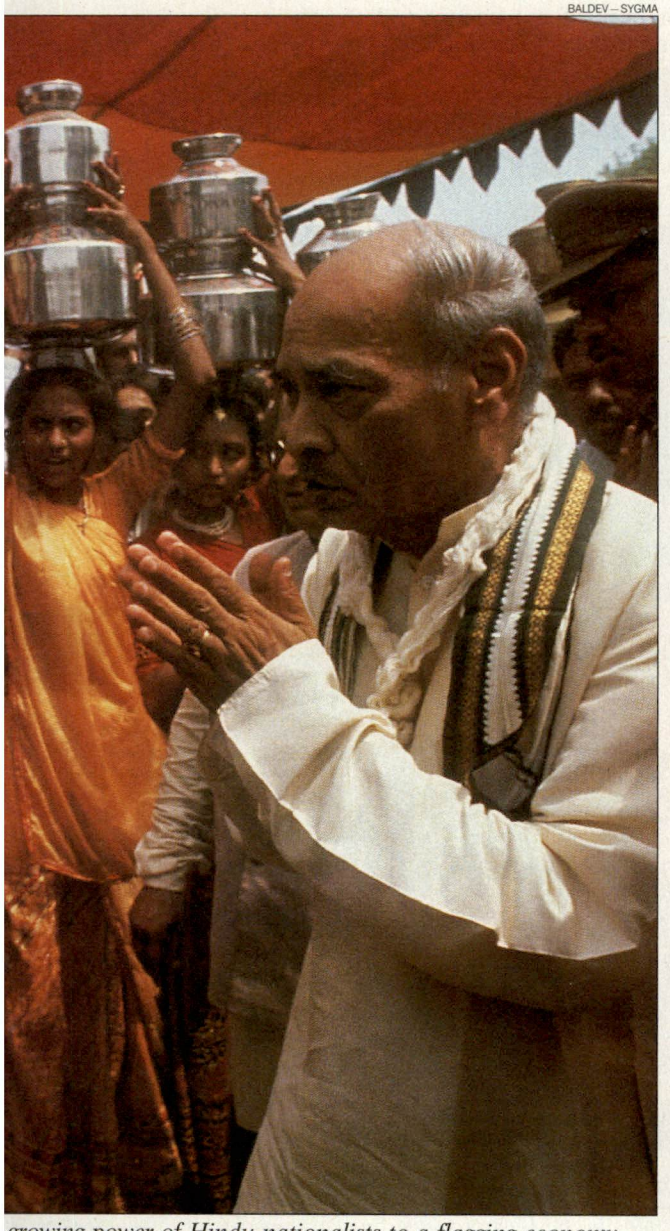
the near future, but the two main opposition groups feel rightly robbed by the political fallout from the Gandhi assassination. Nearly half the country voted the day before the May 21 killing and the rest three weeks later, and the changes in voting pattern are strikingly clear. What they show is that if Rajiv Gandhi had lived, his party would have ended up in a three-way tie with the Hindu nationalist Bharatiya Janata Party (BJP) and the National Front–Communist Alliance. Gandhi's death is reckoned to have won his party at least 60 seats.

The sympathy vote saved India from a bout of ungovernability. It also blunted what was looking like the relentless rise of the Hindu nationalists, who were held to 123 seats in Parliament, five fewer than the combined vote of their former alliance partners. But while the BJP had expected to win bigger, its ascent is the real success story of this election. Not only did the Hindu nationalists double their popular vote to nearly 25 percent and establish the BJP as a major national party they also won control of the government in India's most populous state, Uttar Pradesh. Along with the three other northern states they already ruled, this gives them sway over the bulk of the Hindi-speaking heartland, where 1 in 4 Indians lives. The Congress Party has been all but banished from its former northern base. Most of its M.P.'s, as well as the new prime minister, come from the south.

Uttar Pradesh will be the prickliest of nettles in the hands of the BJP because of the party's crusade to displace or demolish a mosque at Ayodhya, which militant Hindus claim is the birthplace of their god Rama. The BJP says it will try to negotiate with Muslim leaders before taking action to acquire the Ayodhya site for a Rama temple. Although the potential for renewed violence is great, most observers expect the party to move cautiously. Power already has had a taming influence on the BJP; the states it runs have had lower levels of unrest than their neighbors. And now the BJP is eyeing a bigger prize than a mere mosque—power in Delhi.

Even the savviest Indians are puzzled, as well as alarmed, by the BJP. It has at least two faces: sensible, secular parliamentary leaders and vicious Muslim-baiting storm troopers. The leaders deny that they want to create a theocratic

BALDEV—SYGMA



*growing power of Hindu nationalists to a flagging economy.*

**HIGH ON THE AGENDA**

## Bloodbath in Punjab

One of the new Indian government's first tasks will be ending the slaughter in the northern state of Punjab, where nearly 800 people, 22 of them candidates, were killed in a month of campaigning before last month's elections were canceled at the last minute. A week before the vote, Sikh militants launched their deadliest attack since the insurgency began in 1980, ambushing two trains and massacring 80 passengers.

Averting bloodshed was the rationale, but not the reason, that India's new government canceled the elections. If the vote had proceeded, Punjab's 11 parliamentary seats would have been won by opposition parties, and Congress would have needed six more seats for a majority.

But calling off the vote won't restore calm to the Punjab, where successive Indian governments have failed to bring peace. In 1984, after four years of hit-and-run attacks left 450 people dead, Indira Gandhi sent the Indian Army to storm the militants' hideout in the Sikh's sacred Golden Temple. Two Sikhs retaliated four months later, killing the prime minister. In 1985, Rajiv Gandhi signed a peace pact with Sikh moderates. Violence resumed after the Sikh signer was assassinated. And nothing came of Prime Minister V. P. Singh's peacemaking visit to the Golden Temple in 1990.

Indian authorities claim that containing terrorist violence has failed because rebels possess heat-seeking rockets and AK-47 automatic rifles smuggled from Pakistan and bought from underground bazaars, allegedly with money earned from drug trafficking.

Most Congress leaders take a hard line on the violence, and the party's return to power may well produce a new crackdown in Punjab. But with the Gandhi family out of power, the party's new leaders may be more inclined to explore a political solution.

Even if they are, finding Sikhs to talk to won't be easy. Separatist and moderate forces are badly splintered and at war with each other. Last week, a senior underground leader, Gurbachan Singh Manochuhul, called for an end to "the campaign of fratricide among Sikhs." He said nothing about violence against others.

BY BRAHMA CHELLANEY
IN NEW DELHI

state and cite as their model the Church of England. They claim to oppose not minority rights but "minorityism," by which they mean affirmative action Indian-style. Many nonreligious Hindus, including ex-Army generals and top bureaucrats, backed the party this time for its patriotism, discipline and relative honesty. But the BJP was also a repository for protest votes against the failures of successive centrist parties. The outgoing administration of Prime Minister Chandra Shekhar, for example, was reduced by defection and defeat to a derisory five seats. The only incumbents to win a resounding vote of confidence, for the fourth time, are the world's most popular Marxists, in West Bengal.

**Trouble spots.** Still, the Congress Party is where power resides for now, to the extent that the central government actually affects events in this huge anarchic subcontinent. Prime Minister Rao, as an orthodox Congress centralizer, will not willingly see authority devolve from Delhi. His solution for autonomy movements and insurgencies in Punjab, Kashmir and elsewhere is likely to be more of the same counterproductive counterviolence. But unless he transforms himself into a decisive and dynamic leader, much of his power may go unasserted or simply slip away. Then other party figures will begin to challenge his leadership, starting with the rival he dispatched last week, then rewarded with the top cabinet job—Sharad Pawar.

The first test of the Rao regime will come within weeks, when it has to present a budget that can pass muster both in Delhi and in the Washington offices of the International Monetary Fund. India is down to a few weeks' worth of foreign exchange and desperately needs an infusion of IMF cash to avoid defaulting on its debts. In January, India promised the IMF to reduce its budget deficit from 9 percent of the gross national product to 6.5 percent, but the gap between spending and earning is bigger than ever. Technocrats agree that at least 75 percent of the fix has to come from spending, but the consensus breaks down over what to cut. The IMF's top candidates are food and fertilizer subsidies and defense.

After budget cuts, the next item on the agenda is deregulation. Insiders are promising a dismantling of many domestic controls. But a key factor in any economic liberalization is political will. One bureaucrat predicted last week, "If the will hasn't been shown in 10 or 25 days, it won't be there." ■

BY EMILY MACFARQUHAR IN NEW DELHI



# Liberation, but not for women

## *In eastern Germany, gone are the jobs, child care and abortion rights of the old regime*

Light filters through a swirl of cigarette smoke into the third floor of the Leipzig Employment Office. For an hour, dozens of women have been waiting in a room the size of a bratwurst stand to hear about job possibilities. They smoke cigarettes, flip through the newspapers and watch numbers turn on the counter above the door. At the end of the line, jacket clutched against her chest, is Gaby, a slim woman with brown hair and glasses who needs some secretarial work to get her through the summer. Laid off three months ago from a job at a chemical factory, Gaby has barely enough money to buy textbooks for her children.

For Gaby, a 35-year-old woman with no influential friends, little experience, children at home and no husband, the outlook is grim. Like many other women in what used to be the German



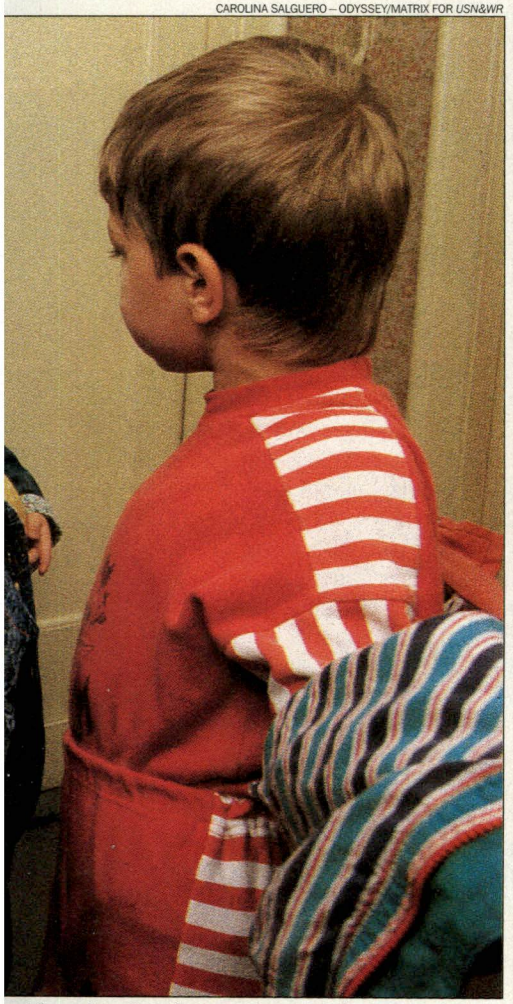
**No more free lunch.** *Kindergartens in the East provided free care and meals. Now they are*

Democratic Republic, she worries that political liberation has cost her social and economic freedom. More than 90 percent of East German women were employed; now fewer than half are. Only 40 percent of eastern Germany's women are being rehired or retrained, and women over 45 have little or no chance of finding new jobs.

**Wall nostalgia.** The kindergartens that cared for their children are closing or becoming too expensive, and West Germany's more restrictive abortion laws threaten to deny many eastern women a popular method of birth control. "Instead of fighting it, a lot of women are closing themselves off and pulling away from the world around them," says Elfi Wiedemann, head of the Office for Equal Opportunity in the state of Brandenburg, which surrounds Berlin. "You hear them all the time say they wish the wall would go back up."

Waltraud Sawade, 48, runs a kindergarten at Im Bogen 13 in Potsdam. She has been an educator for 32 years, but now she fears that her job and those of 10 other women will be eliminated along with the institution. "I've worked at this job for my entire adult life, and it's hard to accept all of a sudden that I may no longer be needed," she confides over the kindergarten cacophony, as her colleagues pass out Gummi Bears and tuck children into small wooden cots for their afternoon naps.

CAROLINA SALGUERO – ODYSSEY/MATRIX FOR *USN&WR*



*either charging fees or shutting their doors.*

East Germany's child-care system helped the state indoctrinate its young, but it also assured women in the East the freedom to pursue a career while raising a family. Once, these institutions cared for children from 5 in the morning until 6 in the evening free of charge, providing meals, recreation and a modicum of education. They gave a particular advantage to single mothers, who accounted for a third of East Germany's female work force.

Now, faced with dried-up city and state budgets, the kindergartens must either close down or charge a monthly fee of as much as $17, plus lunch money. Average family income is only $600 a month, most of that devoured by rent and groceries. "If the one in our neighborhood closes, then my opportunities will be deeply limited," says Ilka Gätke of Potsdam, 36, a divorced mother of one and a lab technician who will be out of a job in July because her laboratory was bought and is being torn down by a western firm. "I can't just hand my son over to my parents. I can't burden them with that. It creates this existential worry that I won't be able to climb back in."

Despite western Germany's progressive net of social benefits, the state does not pay for child care for working women. East Germany's child-care laws allowed women 10 weeks of leave per year to take care of matters at home. Western German law grants them five days.

Worse, the child-care crisis has contributed to a belief among some eastern employers that the responsibilities of *mutterschaft,* or motherhood, make women less efficient workers. Although sex discrimination supposedly was abolished in the German Democratic Republic, women occupied fewer than 5 percent of the top positions in the discredited Communist system. Now women are bearing a disproportionate share of the East's rising joblessness. Unemployment has begun to fall slightly for men in Leipzig, thanks mostly to new construction, but women are still losing their jobs. In May, 55 percent of the city's jobless were women, and the number is expected to rise to 60 percent by the end of the year. "Because of these built-in disadvantages, it is chiefly women who will have the hardest time starting new lives in the transition to a free market," wrote Marina Beyer, a former adviser to the East German government on women's issues, in the introduction to a report on sex discrimination in the East that was released last year.

Finally, while communism's demise has freed their minds, some eastern German women worry that West Germany's more restrictive abortion laws could deny them a familiar element of control over their own bodies. Since unification, the government in Bonn has danced around the matter of abortion. By year's end, members of the ruling coalition must forge a compromise between West German law, which permits abortion only in cases of rape, severe disability in the infant or a threat to the mother's life, and the old East German law, which allows women to have an abortion in the first 12 weeks of their pregnancy no matter what the circumstances. Though most eastern German women agree that their old law led to abuse – 300 out of every 1,000 East German pregnancies were terminated by abortions in 1988, compared with 123 in West Germany – they want to retain the freedom to decide for themselves whether to have an abortion.

**Crisis of confidence.** Eastern German women have long considered themselves more self-confident professionally and sexually than their western counterparts. The West German hausfrau was portrayed in television and magazine advertisements as eternally baking, mending and nurturing. The western-style feminist, with her calls for equal opportunity, was considered slightly ridiculous.

But since the Berlin Wall's collapse, a crisis of confidence has occurred, as eastern German women realize that they, too, now face the same choices. "It's terribly difficult for them to accept that the old security is gone and that they may have to end up in the kitchen and taking care of children," explains eastern German psychologist Lykke Arasen.

Still, some eastern German women have kept their jobs and others have risen to new challenges. In east Berlin, former pop singer Issie Martin is trying to learn how to manage rock bands, a longtime dream. After losing her job last year, the former head of the official Berlin theater, Vera Oel-Schlegel, began writing her memoirs and formed the first traveling theater company in eastern Germany. But they are exceptions. Like Gaby and others in the Leipzig Employment Office, most eastern German women are standing in line, unsure about the future and nostalgic for a past that at least offered security, shelter and a job. ■

BY JOHN MARKS IN GERMANY

# WORLDGRAM

## JAPAN RETHINKS THE WISDOM OF STICKING WITH THE ARAB BOYCOTT OF ISRAEL




**■ To date, many major Japanese companies refuse to trade with Israel, and there are no serious joint ventures or research and development agreements between the two countries. No Japanese companies or banks have subsidiaries in Israel, Japanese ships do not stop at Israeli ports and there are no direct air links.**

**■ IN SEARCH OF A NEW ROLE.** For more than 40 years, Japan has succumbed to Arab pressure and refused to condemn the Arab boycott that keeps major Japanese companies from doing business with, or investing in, Israel. Diplomatically, Japan has never paid much of a price for its stand, while guaranteeing its growing economy a steady flow of the Arab oil on which it has always been dependent. Now, in the aftermath of the gulf war, Japan may be on the verge of doing an about-face.

Strapped by debt and bills coming due from the war, the Mideast's largest Arab oil producers are in no position to pressure a prime customer such as Japan. And Japan itself has been signaling that it wants a higher profile in the region and could be ready to back away from the boycott. Admittedly, Japan's future as a Mideast geopolitical player appears limited. But Tokyo's economic influence could be significant. If an Arab-Israeli peace process ever does take off, regional cooperation and development projects in areas such as water management and environmental protection will require substantial financing from the economic superpowers. For Israel, eager to expand its economy and high-tech industry to provide jobs for a flood of Soviet immigrants, a Japan willing to invest in Israel would be welcome indeed.

In recent weeks, hints of a change in Japan's thinking have turned up in both Tokyo and Jerusalem. Foreign Minister Taro Nakayama asked Israeli officials to approve a Japanese seat at the negotiating table should procedural obstacles be overcome and an international Mideast peace conference actually take place. Jerusalem is less than enthusiastic about traditionally pro-Arab Japan playing a direct role in Arab-Israeli peacemaking. But there may already be agreement for Japan to join regional talks on economic progress—if Japan renounces the boycott. Signs of movement by Japan on the boycott issue are apparent. After George Bush urged Prime Minister Toshiki Kaifu to take a clear stance, Toyota, Japan's largest auto manufacturer, announced it would begin selling cars to Israel; Nissan and Mazda have since followed suit. Sources in Tokyo now say Japan may be willing to use the umbrella of the July G-7 Summit of Industrialized Nations to condemn the boycott as "an obstacle to free trade"—further indication that Japan may have decided that if it acts like an economic superpower, it will ultimately be welcomed as one at an international Mideast peace table.




**■ In the first five months of 1991, industrial sales in Poland are down 10 percent, inflation is predicted to hit 100 percent this year and polls show that most workers now fear they could lose their jobs and be unable to find new ones.**

**■ WALESA TAKING ON ALL COMERS.** Even before he was elected president of Poland and took office last December, Lech Walesa faced a daunting challenge: how to reform Poland's centrally managed Communist economy without making life any worse for the people who supported him. Halfway into his first year, Walesa is finding the going very tough, indeed. Ex-communists who still control the lower house of Poland's Parliament are blocking passage of his reforms, even as the economy collapses. Industrial production has fallen dramatically, inflation is soaring, unemployment is on the rise, living standards are taking a pounding and wildcat strikes are common. As if that weren't bad enough, Walesa and his government—not the Communists in Parliament—are taking the lion's share of the blame from ordinary workers for Poland's troubles. Even the trade-union wing of Solidarity, which Walesa once headed, has grown more militant and critical of him and the government, provoking Walesa into tough talk about using all means to crush anarchy. Whether it comes to that or not, Walesa is clearly frustrated by his inability to get his reform program moving. He has demanded that Parliament give him special power to overhaul—by decree—Poland's economic laws and is fighting for a new election law that would make it harder for his opponents to win when Poland holds its first free parliamentary elections since World War II in October. If he fails, Walesa could try to dissolve Parliament unilaterally and hold the elections then anyway. That may be easier said than done. Walesa's critics, among them many of his old allies from Solidarity, are already accusing him of dictatorial ambitions, charging that his real aim is to set the stage for authoritarian rule. Walesa insists all he seeks is a strong and stable Parliament acting as a partner for the presidency. His problem will be to convince an increasingly anxious electorate that he has what it takes to bring that about.

BY DAVID MAKOVSKY IN JERUSALEM AND CHRISTOPHER BOBINSKI IN WARSAW



Musk oil.
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# Bush's leap of faith

*The president hopes that Greenspan's Fed will provide a safe landing*

If Federal Reserve Board Chairman Alan Greenspan weren't so prudent, he might throw himself a victory party. After nearly a year of recession, some positive statistics are trickling in, indicating that recovery may finally be on the way. Retail sales, auto sales and industrial production all rose in May, for example, while dreaded inflation seems under control. "I think we've done quite well as far as policy is concerned," says Greenspan. "The data are now becoming increasingly suggestive of an ending of the recession."

Should the good news continue, the 65-year-old economist will be applauded for bringing a relatively short and shallow downturn to a conclusion without wreaking excessive havoc on the U.S. economy. By limiting the damage, Greenspan may also have earned himself a second term at the helm of the nation's central bank and helped to reelect President Bush. Even senior White House officials who privately blame Greenspan's Fed for helping to push America into recession are pleased with the recent turn of events and think the chairman is a shoo-in for reappointment this summer.

**Shaky recovery.** But the cheers for Greenspan may soon turn to jeers. Having survived a stock-market crash, credit crunch and the nasty twists and turns as the economy spiraled down over the past year, the Fed chief now faces the difficult and delicate task of shoring up a precarious recovery and fragile financial system, while keeping a lid on inflation. When it comes into play, the economy's bounce back is likely to be weak. Further softness could result as cash-strapped state and local governments raise taxes and lay off workers. Last week, nearly half a million Americans filed first-time claims for unemployment benefits, and the numbers could rise as the beleaguered computer industry restructures and pares down its work force in coming months. This could push the nation's unemployment rate, which jumped from 6.6 percent to 6.9 percent last month, to even higher levels. "Although there are forecasts of recovery," says Robert Brusca, the chief economist at Nikko Securities, "there is another shoe left to fall."

The lending squeeze, which has ravaged America's commercial real estate sector and other credit-seeking businesses, also shows no signs of abating, and some analysts worry that could create a double-dip recession. In his most optimistic comments in months, Greenspan told the House Ways and Means Committee last week that the American economy looks like it has hit bottom, but he warned that the nation is still in the grip of a credit crunch.

Some Federal Reserve Board members predict that the initial stages of recovery

### Monetary mistakes at the Fed

*Alan Greenspan's tumultuous tenure at the Federal Reserve Board has been punctuated by a stock-market crash, credit crunch and recession. The Fed head has confronted each of these crises over the past four years, but critics say his policies have often missed the mark.*

**1 Playing it down the middle.** *Apparently to appease both growth advocates and inflation fighters, Greenspan implemented his "soft landing" policy, which suppressed money growth and boosted interest rates in tiny in-*





ILLUSTRATION BY JOHN KASCHT FOR *USN&WR*

could be stronger than expected. Inventories are lean, and their rapid replenishment could cause a sharp surge in orders and economic activity that could in turn uncork significant price pressures. If Greenspan raises interest rates at the first sign of sustained growth – as some economists believe he may, in a zealous attempt to snuff out any inflationary expectations – he could squash the recovery before it gets started and thrust the nation into yet another recession. "I worry about a trigger response to a rebound," says Chris Varvares, an economist with Laurence H. Meyer & Associates in St. Louis.



*crements during 1988. Ultimately, this compromise failed as the nation's economy slid into recession.*

**2 Misreading the tea leaves.** *By shrinking the economy's money supply, Greenspan reduced the funds available for bank lending and contributed to the credit crunch. Despite the loan slowdown, which crippled business expansion, the Fed chief stated last summer that there was ample credit to maintain economic growth. Greenspan eventually saw the light and belatedly cut interest rates to stimulate lending activity.*

**3 Fighting the wrong enemy.** *Even after fears of a Persian Gulf oil crisis subsided last fall, Greenspan and the overly conservative Fed seemed intimidated by inflation. As a result, the central banker drastically tightened the money supply later in 1990 despite signs of a rapidly deteriorating economy.*

**4 Setting back the recovery?** *Some analysts believe that the economy won't regain its full vitality after the recession ends. If the inflation-obsessed Fed raises interest rates too soon, it could contribute to a second downturn.*

Those fears may be justified. The Fed, which determines short-term interest rates by buying and selling government securities, has consistently sacrificed growth for price stability over the past four years. And Greenspan himself appears to have misjudged some major economic turning points in the past, including the onset of the current recession and credit crunch, according to economists. "In [1990 and part of 1991], Greenspan lost control of events," says David Jones, chief economist at Aubrey G. Lanston & Co. and author of the new book "The Politics of Money: The Fed Under Alan Greenspan." "He came into office with the economy strong and the banking system sound, and he's up for reappointment with the economy in recession and the banking system in trouble."

Last summer, before Iraq's invasion of Kuwait, for example, the economy was deteriorating. Both consumer income and spending growth had begun their downward descent. And industrial production was starting to slow. But the Fed chairman seemed to have blinders on, say his critics. Instead of picking up on these incipient signs of decay, he continued his tight money policy too long before cutting rates. By November 1990, growth in the money supply had fallen to almost zero. Ultimately, this monetary myopia may have helped cause the downturn. Robert Forrestal, president of the Federal Reserve Bank of Atlanta, believes the Fed could have loosened the money supply earlier in 1990. "It might have ameliorated things to some extent," he says. Adds Eric Heinemann, chief economist at Ladenburg, Thalmann: "This is Greenspan's recession, not Saddam Hussein's."

The Fed chief's tightfisted policies may also have contributed to the decline in bank lending during 1990, the first drop since the mid-1970s. Despite ample evidence early last July that banks were not making loans to businesses, Greenspan publicly denied the

existence of a credit crunch before slightly loosening rates later in the month.

**The high cost of caution.** Greenspan's cautious personality and collegial management style are partly responsible for the Fed's recent policy turns. A gradualist at heart, the Fed chairman rarely makes bold moves or pronouncements and prefers to operate at the margin. When it comes to implementing monetary measures, Greenspan usually supports small, incremental interest rate changes of a quarter or half a percent, an approach that has been dubbed "leaning against the wind." "Greenspan adjusts slowly but steadily in the opposite direction of the economy," says Barry Bosworth, an economist with the Brookings Institution. This strategy of restraint enables the Fed chief to easily reverse course, but chipping away at interest rates—especially after recession sets in—usually fails to ward off a slump.

Greenspan's painstaking attempts to build consensus also may have hamstrung the Fed over the past year. The chairman is known for listening to each of his colleagues at Fed meetings before trying to mesh their views into a monetary position. "Policy, rather than being made by Greenspan alone, is made by committee," says Nikko Securities' Brusca. "That's why it doesn't happen very often." In his efforts to court the inflation-fighting wing of the Fed, Greenspan reportedly has had difficulty bringing down interest rates—even in the face of a slowing economy. "What worries me now is not Greenspan," says David Wyss, an economist at DRI/McGraw-Hill, "but that he doesn't seem fully in control of the Federal Open Market Committee."

The Fed chairman is passionate about economic data, and he regularly devours statistics on everything from inventory levels to freight carloadings. "He's a datamonger, a data lover like few people are," says Richard Syron, president of the Federal Reserve Bank of Boston. But Greenspan's empirical strength, say economists, lies in the industrial sector, rather than in finance, where many of the country's recessionary ills first took root. "He's good at quantitative analysis," says Jones of Aubrey G. Lanston. "But he has a blind spot in areas of subjective or anecdotal evidence, the kind of thing that first signaled a credit crunch."

**Turbulent times.** Greenspan's supporters argue that the chairman's contemplative and comprehensive approach to economic policy making is just right for these turbulent times. While Volcker trained the Fed's policy weapons on double-digit inflation during the early 1980s, Greenspan has been forced to deal with an array of complex financial and economic problems, including a stock-market crash, inflation jitters, an oil shock, a credit crunch and full-blown recession. "Given the very difficult circumstances, I'm impressed how well the Fed has conducted its policy," says Bosworth of the Brookings Institution.

The current Fed chairman is also saddled with a huge federal budget deficit, which is now hovering around $300 billion. During a recession, Washington usually stimulates a weak economy by increasing government spending or cutting taxes. But the bloated deficit has limited the government's maneuverability and sharply curtailed the use of these fiscal policy tools. This means that the Fed is the only government entity capable of beating back recession. "The entire burden of running domestic economic policy today is on the backs of the Federal Reserve," says Robert Hormats, an economist with Goldman, Sachs.

**Global constraints.** Financing the government's huge deficit places even more pressure on the Fed. In order to attract capital, America's interest rates must be competitive with those of its international rivals. "If world investors don't like what the Fed is doing, they will take their money elsewhere," says Jerry Jordan, an economist with First Interstate Bancorp. Right now, short-term rates in Germany and Japan are higher than those in the United States. To help extricate America from recession, the Bush administration has been aggressively pushing industrialized nations for lower interest rates.

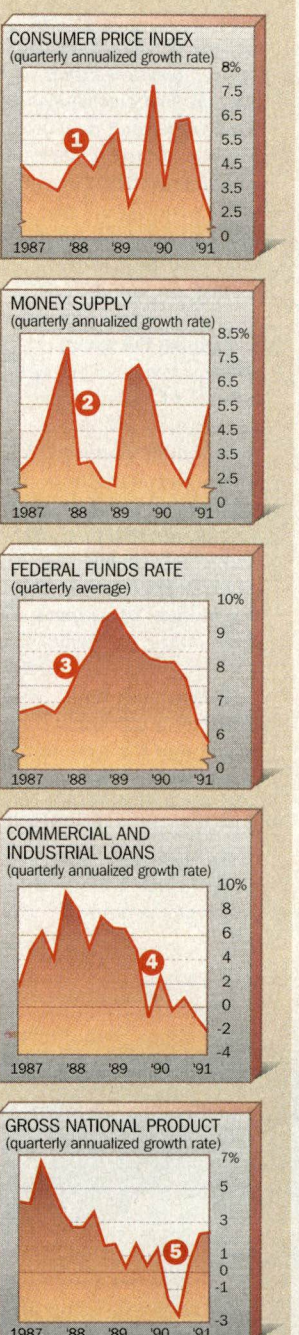
The Fed's toughest challenge over the next year will be getting the recovery on course. If economic growth accelerates at a faster pace than expected because of a rapid inventory liquidation, Greenspan might be forced to dampen inflationary expectations by ratcheting up rates. This could squelch the nascent recovery and send the economy into another tailspin. America experienced a similar double-dip recession in the early 1980s.

For the moment, however, inflation is declining. The consumer price index peaked at 7.8 percent in the first quarter of 1990, and economists now predict that inflation will grow at only 4.2 percent this year, a lower rate than the nation experienced going into the recession. "For the first time in memory," says Allan Meltzer, cofounder and chairman of the shadow monetarist open market committee and a professor of economics at Carnegie Mellon, "we've gone through a recession with modest increases in the growth of money." During the next year, at least, Greenspan and the Fed appear willing to accept sluggish economic growth and persistent unemployment in order to keep inflation suppressed. With the presidential election looming, and George Bush's quest for a second term soon to begin, America's voters will decide whether or not the cost of low inflation is too high for the nation to pay. ■

BY EVA POMICE WITH ROBERT F. BLACK, DON L. BOROUGHS AND SARA COLLINS

## Did the Fed cause the recession?

Spooked by inflation in early 1988 ❶, the Fed reacted by slowing money growth ❷ and raising interest rates ❸. This helped precipitate a credit crunch ❹ and contributed to the recession. Recent rate cuts, however, have laid the groundwork for a fragile recovery ❺.




Note: Second-, third- and fourth-quarter figures for 1991 are forecasts.

*USN&WR*—Basic data: U. S. Dept. of Labor, Federal Reserve Board, DRI/McGraw-Hill, Oxford Economics USA



MATT ZANG—*USN&WR*

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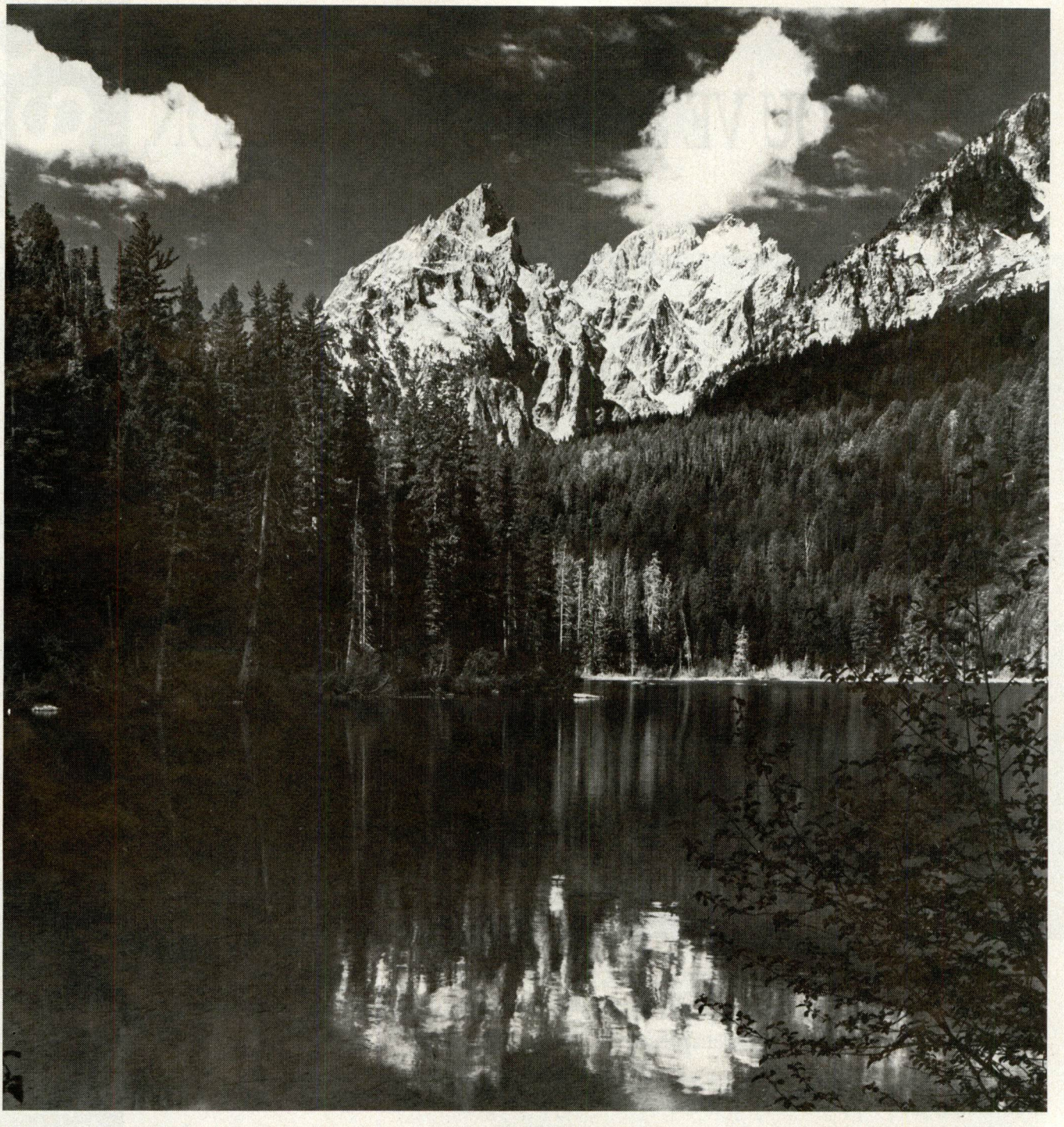
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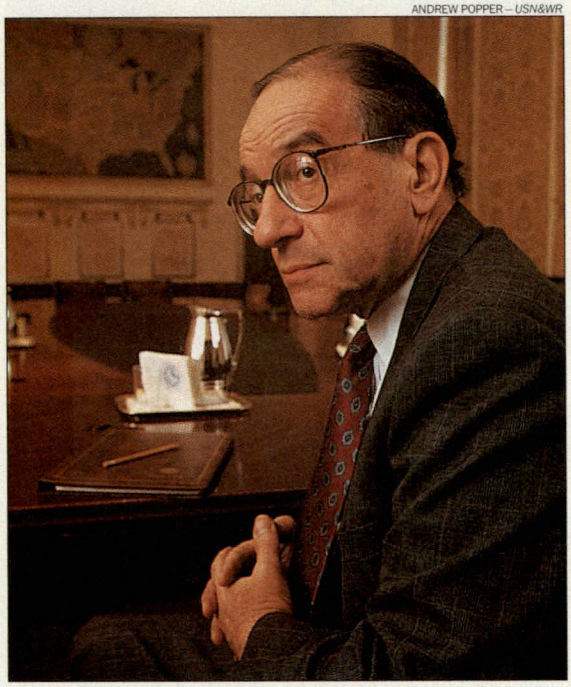
# The politician-economist

## *Walking the fine line between the public White House and the private Fed, Chairman* **Alan Greenspan** *looks to the numbers for answers*

Hours before the State of the Union address, Treasury Secretary Nick Brady called his friend at the Fed to ask—no, to *impose*—a favor. The idea: Cool off the hot debate on a cut in the capital-gains tax by having the president convene a bipartisan commission. The chairman: Alan Greenspan, respected survivor of countless blue-ribbon panels. The Greenspan antennae went up. Should a Fed chairman—one who had already endorsed the tax cut—take such a political post? He was not thrilled to be at the epicenter of a partisan brawl. But the White House message was clear: The job was his. That was six months ago. Nothing has happened since. The Democrats have yet to name a member. Greenspan remains safe, credibility intact. "Ah, the typical Greenspan skill," says William Seidman, head of the beleaguered Resolution Trust Corp. "He is the only Teflon economist I know."

But there is more to it than that. After two decades as economic guru to assorted Republican administrations, Alan Greenspan has become a Washington political oxymoron: a quiet man of enormous influence. The global impact of Fed decisions may be less evident in a more competitive world, but the domestic impact is palpable, and often beyond measure. Without a national fiscal strategy, some argue, Greenspan's Fed *is* George Bush's domestic policy, his only road out of recession. And chairing an institution whose decisions on interest rates can make or break political careers is tricky business, particularly for a man with a partisan past. "You're the guy who controls the game. You going to keep this [economy] going through November?" a GOP operative asked Greenspan the Republican at a reception before the 1990 midterm elections. The chairman smiled. "Don't you worry."

ANDREW POPPER—*USN&WR*



**Steady hand.** *Greenspan tries to be a voice of reason.*

**Two of a kind.** In many ways, Greenspan and the Fed were made for each other. In the private realm of the grand Fed conference room, the arguments are about the intellectual interpretation of the data. The world waits outside, and that is the way Greenspan likes it. Members of Congress hold town meetings to hear gripes; Greenspan hears the people through the numbers. "He knows what freight carloadings in Texas are doing," says former Fed Governor Robert Heller. "What is interesting," says Greenspan, "is to be able to look at data and learn something about the real world."

For Greenspan, who is 65, power is in the achieving. And it is built on "persuasion and creating support for ideas." The vagaries of charisma are for the elected; the chairman prefers to serve as a voice of reason and caution. Such theory began with devotion to the dogma of Ayn Rand more than 30 years ago. The eccentric goddess of enlightened free enterprise convinced the economist of the morality of forcing logic upon government: The desired results would follow. As Fed chief, friends say, Greenspan has found the perfect role. "[Henry] Kissinger wanted to be a king," says Republican strategist Ed Rollins. "Alan would settle for Machiavelli."

The only child of divorced parents, Greenspan was not a distinguished student at his high school in Manhattan, which Kissinger also attended. Music was his main interest, and he enrolled at the prestigious Juilliard School. After a year, he joined the Henry Jerome Band, playing bass clarinet to future Nixon lawyer Leonard Garment's saxophone. His 88-year-old mother, Rose Goldsmith, says he practiced in the apartment building basement. ("The superintendent liked Alan.") Still no star soloist, he kept the band's books ("Always balanced," says Garment) and read economics between sets.

There was a wedding—to artist Joan Mitchell, who introduced Greenspan to Ayn Rand. The marriage dissolved but not the Rand influence. "What she did was to make me see that capitalism is not only efficient and practical," he has said, "but also moral."

By the 1950s, the interest in the numbers had taken over. Greenspan looked at auto industry data and challenged the idea that the Korean War would stifle car production. In the late 1960s, he proved in an article that the Johnson administration had hidden more than $10 billion in war costs through sneaky accounting. Soon, his private economic consulting firm would make him a wealthy man.

In 1966, he met up once again with fellow musician Garment—now a recruiter for Richard Nixon. Greenspan became candidate Nixon's economic maven; later, he was chief economic adviser to President Gerald Ford. His sharp political skills made him a key emissary to the Reagan camp to investigate the dream of a Reagan-Ford ticket in 1980. But when supply-side tax cuts became the rage of the Reagan years, Greenspan was no cheerleader. Still, he was tapped to head the crucial Social Security commission. "You are entitled to your own opinions," he would tell colleagues, "but not your

own facts." In 1987, when former Treasury Secretary James Baker backed Greenspan to replace Paul Volcker at the Fed, his was the only name on the list—a credible economist who knew how to listen.

At the closed-door Fed sessions, Greenspan allows two tours of the table before expressing himself, serving as Grand Inquisitor before revealing his own hand. He speaks with Bush every six weeks or so and meets regularly with Brady and budget chief Dick Darman, often his intellectual rival. Brady lobbies Fed members and it is considered within bounds. And if the chairman takes a position the White House won't like, administration insiders know in advance. The relationship is too cozy for some; others argue it cannot be any other way. "All Fed chairmen are politicians," says Steve Bell, Salomon Brothers Washington chief. "But they are not all good politicians."

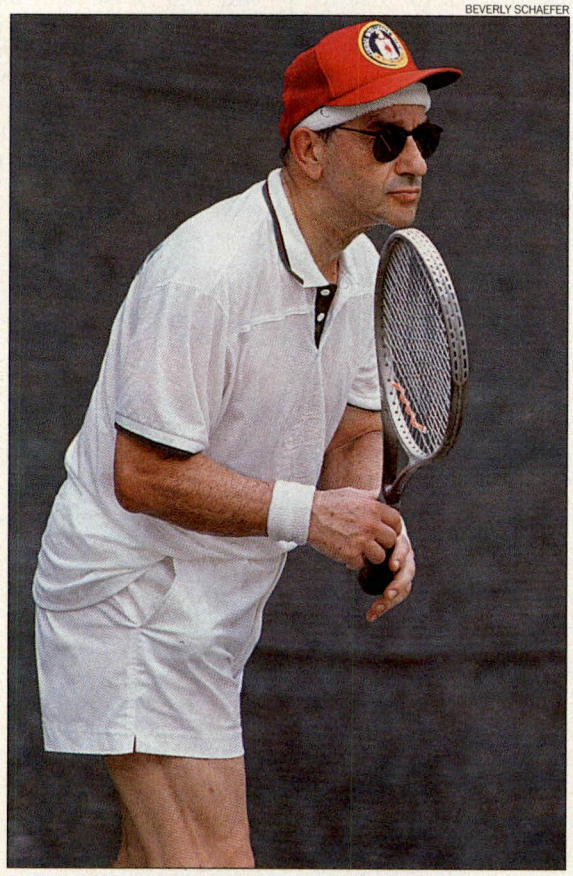
Greenspan studies the people much as he studies the numbers. "We gossip about politics," says monthly lunch partner Bob Strauss, a Democratic elder. "He knows how far he can stretch a band without popping it." In his reserved way, Greenspan makes the social/political rounds. Looking bookish in a tuxedo, accompanied by high-profile journalists like ABC's Barbara Walters and, more recently, NBC's Andrea Mitchell, he has perfected the Washington drop-by as a tool of political communication. Greenspan can seem stiff in a town of backslappers. Friends swear by his dry humor but can't often recall the wry lines.

**Outside-inside.** The real challenge is to steady the delicate political balance. Outside the Fed, Greenspan is ambassador to the White House, to the legislature and to the world; inside, he plays peacemaker between the inflation hawks and doves, groups that have recently grown more contentious behind shut doors. That, says William Greider in "Secrets of the Temple," is the "crucial anomaly" of the Fed: It is a closed central bank at the core of an open democracy. Politicians abide by its power, the economy reacts, yet the bank is protected by its own code of silence. The chairman becomes an odd beast—a politician by necessity who cannot publicly claim to be one, or act like one. The role suits Greenspan. The man who once appeared as a "Famous Economic Adviser" in an Apple computer ad now speaks on the record only rarely and, even then, very obliquely. Public congressional testimony has made him a master of obfuscation.

Such tension is expected between politicians and the Fed. "Most Treasury secretaries are mad at the Fed at one time or another," says Don Regan, whose reign at Treasury included some bouts with Volcker. Last year, with rates inching up, there was grumbling that Greenspan should not be appointed to a second term. But the challenges to his integrity are what hurt most. The Fed chairman recently found himself in the middle of the thrift controversy because of a memo he wrote as a private consultant declaring the solvency of Charles Keating's savings and loan, which later became one of the largest thrift failures. He was "embarrassed" by his inability to foresee the problem, but he bristled at the notion that he was bought by Keating and chastised senators for taking an old memo as current gospel. End of discussion.

There have been questions about Greenspan's independence as a central banker. Just days after Brady failed to persuade the finance ministers of large industrial countries to lower interest rates together, the Fed cut its discount rate. Some screamed collusion between the Fed and Treasury; Greenspan allies disagree. If the Fed had put off its long-planned move, they say, then political appearances would have been setting policy. But Greenspan's Fed colleagues questioned a similar move last year when he held out the carrot of reduced interest rates to the budget summiteers. When Congress voted down the deal, says former Fed Governor Martha Seger, "we were held hostage."

BEVERLY SCHAEFER



**Deft touch.** *Greenspan has a smooth political stroke.*

Always, there is the comparison to Volcker. An intuitive economist, he ruled as a high-voltage autocrat and became the inflation-fighter extraordinaire. Greenspan is less mercurial and a self-confessed consensus builder. But democracy at the Fed does not always work. A recent debate over how far and fast to lower interest rates became a public embarrassment when it was dubbed a palace revolt. Such descriptions may be overdrawn. Even Volcker, at the end, was overridden by independent colleagues. Still, Greenspan's subtle management could undermine his own position. "He lets Fed bank presidents go out on a longer leash," says Seger. "He has diluted his power."

**All in the numbers.** At the office, some say Greenspan often seems more like the chief economist than the chairman, reaching deep into the research staff, always for more detail. No surprise, then, that he has coined his own statistic, called P*, a complex measure of price pressures. The comfort—and satisfaction—for Greenspan comes in knowing the facts, solving a numerical puzzle, finding out what went wrong. Back in the days when there was time, he says, "there was nothing more enjoyable than sitting and working on a problem in advanced calculus and solving it." Politics, for its own sake, is far too messy, much less enticing.

Enter baseball (most often the Mets)—the logical pastime for a math addict. Once a top White House aide attended an Orioles game with the chairman, and when Greenspan went to the restroom, he asked for help in keeping his box score. The aide was horrified to see that Greenspan had recorded not only runs, hits and errors but also arcane details most fans ignore. Afraid to wreck the meticulous record, he kept track as best he could. When Greenspan returned, he thanked him. But both men knew the whole truth had now been lost to history. ■

BY GLORIA BORGER WITH KENNETH T. WALSH AND DANA HAWKINS

SCIENCE & SOCIETY

# Sawdust and mirrors

*The Forest Service's unusual bookkeeping is costing the environment and the public plenty*

When managers of the Gallatin National Forest near Yellowstone needed to close off roads that traversed prime grizzly habitat, they decided the best way to pay for the job was to sell some timber. So they cut new roads through other prime grizzly habitat. When managers of the Bridger-Teton National Forest needed to reforest some bare spots left from a previous timber sale, they decided the best way to pay for it was to sell timber, clear-cutting another spot. And when managers of the Bighorn National Forest wanted to improve elk habitat, they decided the best way was – you guessed it – to sell timber.

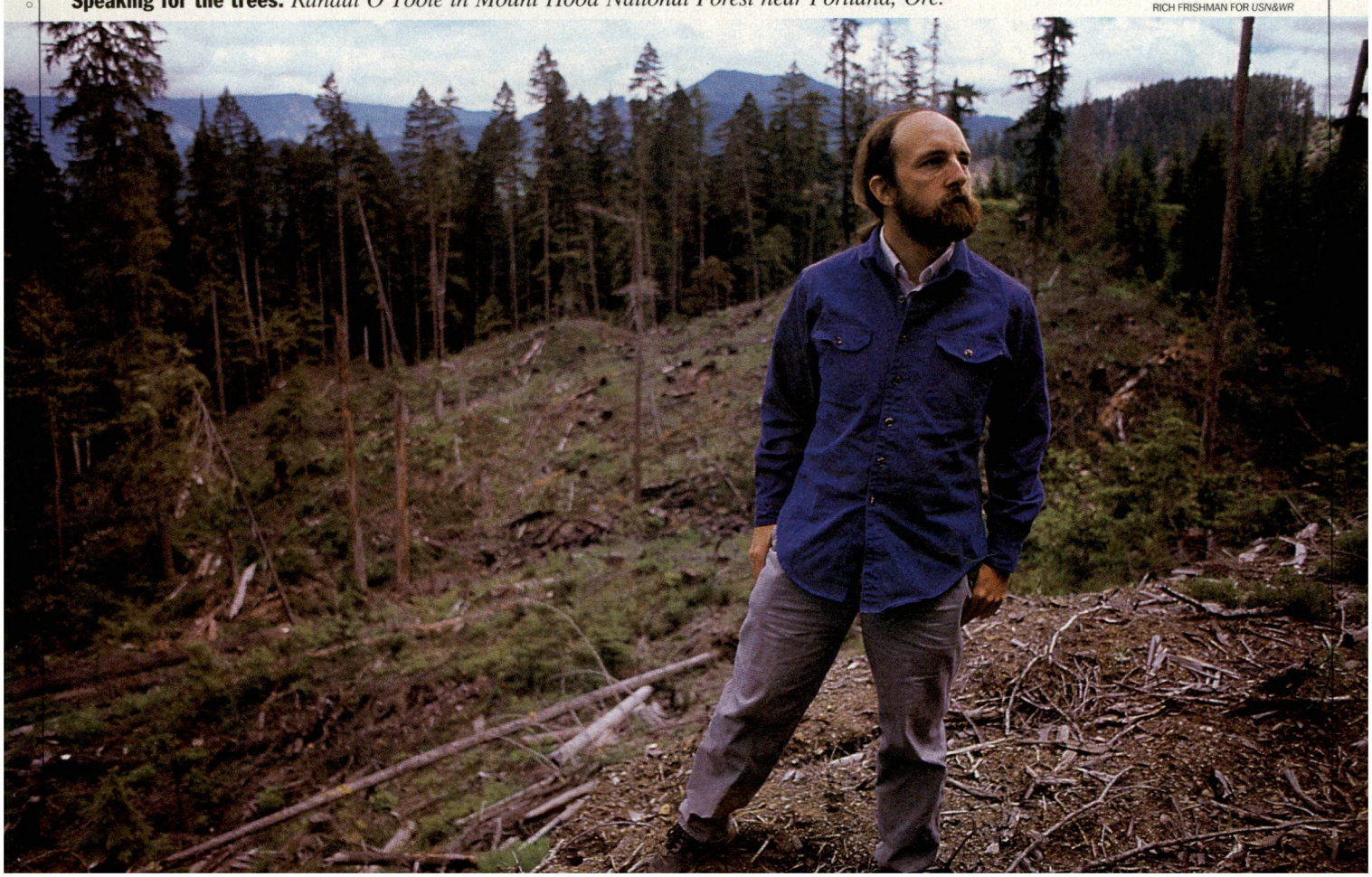
The U.S. Forest Service, which is busy promoting its 100th anniversary this year with T-shirts, banners, posters and speeches, likes to style itself as America's largest and oldest "conservation organization." But few conservationists are finding much to celebrate. Behind the benevolent image of ranger hats and Smokey the Bear, critics say, is an agency out of control, spending hundreds of millions of dollars a year to harvest often near worthless timber, spurred on by an irrational system of incentives that rewards managers for felling trees, never mind the damage to the environment or to the federal Treasury.

**Timber tricks.** Last year, 98 of the 120 national forests sold timber for less money than it cost to arrange the sale, replant the trees and undo the damage to soil, water and wildlife, according to a new analysis by economist Richard Rice of the Wilderness Society. The Forest Service claims it made $630 million on timber sales in 1990. But economists outside the government say that when actual expenditures on roads, reforestation and administration are counted, the Treasury actually was out as much as $100 million.

The problem, environmentalists say, is simple: Most national forest land is too remote and does not produce enough high-value timber to justify the expense of cutting. "The sales that are the biggest money losers are also environmentally questionable because they are in areas that are difficult to reach and environmentally fragile," says Rep. Jim Jontz of Indiana, who along with fellow Democrat Sen. Wyche Fowler of Georgia has just introduced legislation to phase out

**Speaking for the trees.** *Randal O'Toole in Mount Hood National Forest near Portland, Ore.*

RICH FRISHMAN FOR *USN&WR*



money-losing timber sales. Environmentalists complain that federal foresters' preoccupation with logging is threatening a host of rare species, some of which are now found almost exclusively on federal lands. The spotted owl is just the most celebrated. The grizzly bear in the West, the red-cockaded woodpecker in the South and many migratory songbirds in the East depend either upon old forests or long, uninterrupted stretches of forest for their survival.

Embracing the once radical idea of "free-market environmentalism," mainstream environmental groups have begun to pound home the equation of bad business with bad environmental policy. The notion is that market forces can often do a better job of protecting the environment than the cumbersome and politically hypercharged system of bureaucratic regulation. Led by environmentally minded economists like Randal O'Toole, a freelance forestry consultant in Portland, Ore., they aim not just to save the spotted owl but to reform what they see as basic flaws in the system—flaws that lead even the most well-meaning managers of the 191 million acres of national forest to use timber sales as an all-purpose fund-raising tool. The problem, they suggest, is not bad intentions but bad incentives.

O'Toole has a simple and devastating modus operandi: He descends upon local national forest offices, asks to see documents on recent timber sales and enters all the relevant data into the Macintosh computer he lugs around with him in his 122,000-mile-plus Mazda. Most of his funding comes from environmental groups. He has tried to get foundation grants, he says, but "we're not socialist enough for the left-wingers and we're too environmental for the right-wingers."

Despite having flunked out of graduate school in economics and despite having the appearance of a superannuated hippie, the ponytailed O'Toole has earned a reputation for dogged legwork and sophisticated number crunching. The current focus of what he calls, with a certain calculated exaggeration, his "search-and-destroy missions" is the funding system known as the Knutson-Vandenberg Act, which allows forest supervisors to keep for local projects all but 50 cents per thousand board feet of the revenues they receive from timber sales. In 1930 when the law was passed, it typically cost the government 50 cents to arrange a sale. These days, the Forest Service typically spends 50 *dollars* per thousand board feet, but the accounting formula remains unchanged.

The result is a system that is all but guaranteed to lose money. Even when the timber is sold to logging companies at bargain prices that lose the Treasury money, the local forest supervisor's budget gains: The supervisor is allowed to spend timber revenues on reforestation, on roads and on wildlife, recreation and watershed projects. In addition, the local office gets to charge timber purchasers additional overhead of about 25 percent. That provides a great incentive for managers to arrange sales to pay for just about anything they want to do. Indeed, forest managers have been known to fund what amounts to little more than busywork, since even pointless projects keep the overhead accounts full.

**Inventory and destroy.** O'Toole found that the Santa Fe National Forest justified one sale because it would provide funds for an inventory of archaeological sites—sites that, incidentally, would be destroyed by the timber cutting. The Bighorn National Forest in Wyoming justified a recent sale by arguing that it would pay for construction of a new logging road that would do "a better job of protecting resources such as soils, water and wildlife" than an existing, erosion-prone road. Of course, if not for the timber sales, neither road would be necessary.

The tantalizing prospect of timber money has tended to secure the support of wildlife and recreation specialists in the Forest Service who might otherwise oppose cutting. Environmental assessments prepared for each sale routinely list nontimber benefits and note that the "no action" option will not provide funding for needed projects such as shrub planting for wildlife. But O'Toole's recent analysis of sales plans for forests in the Rockies found that the reality rarely lives up to the promise: Only 3 percent of funds actually went to wildlife improvements, while almost 75 percent went to timber-related expenses.

In the face of growing criticism, the Forest Service has proposed a new regulation that would ban below-cost sales. But there's a catch: Sales that lose money could still go ahead if they produce positive "long-term benefits" to the public. Those include wildlife, water and "community stability"—which means jobs for local loggers and sawmills.

John Beuter, the deputy assistant secretary of agriculture responsible for the Forest Service, defends the policy, noting that past timber sales have created an "expectation" in logging communities that the government must fulfill. "It is not a subsidy; it's an investment for the public benefit," he argues. Reflecting a philosophy that dates from the earliest years of the Forest Service, Beuter adds: "I'm a forester, and I believe in managing forests to keep them healthy. Part of the management of forests is removal of timber." Forest Service plans frequently refer to the need to cut to control fire, disease and insects or to remove "decadent" stands.

Critics say that those arguments sim-

### How to justify a timber sale

*Forest Service documents from recent sales include these rationales for cutting timber:*

■ *To "promote a thrifty growing forest"*

*To provide $999 to close a road built for a past timber sale, in order to protect wolves, falcons and wolverines (Lookout Salvage Sale, 1990, Targhee National Forest)*

■ *To provide $2,000 for signs explaining to hikers the purpose of clear-cutting (Lucky Dog Sale, 1989, Caribou National Forest)*

■ *"To reduce intensity of future insect and disease outbreaks"*

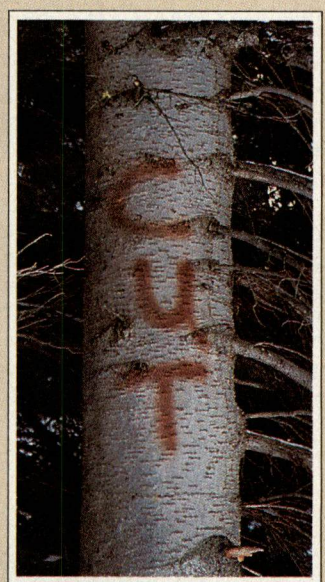
*"To identify (and provide funding for) wildlife habitat regeneration and shrub planting in the project area" (Tri-Basin Sale, 1990, Bridger-Teton National Forest)*

■ *"To improve access for individuals demanding recreation in a rural setting"*

*To build new roads that "would traverse a greater variety of vegetation types and provide a more scenic travel route" (Nugent Sale, 1990, Bridger-Teton National Forest)*

■ *"To improve wildlife habitat effectiveness" (Taylor Creek Sale, 1989, Bighorn National Forest)*

■ *To provide $11,000 for strychnine-laced oats to control rodents in reforested areas (Dairy Creek Sale, 1990, Targhee National Forest)*



JEFF HENRY

ply amount to an unrestricted license to cut. They also complain that the calculations the Forest Service uses to demonstrate a "net positive benefit" for money-losing timber sales are little more than accounting tricks, placing arbitrary monetary values on benefits like wildlife and recreation. The national forests in North Carolina, for example, acknowledged that they lost $1.6 million on timber sales last year but claimed the cutting had produced $3 million in "wildlife benefits"—a net gain. Cutting does increase the growth of grass and low shrubs that deer and other animals feed on. But it also creates more habitat for forest-edge dwellers such as raccoons and blue jays that prey upon the nests of threatened songbirds, and it introduces roads that bring humans into contact with grizzlies and black bears—the greatest threat to the bears' survival.

**Logical ledgers.** O'Toole suggests that the solution should be obvious to any economist: Tie each forest supervisor's budget to his net revenues, not his gross. That would probably spell a halt to logging in all national forests except in the Pacific Northwest, which still has valuable stands of old-growth Douglas fir and other woods, and in Pennsylvania, which has a lot of high-value cherry wood. But many foresters, he says, will find that their trees have more value standing anyway. If forest managers could charge for recreation—hunting, fishing, hiking—they would not need to resort to timber sales. O'Toole cites the case of International Paper, which, since it began charging hunting fees a decade ago on the 2 million acres of forest lands it owns in Arkansas, Louisiana and Texas, has reduced the average size of clear-cuts and has generally paid much more attention to wildlife considerations in the management of its timber. "It would take rather nominal fees to provide enough revenue to compete institutionally with timber," agrees Rice. Environmental groups, Rice admits, are "scared to death" of supporting recreation fees, fearing their members would rebel against having to pay for hiking or birding on public lands. "But I think people would be glad to pay recreation fees if they thought they would get better forests."

O'Toole suggests testing his idea on a few forests, a proposal the Forest Service is less than enthusiastic about. Beuter says bluntly that it can't be done: "These are lands nobody wanted. Most of them can't be run at a profit. The government," he insists, "is not in the business of making money." ■

BY STEPHEN BUDIANSKY

■ SCIENCE & SOCIETY

# What did Jesus really say?

## *A controversial hunt for the historical teacher*

Did Jesus really say the Lord's Prayer and deliver the Sermon on the Mount as recorded in the New Testament? Probably not, according to a group of Bible experts who recently completed a six-year study of the sayings of Jesus. In fact, claim the scholars, more than 80 percent of the words ascribed to Jesus in the Gospels may be apocryphal. That includes Jesus's Eucharistic speech at the Last Supper ("Take, eat. This is my body . . .") and every word he is said to have uttered from the cross.

These are among the assertions of the Jesus Seminar, a controversial panel of about 50 liberal-to-moderate scholars from universities and divinity schools around the world who have embarked on a modern-day quest for the "historical Jesus." Applying some conventional methods of textual analysis and other more contentious rules of evidence, the scholars purport to identify the characteristics of Jesus's speech and to rule out "hearsay." Besides his reliance on short witticisms and parables, for example, Jesus often said the unexpected and unconventional, according to the scholars.

Based on their historical analysis, they have just published a much abridged "Gospel of Mark, Red Letter Edition," which argues that only 17 of 111 sayings attributed to Jesus in Mark's Gospel are authentic. In the book, published by Polebridge Press in Sonoma, Calif., the scholars have printed in red the words

"CHRIST AND THE CANAANITE WOMAN" BY A. ALLORI—SCALA/ART RESOURCE



**Mark 7:29.** *Did Christ claim to have exorcised the Canaanite child's demon?*

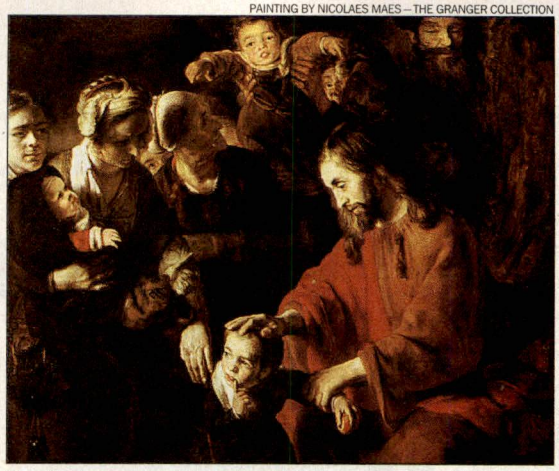
they are most confident Jesus spoke; those they believe he probably spoke are in pink; words he probably did not say but might reflect his thinking are in gray, and words they believe he could not have spoken are in black. There is one red verse in the entire book: "Pay to the emperor whatever belongs to the emperor and to God whatever belongs to God" (Mark 12:17).

Much of the rest, argues Robert Funk, head of the seminar's Westar Institute, consists of later additions to the oral tradition and reflects the thinking of church leaders decades after Jesus's death. "If I were a leader of this fledgling community of Christians and wanted my views remembered," says Funk, "I'd attribute them to Jesus."

That there are so few authentic sayings in the Gospels should not come as a surprise, says Funk. Only short, pithy aphorisms and a few memorable parables spoken by Jesus are likely to have survived the decades before the Gospels were written down, he contends. Passages considered likely to be authentic by the seminar include Jesus's paradoxical saying that "It is easier for a camel to go through the eye of a needle than for a rich man to enter into the kingdom of God."

As might be expected, Funk and his colleagues have plenty of detractors. Bible scholars from across the theological spectrum have challenged the seminar's methods and presumptions. Some see the project as a blatant attempt by theological liberals to discredit the Bible. The seminar's work, says Don A. Carson, professor of New Testament at Trinity Evangelical Divinity School in Deerfield, Ill., is flawed by "left wing" ideology that is predisposed to reject anything supernatural. "To argue that Jesus only spoke in aphorisms and parables," says Carson, and to use that to exclude sayings that are not aphorisms or parables, "is profoundly circular." And to rule out passages that reflect church traditions "assumes that the church didn't learn anything from Jesus." Howard Clark Kee, a New Testament professor emeritus at Boston University, has called the seminar's tactics "an academic disgrace." Its members, Kee wrote in a letter to the *Los Angeles Times*, seem determined to find a Jesus "free of such features, embarrassing to modern intellectuals, as demons, miracles and predictions about the future."

PAINTING BY NICOLAES MAES—THE GRANGER COLLECTION



**Credible words.** *"Let the children come up to me."*

The book, says Funk, is intended mainly to provide a resource for further scholarly study into the historical Jesus. Similarly abbreviated and annotated versions of the Gospels according to Matthew, Luke and John, as well as the apocryphal Gospel of Thomas, are due out later this year. Eventually, they will be combined into "The Five Gospels: Red Letter Edition," which Funk hopes will find its way into church pews and the hands of laypeople. "It should be helpful," he says, "to anyone who is looking for a different approach to biblical material, based on hard historical evidence."

The next phase of the seminar's study will be no less controversial. Starting in the fall, it will begin examining Jesus's miracles and deeds as recorded in the Gospels, including the Resurrection. ■

BY JEFFERY L. SHELER

**BIBLE BYTES**

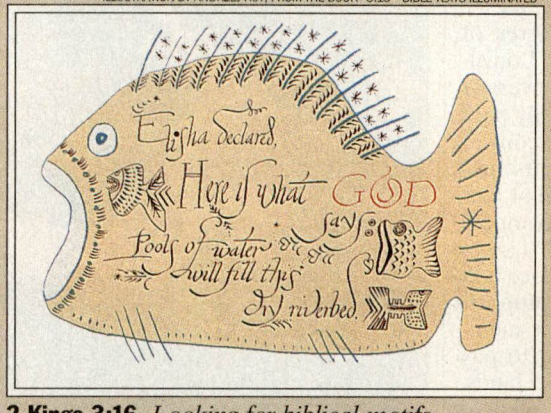
# Scriptures at random

Chances are you've seen it on a hand-painted placard at the Super Bowl or at the World Series behind home plate—"John 3:16." It refers to what is probably the most often quoted verse in the New Testament: "For God so loved the world that he gave his only begotten Son, that whosoever believeth in him should not perish, but have everlasting life." Now, a computer scientist from Stanford University has taken the familiar passage as the starting point for a revealing random survey of the contents of the Bible. He writes about it in his book "3:16—Bible Texts Illuminated."

Donald E. Knuth describes his work as "a sort of day-in-the-life look" at the Bible—a natural idea, he adds, for a computer expert accustomed to working with random selection. By drawing on biblical and other historical sources to study the 16th verse in the third chapter of each book of the Bible—except for the seven that are too short—Knuth has captured a cross-section view that he feels more conventional scholarship misses. The theme that recurred most often in Knuth's study is man's need for "righteousness" and his quest to understand "what it means to be in harmony with God." This motif echoes in many of the 59 verses that Knuth illuminates in "3:16," which range from snippets of Old Testament battle narratives to prophecies to Paul's admonition to early Christians to "keep away from sexual immorality."

Knuth explains his scholarly approach this way: "If you just wanted the best of Mozart, you would take the symphonies everyone knows are good. But if you really wanted to understand his work, you'd study them randomly."

ILLUSTRATION BY ANDRZEJ KOT, FROM THE BOOK "3:16—BIBLE TEXTS ILLUMINATED"




**2 Kings 3:16.** *Looking for biblical motifs*

# Identity through the ages

*Psychologist* **Kenneth J. Gergen** *believes that in our "postmodern" culture we define ourselves primarily through relationships with others*

**How has our view of the individual evolved over time?**

In the 19th and into the 20th century, romanticism flourished, painting human beings as mysterious and somewhat unknowable. It was thought that there were hidden forces within the individual that were beyond consciousness and vital to understanding motivation. Freud came out of this tradition; psychoanalysis as a cultural form depends on the belief that there is something deep within. Romanticism emphasized passion, moral sentiments and emotions, elements that were given status by poets such as Keats and Wordsworth.

In the 20th century, the modernist spirit, which looked askance at romanticism, came to the fore. Influenced by science, it emphasized the rationality and objectivity of the individual. It was as though the discourse about the nature of self had moved from the gut to the brain, from the depths into consciousness. The language of modernity crept into the educational system, which became less concerned with training moral character and more concerned with developing a scientific world view in students. Psychology began to look at people as having brains that functioned like minicomputers. Art and architecture moved from being viewed as the outer expression of an inner force to being thought of as the product of a much more mechanical process. Beethoven's and Schubert's music gave way to Stravinsky's more austere sounds.

JEFFREY MacMILLAN—*USN&WR*




**Postmodern four.** *The act you've known for all these years*

**You argue that we are now moving into yet another stage—the postmodern, a phrase often tossed around but rarely defined. What does postmodernism really mean?**

Postmodernism is the product of an array of technologies that have saturated us with the voices of others. We are now immersed in an array of relationships in a way that has not existed at any other time in history. We take in views and values from all over the world; we know as much about Gorbachev as we do about our mayor. In a sense, we become a local representation of an enormous array of others. The self is located outside us; as we move from one locale and relationship to another, we change.

We also take many of our cues from the media. We have seen on television what it is like to have a love affair and what it is to mourn. Hence, we know how things are done as rituals and act them out in our lives. As a result of all this, it becomes increasingly difficult to believe in the inner-core essences of romanticism or the cerebral essences of modernism. We begin to feel that we have no real center. It is our relationships that more and more define us and create our sense of who we are. Our identity is continuously reformed and redirected as we move through a sea of changing relationships. We realize that who and what we are is not so much the result of personal essence but of how we are constructed in social groups.

**What are the consequences of this shift?**

One of the hopeful possibilities is that relationships will become more important than the individual. In the West, since and even before the Enlightenment, the individual was the center of society. Now, that is changing and this could help us develop a sense of embeddedness within a larger universe in which we're all interdependent. As we develop an array of relationships outside the family, it will become difficult to sustain the notion of the family as a central nesting place. It is more and more a gas station where we drop by, fill up and go on out.

In this emerging world, there is an erosion of the hierarchical arrangement that made it possible to count on certain authorities to be right. Today, given the multiplicity of our relationships and exposures, there are dozens of counter-authorities for every authority. In light of the enormous multiplicity of opinions we are exposed to, we find ourselves asking: How is it possible to make an informed, rational decision?

Science is now no longer the only game in town. It has become one of many games, leaving more room for religion. In fact, a lot of theologians view postmodernism as leaving them an open space. In the world of the arts, there is a blurring of genres. Both Shakespeare and comic books are seen as informing us about the nature of cultural life. It also means that artists can put styles together in new ways, as many architects have done. In music, too, there is a blurring. The Beatles, who were perhaps the first important indicator of modernism's demise, interlaced with their rock and roll doses of Indian sitar music, the symphonic, reggae and folk.

In the postmodern age, having an identity crisis—not knowing who one is—will be seen as a complaint from an earlier time. There's no core to know about; now, a person is simply a unit in a relationship. ■

CONVERSATION WITH ALVIN P. SANOFF

"THE SATURATED SELF: DILEMMAS OF IDENTITY IN CONTEMPORARY LIFE," BASIC BOOKS ($24.95). THE AUTHOR IS A PROFESSOR OF PSYCHOLOGY AT SWARTHMORE COLLEGE AND THE BROTHER OF *U.S. NEWS* EDITOR AT LARGE DAVID GERGEN.

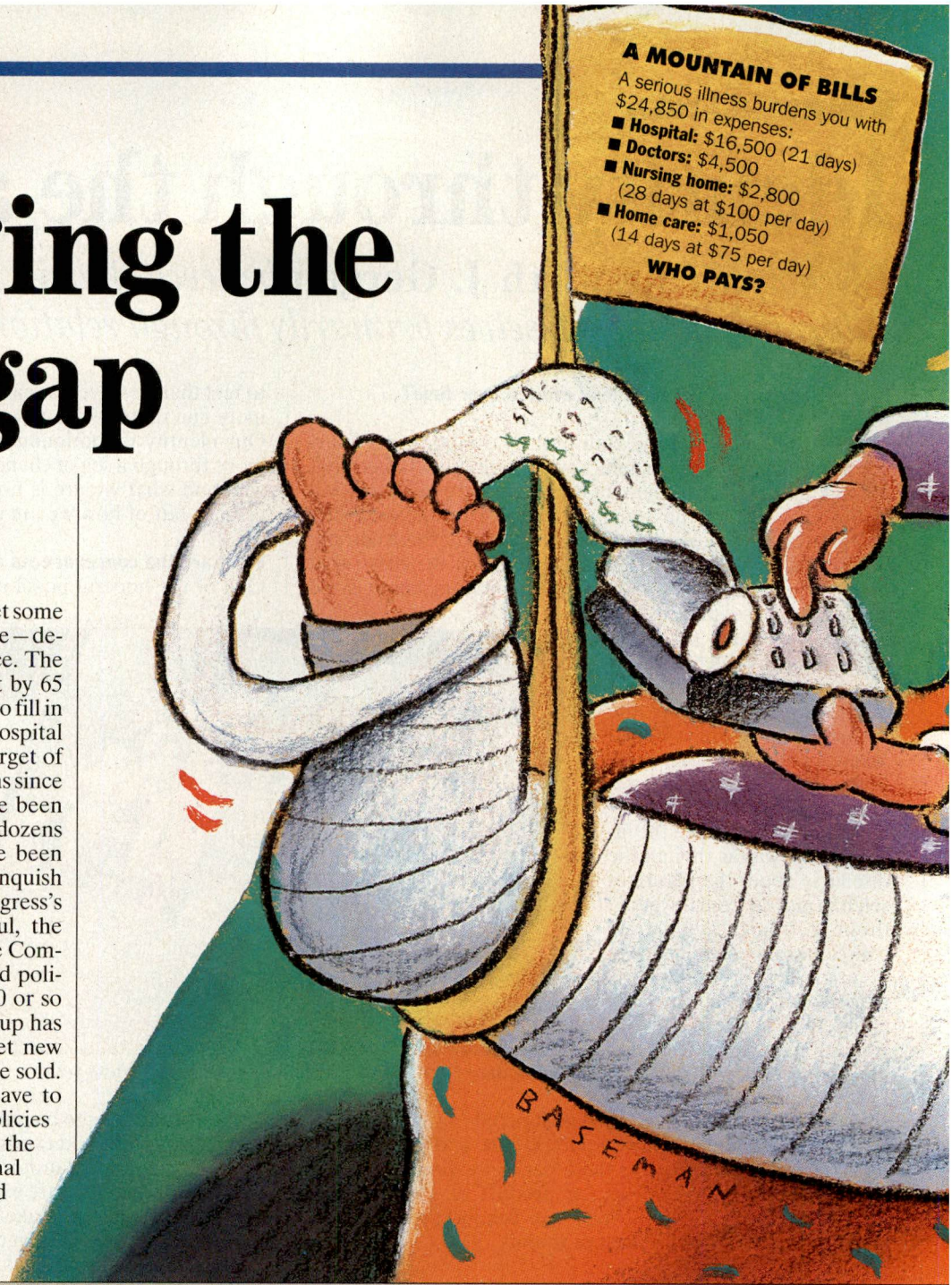
NEWS YOU CAN USE

# Plugging the medigap

## *New health plans should cut costs*

Senior citizens are about to get some relief from a large headache – deciphering medigap insurance. The often confusing coverage, bought by 65 percent of Americans over age 65 to fill in Medicare's gappy coverage of hospital and doctors' bills, has been the target of complaints and fraud investigations since the mid-1970s. Many seniors have been pressured to buy several or even dozens of policies when one would have been enough. Limited reforms didn't vanquish the abuses. Now, following Congress's mandate for a sweeping overhaul, the National Association of Insurance Commissioners has devised 10 standard policies that will soon replace the 250 or so variations on the market. The group has also added major benefits and set new rules by which the policies must be sold.

Policyholders eventually will have to choose between their existing policies and the new ones. Before that, the NAIC must give the policies final approval – a vote is set for the end of July – and individual states must adopt the plan, a process




### Which covers what

Health insurance is hard to keep straight. Here's a guide to typical policies. Medicaid, a federal-state program for lower-income people, is omitted, since medigap policies aren't designed to supplement it.

**WHAT A MEDICARE POLICY WILL COVER:**

■ **Hospital costs:** *For first 60 days, 100 percent after deductible of $628; for days 61-90, patient makes $157 copayment per day; for days 91-150, patient copayment is $314 per day.*

■ **Doctors' bills, outpatient procedures:** *80 percent of approved charges less $100 deductible. Patient pays $29.90 monthly premium.*

■ **Nursing home:** *100 percent of cost of first 20 days in a skilled-care facility after a hospitalization of at least three days; for next 80 days, patient copayment is $78.50 per day. No coverage after 100 days.*

■ **Home care:** *100 percent of approved charges for skilled nursing care or rehabilitative care, but only if it is prescribed by a doctor; duration limited.*

■ **Hospice care:** *100 percent of costs up to 210 days after a doctor certifies a terminal illness.*

**WHAT A MEDICARE POLICY WILL NOT COVER:**

■ *Custodial nursing care (help with daily living) in a facility or your own home.*

■ *The entire bill that a doctor might charge. Medicare pays 80 percent of the "customary and reasonable" amount; you pay the remaining 20 percent. In addition, a doctor is allowed to charge as much as 25 percent more than the customary charge, and the patient must pay that besides.*

■ *Routine physical exams.*

■ *Eye or hearing exams or prescriptions.*

■ *Cosmetic surgery.*

■ *Prescription drugs.*

■ *Dental care.*




ILLUSTRATION BY GARY BASEMAN FOR *USN&WR*

that will take weeks in some states and up to a year in others. Insurance companies will have to submit their new policies to state insurance commissions for approval, adding a few more weeks or months. Companies are poised to move quickly, however: The first policies are expected to appear this fall.

**Review session.** While they wait, current policyholders and those about to turn 65 should begin reviewing their needs and coverage (see Page 62). No one should assume that a medigap policy is a good idea. Some 6 million senior citizens who now own policies have near-duplicate coverage through an employer's or ex-employer's group health plan. People on Medicaid don't need a medigap policy, either; the federal-state program covers most of the same expenses.

Prepaid health plans like HMOs are an increasingly attractive alternative to medigap policies for seniors living on modest, fixed incomes. About 165 such plans nationwide now enroll 2.1 million elderly Americans. They cover all health needs, including preventive screening, with Medicare picking up most of the tab. Enrollees paid an average $41.74 a month out of their own pockets in 1990, about the same as for a no-frills medigap policy. A local agency on aging or senior assistance program can direct you to prepaid plans. Both are usually listed in the phone book.

Many older people, however, prefer to select their own doctors and stick with medigap insurance. So the first priority is to comb any current policy for exclusions and limitations, many of which have been erased from the new model policies. For example, some current policies limit coverage of medical care received outside the United States. The travel benefit included in nine of the 10 standard plans covers 80 percent of costs after a $250 deductible, up to a lifetime maximum of $50,000—a benefit well

■ *Most care by a podiatrist or chiropractor.*

**WHAT A "CORE" MEDIGAP POLICY WILL COVER:**

■ **Hospital costs:** *100 percent of copayment for days 61-150 in a hospital; all costs from day 151 to a total of 365 days over a lifetime.*

■ **Doctors' bills:** *The 20 percent copayment of approved charges for doctors' bills.*

■ **Miscellaneous:** *Blood costs that Medicare does not cover.*

**WHAT A CORE MEDIGAP POLICY WILL NOT COVER:**

■ *The $628 deductible for hospital expenses.*

■ *Excess doctors' charges.*

■ *Custodial-type care in a nursing facility or in your home.*

■ *Prescription drugs.*

■ *Routine physical exams.*

■ *Medical expenses incurred in foreign hospitals.*

**WHAT A LONG-TERM-CARE POLICY WILL COVER:**

■ **Nursing home:** *Generally, $50 to $100 per day for as long as three years in a skilled- or intermediate-care nursing home. Coverage usually begins after 30 days and may require prior hospitalization. Some policies include annual adjustments to take inflation into account.*

■ **Home care:** *A fixed amount of $30 to $80 per day for custodial care in your home for as long as you need help with at least two "activities of daily living," such as eating, bathing and using the bathroom.*

**WHAT A LONG-TERM-CARE POLICY WILL NOT COVER:**

■ *Full payment for nursing-home costs, which run from $80 to $150 a day for custodial care and may cost twice as much in 10 years.*

■ *Care for someone with Alzheimer's disease.*

■ *Custodial nursing-home care without prior hospitalization.*

■ *Custodial care in your own home if you have neither been hospitalized nor spent time in a nursing facility.*

worth the money for regular travelers. Any policy that is not "guaranteed renewable" can be canceled when it comes up for renewal and should be ditched. All the new policies will be renewable yearly as long as you pay the premiums, no matter what your health or age.

The new policies will offer millions of seniors the same or better benefits than existing policies do, sometimes more cheaply. And picking the best should be far simpler. "Price comparisons have been almost impossible because the policies are all so different," says Alan Richards of the Health Insurance Association of America. "With 10 standard plans, consumers will be able to price-shop for the first time." The imploding number of policies should also heat up competition. Any policy that piques your interest should be shopped around three or more companies. For comparison, you might also obtain price quotes on both less- and more-comprehensive policies than you plan to buy. You might be able to afford more coverage than you think.

**Weighing the benefits.** New and expanded benefits are bound to be heavily promoted. Four of the model policies, for instance, cover at-home custodial care after an illness, injury or surgery that extends eight weeks beyond Medicare's skimpy limits for doctor-approved skilled nursing care. But even the new medigap coverage is limited. Only 28 hours a week of home care are covered, and the maximum annual payout is $1,600. Insurers have little experience with home care; they may charge more than the coverage is worth. If the added cost is $200 a year, say, you would pay for a full year's worth of benefits in just eight years. A relatively young person in good health might be better off passing up the coverage. On the other hand, if you think you might be hospitalized and need follow-up home care within the next few years, buying the coverage might be prudent.

Perhaps the most alluring new categories are generous benefits for prescription drugs and for "excess" fees doctors may charge—and patients must pay—beyond Medicare limits. Only 15 percent of current medigap policyholders are covered for prescriptions, and about 5 percent are covered for doctors' "balance bills," as the excess fees are called. Both benefits are expected to be popular, but whether they are worth it "depends on your needs and ability to pay," says Susan Polniaszek, a consumer advocate at the Washington, D.C.-based United Seniors Health Cooperative. Both, she warns, "are likely to be expensive."

But insurers worry that the coverage

## A guide to the new medigap policies

*Hundreds of medigap policies soon will be reduced to just 10. The range is shown here, with annual cost estimates and suggestions for people with various needs.*

| | A $400-$600 | B $500-$700 | C $500-$700 | D $550-$800 | E $700-$1,000 | F $700-$900 | G $500-$700 | H $700-$900 | I $1,000-$1,400 | J $1,200-$1,800 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Core** 20 percent copayment for doctors' bills; all copayments for hospital expenses after 60 days; blood costs; 365 free hospital days over a lifetime | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| **Hospital deductible** (Part A Medicare) $628 | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| **Doctors' bill deductible** (Part B Medicare) $100 | | | ✓ | | | | | ✓ | | ✓ |
| **Nursing-home copayment** $78.50/day, days 21-100 | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| **Doctors' charges beyond Medicare limits** | | | | | | 80% | | 100% | 100% | 100% |
| **Treatment outside the United States** $250 deductible and 20 percent copayment; $50,000 lifetime maximum | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| **At-home recovery after hospitalization** Eight weeks beyond Medicare coverage; limit seven visits/week, 28 hours/week, $40/visit and cap of $1,600/year | | | | ✓ | | ✓ | | | ✓ | ✓ |
| **Prescription drugs** | | | | | ✓[1] | | | | ✓[1] | ✓[2] |
| **Preventive health care** such as flu shots and tests for cancer, diabetes and hearing disorders; limit of $120/year | | | | | | | ✓ | | | ✓ |

**LIKELY CANDIDATES FOR EACH POLICY** **A** Core. **B**asically healthy people who can afford the Medicare deductibles and don't travel outside the United States. **B** People like core buyers, but who travel abroad. **C** People who may need 100 days or fewer per year of skilled nursing-home care. **D** People who may need home care. **E** People who may run up sizable expenses for medications. But you pay half, and coverage is limited to $1,250 a year. **F** People who may see doctors who bill beyond Medicare limits. May be worthwhile for patients with chronic conditions. **G** People keen on preventive care. Given $120 yearly limit, makes sense only if cost is little more than for Policy A. **H** People who anticipate heavy medical bills, but not for home care or prescription drugs, and who see doctors who bill beyond Medicare limits. **I** People who anticipate large medical expenses and home care. **J** People who anticipate heavy doctors' charges and prescription-drug expenses.

[1] $1,250 maximum benefits, $250 deductible, 50 percent copayment
[2] $3,000 maximum benefits, $250 deductible, 50 percent copayment
Note: Costs are estimates.
*USN&WR* — Basic data: National Association of Insurance Commissioners; Health Insurance Association of America

will be *too* popular. "People who know they are going to use these benefits are going to choose them and that makes us uncomfortable," says John Boni, product manager for medigap policies for Mutual of Omaha. Coverage for prescription drugs currently adds an average $400 to the price of a policy. If that holds for the new policies, only people who anticipate spending over $1,050 a year on drugs would recoup their premium investment, since the benefit calls for a $250 deductible and a 50 percent copayment.

By contrast, coverage of excess doctors' bills, included in four of the standard policies, will be a good buy for many senior citizens. A regular patient of doctors who do not accept "Medicare assignment" fees and who reserve the right to bill 15 or 20 percent more than the allowable Medicare charge may want to consider this benefit, which could save thousands of dollars if surgery is needed.

**Locking in.** The reforms present a good time to upgrade, especially if you bought a low-end policy years ago and your health has since worsened. Rules still being hammered out will let you switch to a standard policy without a "pre-existing condition" clause that would leave you uncovered as long as six months for any present condition. But companies will be allowed to raise your premium if you have a chronic health condition like diabetes or are significantly older than when you took out your original policy. An increase is more probable if you switch companies. Some people in poor health will be better off with their current policy. New Medicare beneficiaries will get a big break, however. From now on, they will be given a six-month "open enrollment" period during which they can buy any medigap policy without screening for pre-existing conditions or discrimination based on past claims. "Think about the future," urges insurance expert Polniaszek. "It may be smart to lock in a more comprehensive policy now."

The new medigap policies won't resolve all health worries. None covers long-term nursing or home care, the largest expenses that many older people will face; you may want to buy separate long-term-care insurance for that. Nor will the coming changes miraculously clarify the small-type minutiae. A nationwide network of assistance programs for seniors can help you sort out your needs, compare policies, fill out applications and even file claims. Health and consumer groups in your area can refer you to such services. Your health-insurance headaches may not be over, but the pain should be almost bearable. ■

BY STEVEN FINDLAY

**DENTAL CARE**

# Mouth cancer from a morning gargle?

*A new study indicts some mouthwashes. But the risk needs to be put in perspective*

You may buy a mouthwash to fight plaque and gum disease, or you may buy it to sweeten your breath. What you don't bargain for is oral cancer. A new study from the National Cancer Institute concludes that mouthwashes with more than 25 percent alcohol could boost the risk of mouth cancer by 50 percent. The only such mouthwashes are market leader Listerine, with 26.9 percent alcohol, and store brands that use the same formula. (Mouthwash labels show the percentage.)

JEFFREY MacMILLAN—*USN&WR*




**Potent.** *Listerine's alcohol may pose a problem.*

**Different views.** The American Dental Association is unimpressed. Listerine has carried an ADA seal of approval signifying safety and effectiveness since 1987. An ADA spokesperson points out that the NCI findings track the spread of cancer in a group but don't prove that mouthwash causes cancer in any one person. The Food and Drug Administration has no position on Listerine, since Warner-Lambert, its maker, never submitted evidence of its safety. A new FDA panel is about to tackle the safety question, using the NCI study and others.

The NCI research is less frightening than it appears. It shows that high-alcohol mouthwash users run about 1½ times the risk of oral cancer that nonusers do. But that is far less than the 7½ times greater risk from heavy smoking (two packs or more a day) or the nearly six times greater risk due to heavy drinking (more than four drinks a day). Tobacco and alcohol are to blame for about three fourths of all U.S. mouth and throat cancers, says Joseph Fraumeni, an epidemiologist and an author of the NCI study.

For dental dilettantes, moreover, mouthwash may have a place. Few people are truly diligent brushers and flossers. And 42 percent of Americans don't even visit the dentist once a year. For such laggards, mouthwashes can help. Listerine, for example, cuts plaque and gingivitis, or gum disease, by 20 to 40 percent. Peridex, a prescription mouthwash with the ADA seal and FDA approval for treating the two conditions, does even better, at 40 to 70 percent. The product also contains less than half the alcohol of Listerine and can fight plaque-promoting bacteria longer. That's because Peridex adheres to teeth and gums two to four hours after the typically brief gargle, says periodontist Roy Page of the University of Washington, Seattle, killing many of the bacteria that would otherwise linger. But at about $15 for 16 ounces, the cost of Peridex runs about five times that of everyday mouthwashes. And its active ingredient, chlorhexidine, may speed the teeth's natural discoloration. Two other products are alcohol-free but unproven: Spritz (Diabetes Supplies, 800-736-8797) and Biotene, from drugstores.

If people only brushed and flossed the right way, few would benefit from a mouthwash, says plaque researcher Steven Schonfeld, chairman of the department of periodontology at the University of Southern California. Nothing would be left behind for the mouthwash to nullify. But in the real world, a couple of minutes at the sink is typical—and mouthwash sales reflect that. ■

BY MARJORY ROBERTS

**TAX TIPS**

# A tax break that hits you where you live

*You can hold on to a bigger chunk of your estate by putting your home into a trust*

Giving away your home may seem crazy, but a new provision in the tax code is prompting estate planners to advise doing just that.

The idea is simple. You continue living in your home, but you transfer its ownership to a trust and name a beneficiary such as your child to get the home when the trust expires. Because you no longer own the home, its value will not count in your estate. The strategy works best if your mortgage is paid off and your estate, including the house, will be worth more than $600,000 and thus be subject to estate tax. (With proper planning, a married couple can skirt tax on $1.2 million in assets.) Such sums may seem unreachable, but many people underestimate their exposure to estate tax because they fail to take full account of home values, life insurance policies, retirement proceeds and other assets they are accumulating.

Congress clamped down last year on a number of estate-planning ploys but allowed this maneuver for personal residences. Now the Internal Revenue Service has given its go-ahead by issuing rules that allow lots of flexibility. Even after a home is put into a trust, for example, you can rent it out for part of the year, as you might do with a vacation home, or use part of it for a tax-deductible office. You can remodel and add on. You can even sell the home and buy a new one for the trust. You can set up trusts for two homes—your main residence and, say, a vacation spot.

**Appreciating your house.** Homes that are rising rapidly in value are the best candidates for a trust, advises Walter Van Dorn, an estate attorney at Powers & Hall in Boston: "You can exclude both the home's current value and future appreciation from your estate." Putting a house in trust, rather than giving it away outright, also gives you a break on gift tax. Since the beneficiary doesn't get the home until the trust expires, the home's value for gift tax is less than its market value. A $500,000 home put in a 15-year trust by a 55-year-old taxpayer, for example, is treated as a $97,658 gift (assuming no mortgage for simplicity's sake). Estate-tax credits, moreover, can be tapped even while you're alive to wipe out the gift tax due when the trust is set up.

The savings can be dramatic. If the person in the above example is single at the time of death, still owns the home (which we'll say has appreciated to $1 million) and has $500,000 in other assets, the tax on the $1.5 million estate would be $363,000. Putting the home in a trust could have reduced the estate to $500,000 and tax to zero, even though some estate-tax credits were previously used to erase gift tax on the initial transfer of the home.

There are a number of catches. One is that you must outlive the term of the trust. If you die before the trust expires, the home goes back into your estate at its value at the time of your death. After the trust expires, the IRS requires that you pay rent to the beneficiary who now owns the home if you continue to live there—but estate planners are coming up with ways to get around that requirement by providing your spouse the right to live in the home rent-free. Capital-gains tax may also be a problem, should the beneficiary decide to sell the house. That's because proceeds from selling a home received as a gift are taxed more harshly than proceeds from selling a home inherited after the owner's death.




**Away on business?** The Tax Court was stumped last year by a taxpayer who split his time evenly between Florida and Massachusetts, running businesses in both states. Unable to decide which business and which home were the principal ones for tax purposes, the court concluded that the taxpayer was never away from home and denied deductions for lodging and meals in either state. The court of appeals in Boston now says that's unfair to people who incur duplicate living expenses for business reasons. It ordered the Tax Court to decide which state is the taxpayer's principal home, so that he can deduct business travel expenses when he is away.

**Desert Storm pay.** Military officers who served in the Persian Gulf may incur a surprise tax bite when they file their 1991 returns next year. While only $500 a month of their combat pay is free of tax, their entire pay while in the war zone is exempt from withholding. That means some soldiers may owe tax unless they have extra amounts withheld after they return home or make estimated payments. The IRS, however, says it won't impose a penalty for owing tax when the reason is lack of withholding during gulf service. ■

BY LEONARD WIENER

ILLUSTRATION BY ANDY LEVINE FOR *USN&WR*

# NEWS YOU CAN USE

## PREVENTIVE CARE ▪ PC SOFTWARE ▪ CHEAP LODGINGS

### VITAL STATISTICS

REBECCA PAJAK–*USN&WR*




### SHORTCHANGED

▲ *Many manufacturers are selling the same-sized packages with less inside. Here's a sample of the trend:*

| | Contents (ounces) | |
|---|---|---|
| | OLD | NEW |
| **Colgate Ajax detergent** | **61.0** | **55.0** |
| **Ragú spaghetti sauce** | **15.5** | **14.0** |
| **Hershey chocolate milk mix** | **16.0** | **14.5** |
| **Quaker beef Rice-a-Roni** | **8.0** | **6.8** |
| **Gerber strained baby food** | **4.5** | **4.0** |

*USN&WR*—Basic data: New York State Attorney General




### PRESIDENT FRED?

▲ *Short on presidential timber, maybe the Democrats should woo the White House picks of 150 children ages 4 to 6:*

| | |
|---|---|
| **Mister Rogers** | **45%** |
| **Janet Jackson** | **18%** |
| **Arnold Schwarzenegger** | **17%** |
| **Vanna White** | **12%** |
| **Tom Cruise** | **8%** |

*USN&WR*—Basic data: Playskool

Compiled by Warren Cohen and Margaret Mannix

■ **CUTTING THE COST OF CHECKUPS.** Blue Cross is adding to its medical coverage menu. Cholesterol checks, mammograms and other early-detection tests typically are not covered by most private health insurance. But by late fall, many U.S. members of the 73 Blue Cross/Blue Shield plans may be able to buy extra coverage that will reimburse them for some preventive tests. The Blues' governing body, the Blue Cross and Blue Shield Association, is recommending optional coverage at an annual added cost of about $90 per family or $36 per individual. Many patients would also pay 20 percent to 30 percent of the cost, as they do with most other procedures.

Unlike health maintenance organizations and preferred-provider plans, private insurers typically pay for tests only if a doctor suspects a problem. Mutual of Omaha, The Principal Financial Group, the Prudential and Metropolitan Life, however, have been covering many preventive tests for years, figuring that early detection could save billions of dollars. Blue Cross now agrees. It asked the American College of Physicians, a group of doctors of internal medicine, to suggest tests that should be covered and who should get them. The resulting guidelines, jointly issued last week, recommend that people with no known health risks have their blood pressure checked every one to two years and their cholesterol every five years. Women over 40 should get an annual breast exam, women age 50 and up should get annual mammograms and pregnant women should get tested for diabetes. All patients 50 and over should get an annual test to detect colon and rectal cancer and have more extensive testing for those cancers every three to five years. All such tests are covered under the new optional plan.

Under the guidelines, you wouldn't see the doctor as often as some other medical organizations think you should. The American College of Obstetricians and Gynecologists, for example, suggests that women with no personal or family history of breast cancer have a first mammogram between ages 35 and 40, or 10 to 15 years before Blue Cross recommends. So even if you opt for the new coverage, discussing your test schedule with your doctor makes sense. You also may not need to buy the option every year. If family members are not due for any tests in a given year, there's no reason to sign up. But if a family needs, say, one mammogram, two cholesterol checks and two blood-pressure monitorings in one year, the cost could easily exceed $200, making the $90 annual fee worthwhile. Most other insurers will study the Blue Cross decision, so even nonmembers may be able to add preventive screening to their health coverage this year.

■ **PC OWNERS GET A HIGH FIVE.** Tyros as well as old hands will applaud the just-released upgrade of Microsoft's disk operating system (DOS), the software that orchestrates the flow of information in most IBM-type personal computers. While the changes in DOS 5.0, the new version, are aimed largely at veteran users with powerful PCs, other features will appeal to less experienced users with modest machines. No longer do you have to master arcane commands to call up and copy files or switch back and forth between programs. You also gain the ability to restore accidentally erased files and can rescue data on a disk formatted by mistake. Typing HELP summons on-screen assistance, another new feature. DOS 5.0 is list-priced at $100, but some stores already have discounted it to as low as $30. Your current DOS has to be version 2.11 or above to install the upgrade, a simple process. A call to Microsoft's support line should straighten out any problems. For owners of advanced PCs, DOS 5.0 also frees up a good chunk of computer memory.

■ **MIDWEEK HOTEL DEALS.** Like airlines, hotels are beginning to discount for advance reservations. Days Inns is continuing its year-round 20 to 60 percent discount for reservations made a month ahead, and now higher-priced chains are weighing in. Both Marriott and Sheraton have advance-reservation plans through early September with discounts of up to 60 percent. Sheraton's deal calls for making reservations at least 14 days ahead, for Sunday-night to Wednesday-night stays only. Typical rates are $49 to $139. Some Sheratons may ask for a one-night deposit when you reserve your room; ask them about refund policies. Marriott requires full payment 21 days in advance, or, for a smaller discount, 14 days ahead. It won't refund if you cancel.

BY FRANCESCA LUNZER KRITZ AND EDWARD C. BAIG

BY MORTIMER B. ZUCKERMAN
EDITOR-IN-CHIEF

# THE CENTER SHOULD NOT HOLD

Who would have believed that the leader of the Soviet Union, the mother of all Communist countries, could have an almost magical hold on the loyalty of the leaders of the West? True, Gorbachev revolutionized the international arena, especially in Europe, thereby enabling many Western leaders to earn political points at home for the dramatic changes abroad; and yes, the West's leaders hoped that Gorbachev would manage his domestic affairs equally well. Did he not, after all, introduce *glasnost* and stir up popular democracy so as to shatter the Soviet monolith?

But here is the rub: More than six years in power, Gorbachev still has not been able to face the logic of his own revolution. Fearful of losing power himself to the reformers he nurtured, he reinforced his alliance with the institutions of the old Soviet totalitarian system—the Army, the KGB, the national police, the economic apparatchiks and the Communist Party—and sought to use their forces to re-establish decisive power at the "center." In vivid contrast to his archrival, Boris Yeltsin, Gorbachev has been unwilling to submit himself to a popular vote—the ultimate test of democracy.

*'Here is the rub: More than six years in power, Gorbachev still has not been able to face the logic of his own revolution.'*



As the momentum of political and economic reform shifted to the more fertile ground of the republics, Gorbachev balked at devolving power to them. "United we stand; divided we fall," is his motto, while Yeltsin and the reformers counter, "divided we stand; united we fall." Instead of moving toward more reform, Gorbachev last year sanctioned a series of backward steps that moved the Soviet Union toward greater totalitarian repression. He sanctioned the bloody repression of democratically chosen governments in the Baltic States. He did not make drastic cuts in military spending or restrain the military's prior call on all material and intellectual resources. He quietly supported the attempts of the conservatives to impeach Boris Yeltsin as chairman of the Russian parliament. He tried to suspend *glasnost* by cracking down on press freedoms. He postponed substantial economic reforms—even those he had originally sponsored, resisting moves to a market economy and to private property. Instead, he encouraged crackdowns on private businesses and cooperatives. Calamity was averted only by the "Gorbachev effect," whereby the unintended consequences of his policies proved more important than the intended consequences.

The Army and the KGB so overreacted in their attempts to suppress the elected leadership of the Baltics that they transformed an ethnic issue into a nationwide test of democracy, evoking widespread popular anger. The political confrontation with Yeltsin was compounded on the eve of the recent election for the Russian presidency when the KGB tried to discredit Yeltsin again. This only enhanced the victory of a man whose political power rests, in part, on his opposition to the center.

Gorbachev's unwillingness or inability to restrain the military prompted it to violate the basic understanding of the treaty to reduce conventional forces in Europe. It tried to transfer tanks, combat vehicles and artillery pieces from the Army to its Navy and strategic rocket forces and to shift vast quantities of treaty-limited equipment from west of the Urals, the treaty zone, to the east, where counting would be more difficult—the equivalent of a bankrupt man putting his property in his wife's name. The result was to place much of the improvement of relations with the West in the deep freeze.

The deceit in defense was matched by double talk in economic reform. Seven economic reform programs have been announced in less than two years. None was adopted. The price of paralysis was continued economic deterioration, to a point beyond the worst economic crisis ever experienced by capitalism. Enormous popular anger boiled up against the government and Gorbachev—both became issues for striking miners who cried for Gorbachev's removal from office.

By perpetuating the corrupt central bureaucracy, Gorbachev has produced an administrative chaos whereby everything in the U.S.S.R. is up for grabs or for sale to anyone with money or political connections, blocking talented people from outside the Communist Party from the dominant economic class in a freer society. The result? Instead of systematically privatizing a monstrous marketing and distribution system in agri-

culture that caused the loss of as much as 100 million metric tons of Soviet grain last year, Gorbachev was forced to seek additional food aid from the United States, which can finance only 4.2 million metric tons.

The cumulative result of all this was a classic example of the Gorbachev effect. He was compelled to negotiate a new union treaty with the republics, granting them far greater political and economic powers than he had intended. Meanwhile, his political support at home dropped to record lows, with only 14 percent backing him in the polls. No wonder the current joke in Moscow has Gorbachev standing in front of his portrait asking, "Are they going to remove us both soon?" "No, no, sir," replies the portrait, "they will remove me and hang you."

Throughout, Gorbachev has tried to maintain his deniability for these policy fiascos. His mantra is, "Who, me?" Gorbachev maintains he was unaware when the order was given to crack down in the Baltics—as if the raids were being conducted by foreigners rather than by Red Army soldiers and interior ministry goons. His attempts to distance himself from the failures of his own economic planners have convinced many that he is lying. They see his pledges of liberalization as paper promises whose overriding aim is to preserve the Soviet leader in power and to maintain the Soviet Union within its present borders. They no longer believe he is committed to democracy, since free elections would quickly end his political power.

*'It is not in our national interest to support bringing the Soviet past into the future of the Soviet people.'*

Gorbachev's approach to the international community is, "If you don't help me, I shall drop down dead." He has things backward. He presents himself as the only solution when, in fact, he is part of the problem.

So why does President Bush seek to shore up Gorbachev? He has just given an additional $1.5 billion in farm credits on top of $1 billion last year, and more may follow. Why do we support the very man who rules such a bloody empire of secret police, Army, bureaucrats and propagandists? With Gorbachev's sorry record, should we not support policies that would induce those very institutions and bureaucrats at the center to surrender their powers to democratic processes?

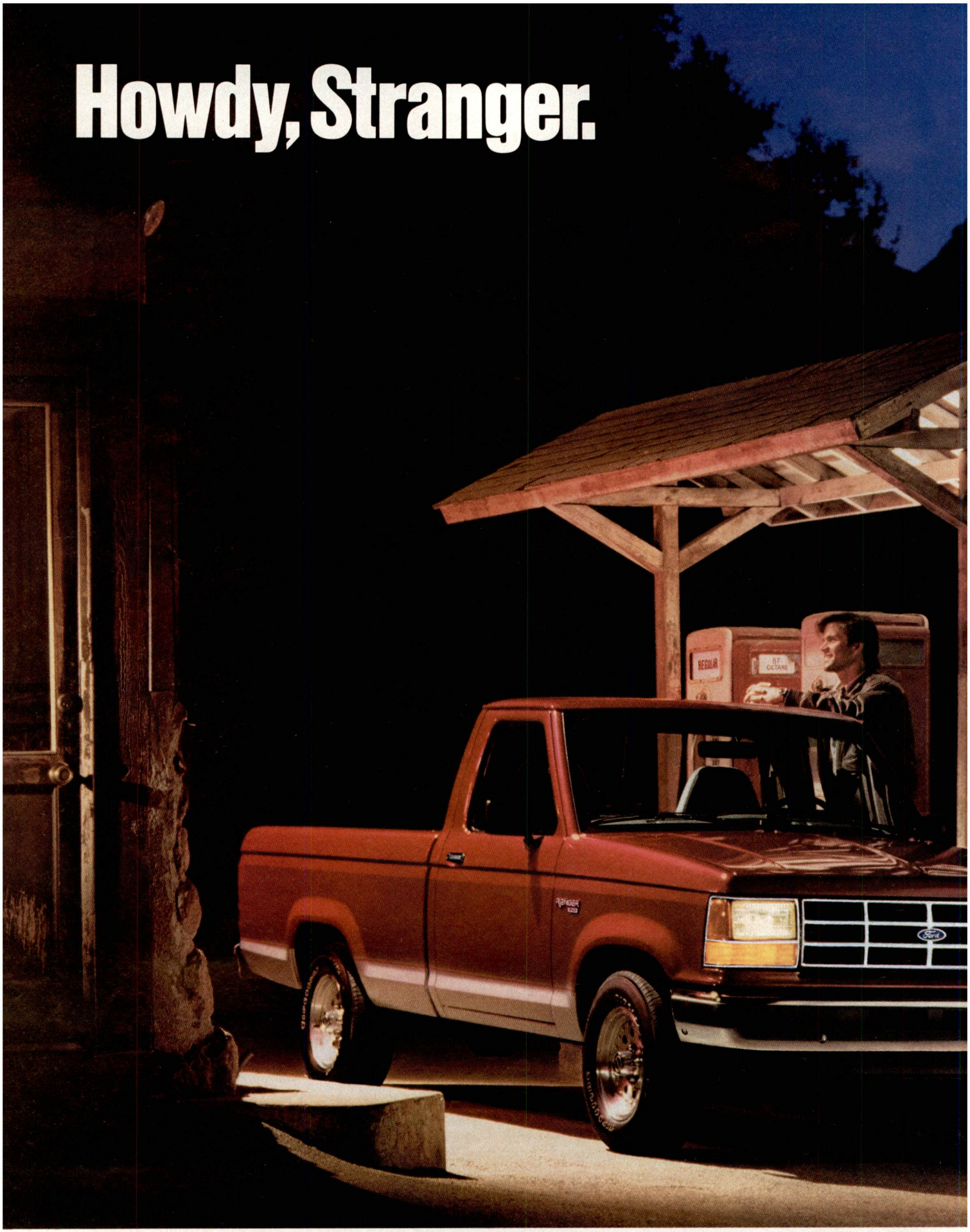
One excuse is that the disintegration of the Soviet Union might lead to change and uncertainty. Yet this did not happen in Eastern Europe. Now the republics have popularly elected governments that can surely carry on. Another fear that many play on is that an unglued Soviet Union could spawn a collection of smaller, unstable nuclear powers or even trigger nuclear civil war. But most experts dispute this threat. Soviet nuclear weapons are protected by electronic cipher locks tightly held in Moscow. Even the officers trained to use them cannot activate them on their own or use them against each other or the West.

Our key strategic goal should lie not in saving the Kremlin or the center, or in saving Gorbachev personally, but in dismantling the very Communist system that put this empire together. It is the center that is causing the regime to disintegrate. Aid merely delays the critical reforms resisted by an intellectually bankrupt regime that can no longer run the economy by decree and lacks the consensus necessary to reform. We might just as well pick up the multibillion-dollar tab for annual Soviet aid to Cuba and the $3.5 billion to the Soviet puppet in Afghanistan, and provide $7.5 billion a year in high-tech weapons to the Soviets with which they can threaten the United States and the West. Surely we should not support the continuation of the center so that it becomes able, once again, to become an international threat.

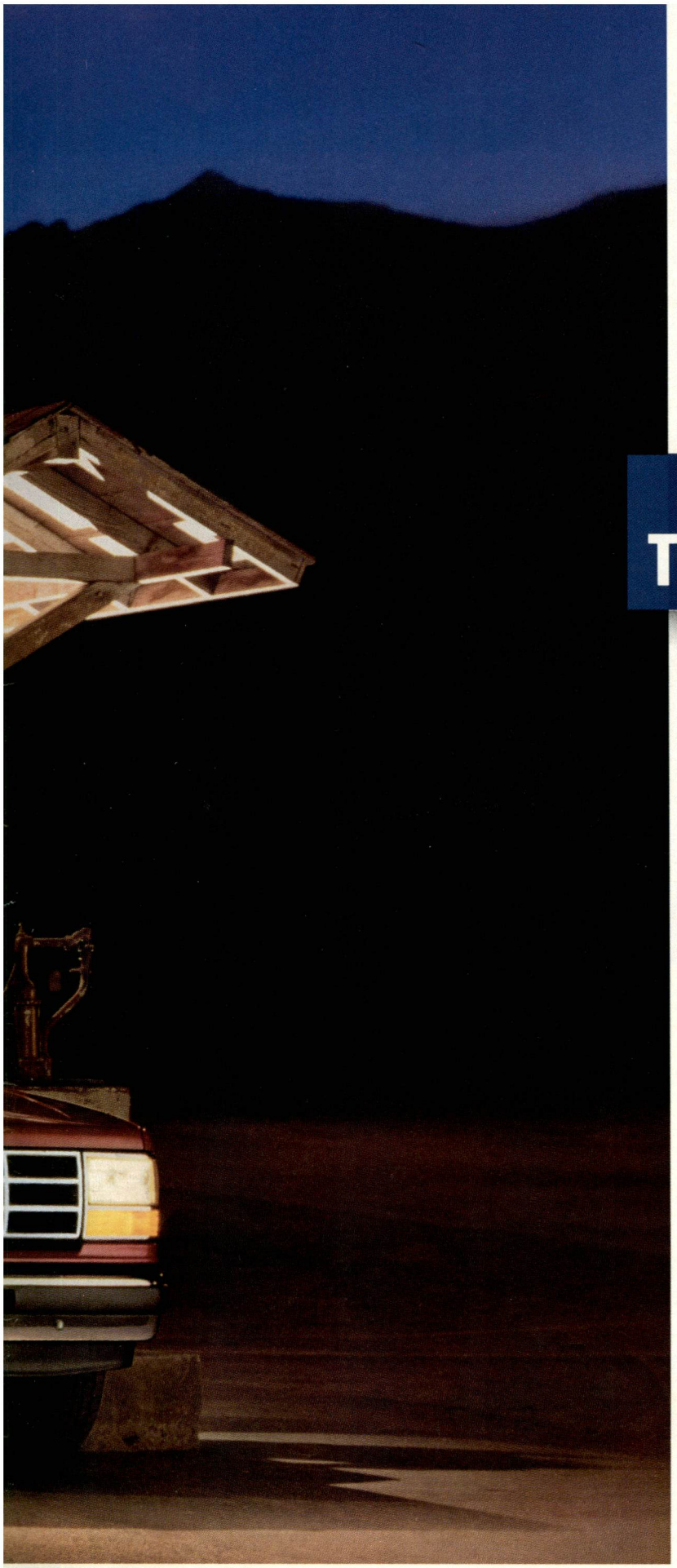
Yes, we need a constructive interim relationship with the Soviet Union, especially until the arms agreements on strategic and conventional weapons are concluded. And yes, President Bush has a good personal relationship with Gorbachev. This is hardly an adequate basis for massive support. Bush should bear in mind that Gorbachev, the Soviet president, has never been able to overcome Gorbachev, the Communist Party leader.

The choices for the West are between the Soviet people and the Communist Party. There is no moral compromise here. To support the central government, with its bloody past, its failed present and its ambiguous future, would be a moral and political catastrophe—placing the United States in the pillory of history.

In John le Carré's recent book, "The Secret Pilgrim," his famous character George Smiley, the English spymaster, says to his younger colleagues: "The purpose of my life was to end the time I lived in. So if my past were still around today, you could say I'd failed." It is not in our national interest nor in our moral compass to support bringing the Soviet past into the future of the Soviet people. ■




*EPA combined city/hwy. estimate of 26 mpg (24 city/29 hwy.)
"Best-Built" claim based on an average of consumer-reported problems in a series of surveys of all '81-'90 models designed and built in North America. Sales by Division.



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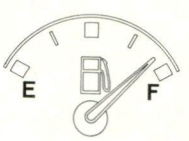
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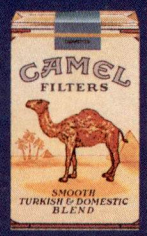
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17 mg. tar
1.1 mg. nic.




15 mg. tar
1.0 mg. nic.




17 mg. tar
1.2 mg. nic.

# Search Low.




5 mg. tar
0.4 mg. nic.



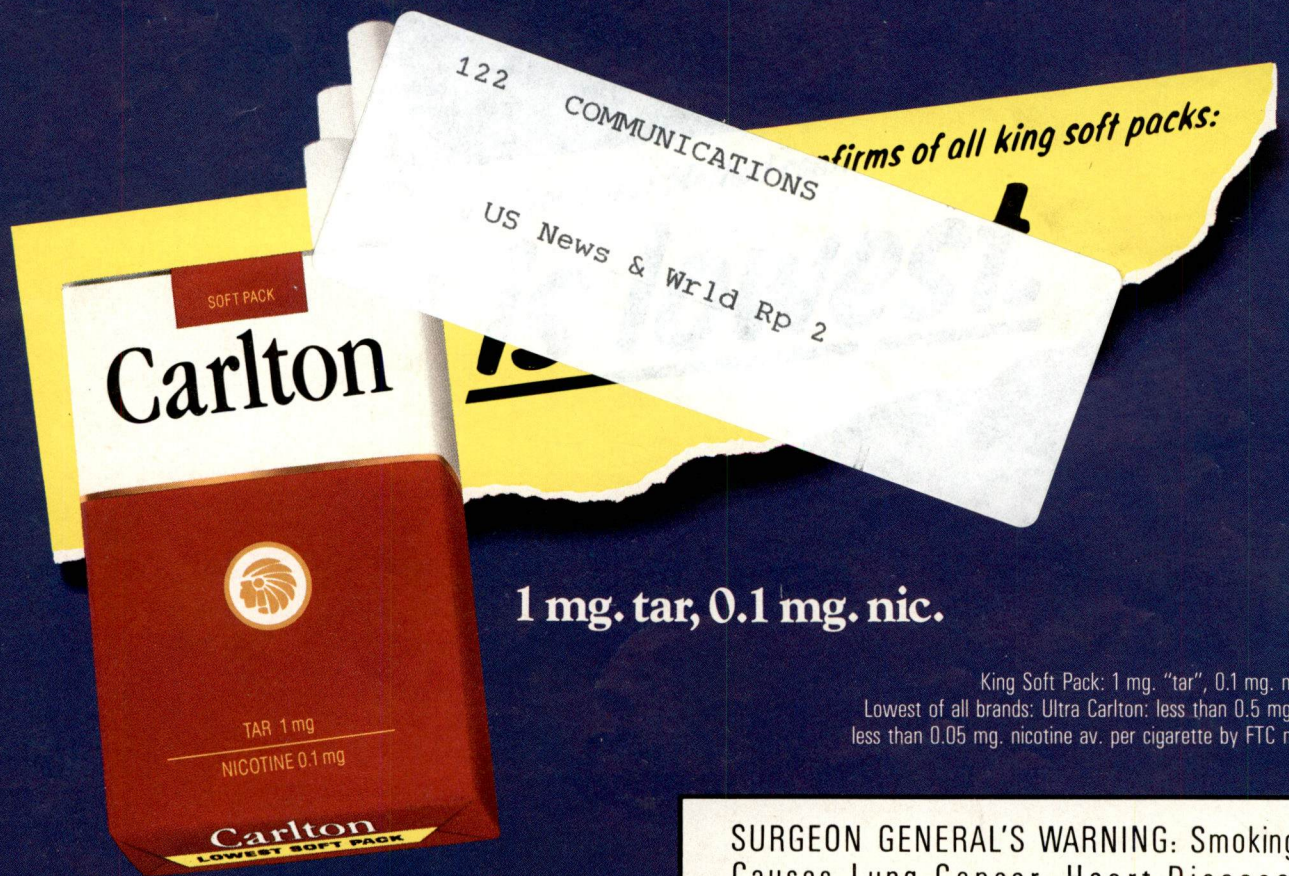

5 mg. tar
0.5 mg. nic.




5 mg. tar
0.5 mg. nic.




3 mg. tar
0.3 mg. nic.




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King Soft Pack: 1 mg. "tar", 0.1 mg. nicotine.
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