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SMU Commencement 5/15/92 [OA 7574] [1]

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The value of freedom rests in the opportunities it provides for unforeseen and unpredictable actions

—Hayek

copy of Dan other commencements

what is called decline is simply the emergence of other nations into a world of prosperity and freedom. We should welcome this rise of other nations. Certainly we have nothing to fear from it, for America's position of world dominance remains unthreatened.

We are still the most prosperous society on earth. Our workers are the most productive, our scientists the most imaginative, our entrepreneurs the most venturous and energetic of any

America leads by example

old thinking - international competition as zero-sum

(Chamber of Commerce in Houston)

(Council on Foreign Relations in Chicago)

Oakwood in Los Angeles

D.C.

We may decline if this permission is about to run amuck. America in decline is an outlandish, unsupportable notion, but less outlandish notions have in the past gained currency and proved self-fulfilling.

The era you enter today is a time for dreaming outsized dreams; never in human history, and nowhere else in his history, have great dreams had a better chance to come true.

I think this optimism, faith in the free individual & organic family as the agent of progress, underlies much of what I have done.

(((

THE WHITE HOUSE

Office of the Press Secretary
(Dallas, Texas)

For Immediate Release May 16, 1992

REMARKS BY THE PRESIDENT
AT COMMENCEMENT CEREMONIES

Moody Coliseum
Southern Methodist University
Dallas, Texas

10:33 A.M. CDT

THE PRESIDENT: Thank you, Dr. Pye, for the introduction, for the invitation, and I'm just delighted to be here. Let me also thank Reverend Finnin for the invocation. And, of course, I was charmed as everybody around here is by the wonderful music of the SMU Symphony Orchestra. I just heard the Anthem, but I'm told they're good on everything. (Applause.)

And may I salute Ray Hunt, your distinguished Chairman. You know, when things were tough for SMU a few years back, this great Mustang led your wonderful university back, working with Dr. Pye and so many others -- led it back to its undisputed place of integrity and excellence. And we all owe him a debt of gratitude. (Applause.)

It's good to be back in Texas. I'm honored by this degree -- even if I haven't put in all those long hours hitting the books at "Charlie's." (Laughter.) I was supposed to say the library, but I learned a little about the senior class.

Let me tell you about a graduation at Yale University. They invited the Bishop. And the Bishop spoke and he went "Y is for youth -- 25 minutes. A is for altruism -- that one lasted about 32 minutes. L -- loyalty; another 45 minutes. E was excellence -- 25 minutes. By the time the guy finished there was a handful of students left, one was in prayer. (Laughter.) And the Bishop went over to him and he said, "Thank you, son. I noticed you, a faithful lad, are praying to God." He said, "Yes, I am thanking God I did not got to Southern Methodist University." (Laughter.)

I will try to accommodate you. I know following this there's presentation of degrees. And I also want to single out Drs. Kay and Pelikan for their work and just am proud to be on the platform with them.

I know this is an exciting day for you and your parents, the close of one important chapter in your lives and the beginning -- a way to look at it is the beginning of many, many more. Right after my own commencement, Barbara and I lit out for Odessa in our 1947 Studebaker to try our hands out there in the oil fields of West Texas. I had many reasons for coming west, but the advice from one family friend tipped the balance. "What you need to do is head out to Texas," he told me. "That's the place for ambitious young people these days."

Now, this was a few years, just a handful of years after World War II -- what seems like a lifetime ago. My friend's advice was some of the best that I've ever had. I believe what he said then still holds true, not only for Texas but for all of America. Members of your graduation class hail from as far away, I'm told, as Czechoslovakia, as near as University Park, and then all the points

in between. But for each of you, America is the place where ambition, energy, enthusiasm and hard work are still rewarded; where young people can still feel confidence in their dreams. And I'm a little tired of the pessimism in this country. (Applause.)

So many of us in that class of, way back then, 1948 had been through the war; we'd lost friends and loved ones. But even so, the opportunities America offered on that commencement day seemed limitless. I think many of you wonder whether that holds true for you. This morning I want to make the case that today's America is still a rising nation -- that the country you're inheriting offers those same limitless opportunities that it held for Barbara and for me, and for your parents and for your grandparents.

We all are working to preserve for ourselves and the generations to come three precious legacies: rewarding jobs for all who seek them; strong families; and a world at peace. Tomorrow, up at Notre Dame, I will discuss the things we can do to strengthen our families, the American family. And then next week, at Annapolis at the Naval Academy, I'm going to explore the great issues of war and peace. I might say parenthetically, I think we can all take some pride in the fact that the young kids in the country today go to bed at night without that awful fear of nuclear weapons that some of us had. That is progress. That's something dramatic and that's something important. (Applause.)

But now let me just focus on the first of those legacies -- the economic future. I'm making the case that America's best days lie before us, and I realize that I might not be taking the fashionable view. Much of the conventional wisdom these days portrays America in decline and its energy dissipated, its possibilities exhausted -- a country overrun by economic predators abroad and crippled by the insurmountable problems at home.

These declinists, as they are called, will hate to hear it, but they're saying nothing new. You flip through those history books here in the library, and you'll hear the gloomy predictions sounding again and again. As our western frontier filled up in the late 19th century, even that great American booster, Walt Whitman, worried that soon his country might -- here's the quote -- "prove the most tremendous failure in history." A few years later the "American century" dawned.

In the 1930s, the declinists told us the great depression had made capitalism outmoded. Our victory in World War II put an end to that talk. In the 1950s, the Soviets launched the first satellite, and the pessimists said America had lost the space race -- 12 years before Neil Armstrong, an American, walked on the moon. Still more recently, while many of you were still in grade school, some of our national leaders spoke of an "era of limits" and "malaise" -- right before Americans began the longest peacetime economic expansion in the history of our country.

So the pessimists were wrong. Pessimists always are when they talk about America. The optimists have the safer bet; but there's a difference between optimism and smug self-satisfaction. Americans should never be satisfied with the way things are. "I'm an idealist," said Woodrow Wilson. "That's how I know I'm an American." We still dream big dreams and hold the highest hopes; our restlessness, our refusal to settle for anything less, is what propels us to make those dreams real.

There's something particularly ironic about the pessimism we're seeing today, for it comes at a moment of triumph that few countries in history have been privileged to enjoy. Over the past year we have seen the collapse of a seemingly implacable adversary, an empire deeply hostile to all that Americans cherish. And we've seen emerge from that totalitarian darkness a host of new

nations, each struggling with a free and democratic future; each looking to us, each turning to America for leadership.

In light of this, pessimism isn't just ungracious, it's also inaccurate. The fact is America is more than the world's sole military superpower -- though it is that. It's more than the world's political leader -- though it is that, too. It is also the greatest economic power the world has ever seen, a country uniquely able to provide each of you unparalleled opportunity. And it is certain to remain so -- if we refuse to settle for anything less.

First we must see our own situation clearly. That means debunking a few myths -- for myths harm our ability to distinguish our real problems from false ones.

Perhaps you've heard that the American worker is unproductive. In slow economic times people look for scapegoats. You've heard the American worker is unproductive; well, this is a myth. The American worker is the most productive in the industrial world -- 30 percent more productive than his Japanese counterpart. That's why, with one-twentieth of the world's population, we produce one-fourth of the world's goods and services.

Maybe you've heard that the American worker is unskilled. This audience here, about to enter the work force, puts the lie to that claim. In fact, more than one out of every four American workers has a college degree; another 20 percent have one to three years of college education. And in Japan, only one-third of the population goes on to higher education.

Maybe you've heard that our standard of living -- the average American's ability to buy goods and services -- has fallen behind. Again, not true. Measured in purchasing power, our standard of living is far above other industrialized nations.

And here's another myth: that America has fallen behind in science and technology and innovation. Maybe the pessimists should come right here to the campus, come to SMU, talk to the grad students who will be working on the superconducting supercollider next fall. Or they could ask those companies from Switzerland, Germany, Japan, Korea -- and the list goes on -- who open research labs in the U.S., simply to be close to the American scene.

If not science, say the pessimists, then how about industry? You might have heard that American industry is on decline. And they're wrong again. Manufacturing has grown faster than the rest of our economy. In fact, in the last decade, American manufacturing grew faster than the rest of the world combined. From one industry to another, the United States is more progressive and more efficient than its major trading partners: in mining, oil and gas drilling, utilities, transportation, communication, agriculture, forestry, fisheries, construction, scientific instruments, and paper, and glass products, all kinds of different products; textiles, you name it.

This list, too, goes on, but I don't want to overdo it. I don't recite these statistics so we can all pat ourselves on the back. I just want to make a point: America is a strong nation, getting stronger, and we can learn from our success. (Applause.) But those pessimists ignore the lessons of America's leadership. Instead, they push protection. And they push isolation -- a strategy based on the misguided fear that America can't rise to the challenges of a global economy.

The danger is that for all our undeniable strengths, fear of the future could prove to be a self-fulfilling prophecy. And if America turned inward and insulated itself in a cocoon of

defeatism, the result would be stagnation, fewer jobs with a lower pay and a diminished standard of living for all.

Our astounding economic success is increasingly dependent on a basic fact: If we are to be prosperous at home, we must lead economically abroad. And in a word, that means trade. America is the world's leading exporter -- $422 billion worth last year alone. And over the past five years, our merchandise exports have grown almost 90 percent, supporting more than seven million jobs.

The defeatists -- well, they pretend that trade is zero-sum game, where one partner's gain must be offset by another's loss. But once again they're wrong -- demonstrably wrong -- and I refuse to squander the gains of the last generation and the hopes of coming generations in this crabbed misreading of America's place in the world. For three years our administration has pursued a policy of open and free trade -- because it does create jobs and opportunity for Americans. Right now, with the support of the people of Texas, we are on the verge of concluding an historic North American Free Trade Agreement, which will create a $6-trillion free trade area from the Yukon to the Yucatan.

Is our policy optimistic? Well, yes, I plead guilty to being an optimist about this country's ability to compete. And do not misunderstand, we've got difficulties ahead. We must deal now with a few alarming trends that endanger our world leadership -- and threaten your future.

I have challenged the Congress to join me in a reform agenda based on the same first principles that underlie our prosperity. Our economic success wasn't hatched in some committee room on Capitol Hill or around a conference table in the White House. It was determined on the shop floor, in the board room, in the research lab, where free men and women weighed the options, took the risks, and made their own decisions. America is the most prosperous nation in history because it also is the freest. That same commitment to limited government, to personal freedom, and to personal responsibility must shape the reforms that we urgently need to undertake.

A radical transformation of our education system, for example, is long overdue. And that means we must allow communities the freedom to create their own break-the-mold schools, giving maximum flexibility to teachers and principals. The G.I. Bill says: Here's some money. Go to the college of your choice. And now I believe the time has come or parents to have the freedom to choose their children's schools at all levels -- public, private or religious. (Applause.)

And in the same way, my plan to reform our health care system makes health care more affordable and accessible, while preserving the all-important benefit of consumer choice.

And I have proposed comprehensive steps to restore sanity to our legal system. The explosion in litigation threatens our economic well-being and, worse, weakens the ethic of personal responsibility that lies at the heart of our national character. (Applause.) America would be a better country if we sued each other less and reached out to help each other more. (Applause.)

And, yes, for those of us in Washington, it is high time to get our own house in order. (Applause.) The federal government must start living within its means. And to discipline both the Executive Branch and the Congress I have long favored a balanced budget amendment. And we will get it, and we need it now. And it's a good thing for our country. (Applause.)

Finally, Y-A-L-E; S-M-U -- (laughter) -- finally, as our country moves forward into the next century, we must resolve that no one is left behind. The riots in L.A. reminded us that we have much more work to do in our own neighborhoods. (Applause.) The American Dream takes root in families whole and caring, in neighborhoods safe and secure, and in schools unsullied by drugs and violence. Every American deserves the opportunity to pursue this dream, unhindered by the ugliness of racism or anti-Semitism, or the benign neglect of a government bureaucracy. (Applause.)

We are past the time for casting blame or making excuses for despair in our inner cities. But we've got to ask ourselves this: "Are the old ways, the old assumptions still good enough?" And I believe the time has come to try the untried, to build a new approach on the principles of dignity and personal initiative and opportunity.

Last week I presented to congressional leaders, in a very harmonious session at the White House, a six-point plan for a New America: First, our "Weed and Seed" anticrime initiative -- weed out the criminals and then seed the neighborhoods with hope. Second, our HOPE initiative, to turn public housing into private homes. Homeownership, I think, is the key when it comes to dignity and stronger families. (Applause.) Third, enterprise zones. Change the tax system so that it will serve as a magnet to bring jobs and investment to the inner city; jobs with dignity. And then, fourth, education reform -- touched on that -- but offer every child the chance at a world-class education. Fifth, welfare reform, to replace the handout with the hand up. And sixth, expanded job training for the young people of our cities.

And when I visited L.A. -- and a very moving trip it was for me -- I came away with a deepened sense of hope for America and her people. We all saw those horrifying acts of violence. But let me tell you another story from L.A. In the heat and chaos of the riots, a pastor named Bennie Newton saw a man being beaten to the ground. And despite the threats and the blows, Reverend Newton walked into the fray and draped his body over the bloody man until the beating stopped. "My heart was crying," said the pastor. He saved the man's life.

America is a nation of Bennie Newtons; and you'll find him in every city, in every town, in every union hall, boy's club, scout troop. You'll find a lot right here at SMU, with your proud tradition of serving others. And few of us, of course, are ever called to take the risks that Reverend Newton did. But every day we face the question posed in the New Testament: "If anyone has the world's goods and sees his brother in need, yet closes his heart against him, how does God's love abide in him?" (Applause.)

On countless small occasions, each of us is called to open our hearts -- each of us is called to lead, to take responsibility, to show the power of faith in action. I have spoken today of our economic future, about free enterprise, personal liberty, but the freedoms we cherish mean nothing unless they're infused with the old virtues, the time-honored values: honor, honesty, thrift, faith, self-discipline, service to others.

I do not pretend to know the shape of the next century. The genius of a free people defies prediction. Certainly, Barbara and I, when we loaded up our Studebaker for the trip to Odessa so long ago, could never have imagined the technological marvels that our grandchildren take for granted -- fax machines and VCRs, for example -- not to mention the most amazing invention of 1992, the supermarket scanner. (Laughter.)

But I do know this: the next century will be your century. If you believe in freedom, and if you hold fast to your

values, and if you remain faithful to our role in the world, it is sure to be yet another American century.

Thank you again. May God bless the graduating class at SMU, and the United States of America. Thank you very, very much. (Applause.)

END 10:58 A.M. CDT

Jennifer -

More random notes for SMU file.

- Bobby

✓ Looking Forward
✓ Jeanne Whitman
✓ Quote book
✓ Fact book, also Labor
will call back USTR
✓ Legislative Affairs 6493 8

Ann ~~Abba~~ Abbas [214 987-7663 Fax]
SMU Director of News and Information
Students from P.R.C., Czechoslovakia,
Nearest is University Park

Labor Debbie Kline
Connie Dressard
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will call back

Public Affairs BLS
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Art News BLS 606-5654 will call back
Div. Foreign Labor Statistics

~~Linda~~

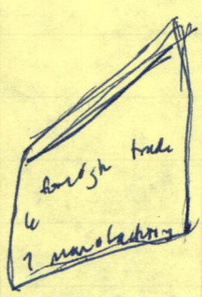
Walt Whitman 1871
Democratic Vistas in Complete Poetry and Collected Prose (Library of America), 930.
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© 1982

Brian
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Affairs

HOPE

Hill says it's appropriated more than asked
Admin requested 10 $1 billion FY 93
help 36,000 families get homes
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Bureau of Labor Statistics — Census
Natl Science Foundation — (301) 763-7662
Dept. of Education
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Laura Lipman



USTR

Japanese grown faster than us manufacturing
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US manufacturing grown faster than
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exports - 85% 2 million jobs over 3 years (88-91)
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NAFTA

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NY Times outlook Sunday May 3

Dale
Jorgeson
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research on various sector of US, G, J economy
avg labor productivity
US #1 in 75% sectors
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Fortune May 4 1992
"Truth About American Worker" p. 48
2 pages of tables
skill level, education
comparisons, w/ Germany Japan



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5042 Stats of CEA

growth our last 2 decades exceeds historical average
Randy Eberts 5012

1874 - present historical
70 point lower for last 20 years than
historical average

beyond
~~behind~~ high school – entire population

% of equivalent age (high school age grades)

36% Japan 45% US

FACSIMILE COVER SHEET

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE CHIEF TEXTILE NEGOTIATOR

Executive Office of the President
Washington, D.C. 20506

Date

Number of Pages Excluding Cover

TO:	AGENCY:	PHONE #:	FAX #:
Jennifer / Bobby		( )	( )
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FROM: AMBASSADOR RONALD J. SORINI
PHONE: (202) 395-3026 FAX #: (202) 395-5639

CONTACT: David Walters X3583

SUBJECT:

Jennifer –

Do you need this for the SMU file?

Bobby

THE NEW YORK TIMES, SUNDAY, MAY 3, 199

Ideas & Trends



Cars and VCR's Aren't Necessarily The First Domino

By SYLVIA NASAR

MUST commerce among nations always be a dog eat dog fight for absolute advantage? Economic Darwinians fear that America's loss of leadership in a few key industries is the beginning of an irreversible decline in competitiveness. A more sanguine school, which holds that industrialized economies will ultimately converge, maintains that Japan and Germany will catch up with the United States, but not surpass it.

As it turns out, reality isn't unfolding quite according to either script, some economists say. While the level of output per employee in Japan and Germany and the United States has converged since the 1950's, productivity in individual industries has begun to diverge.

Instead of catching up across the board, countries seem to be specializing in the things they do best. While Japan and Germany have surged ahead in some industries, the United States has widened its lead in others and stayed ahead, if by a narrower margin, in still others.

"If you lose one industry, there's no sign you'll lose them all," said Edward N. Wolff, an economist at New York University. "Just because Japan has taken over consumer electronics does not mean that Japan will triumph in mainframe computers or medical instruments."

A book by Professor Wolff and David Dollar, a colleague at the World Bank, called "Competitiveness, Convergence and International Specialization," will be published by M.I.T. Press this fall.

That pattern of specialization, which started to emerge after the early 1970's, said Dale W. Jorgenson, an economist at Harvard University, suggests that the United States still stands to gain from expanded world trade, but that it continues to face the possibility that trade conflicts will develop too.

"We can take some of their markets and they can take ours," said Professor Jorgenson. "So we will have to stamp out little moves toward protectionism and make sure our trading partners do too."

Productivity is a handy measure of an industry's competitive muscle. Industries with high levels of labor productivity tend to export a lot. "If you're the most efficient country in the world in making planes, you tend to dominate world aircraft trade," Professor Wolff said. "High productivity reflects how much investment you've poured into an industry as well as how sophisticated the technology you have."

'First Among Equals'

For 25 years after World War II, the overall level of productivity among industrialized countries did converge. Productivity grew faster in Germany and Japan than in the United States during the 1950's, 1960's and early 1970's. "The U.S. was once the dominant economy," said Professor Wolff. "Now it's the first among equals."

Using output per worker as a yardstick for productivity, the United States is about 45 percent more efficient than either Germany or Japan, which are roughly equal.

Of course, using that measure instead of output per hour understates Germany's efficiency and overstates Japan's because German workers put in fewer hours on the job than Americans while their Japanese counterparts put in more.

"Many parts of Japanese businesses operate below United States standards," said Mr. Jorgenson. "Japan has world class factories in many industries, but getting things to and out of the factory is incredibly inefficient." Wholesaling, retailing and company departments like transportation and billing use methods that in the United States are considered archaic, he said. "The best example is Narita Airport — logistically ing, it's Idlewild 30 years ag

But ever since the early 19 gap in overall productivity rowed far more slowly. Wh the first oil shock in 1973, overall productivity growth from 10 to 3 percent a year States productivity growth but only by 1 percentage poi

The fact that Japan was n catching up in overall prod was masked, said Professor

Who's the Most Efficient Producer

Productivity of [illegible], measured in thousands of dollars [illegible] each worker produced. Based on gross [illegible] product and labor numbers from [illegible] most recent year available; calculations [illegible]

	✔ Most efficient	Total productivity
Mining and oil and gas extraction		$242
Utilities		204
Transportation and communications		76
Manufacturing (see breakdown below)		66
Finance, insurance and real estate		45
Agriculture, forestry and fishing		42
Wholesale and retail sales, hotels and restaurants		41
Construction		38
Areas in manufacturing:		
Petroleum and coal refining		$396
Machinery, except electrical	✔	113
Chemicals, plastics and other synthetics		98
Cars, trucks and other transportation equipment		76
Paper, printing and publishing		71
Steel, aluminum, copper and other metals		64
Scientific instruments		60
Electric machinery and electronic equipment		59
Food, beverages, tobacco		59
Stone, clay and glass products		57
Textiles		31

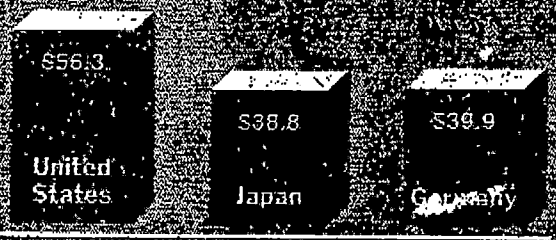
Source: Edward N. Wolff, professor of economics, New York University



Nicholas Anast

ho's the Most Efficient Producer?

ductivity of each country, measured in thousands of dollars worth of goods each worker produced ed on gross domestic product and labor nbers from 1990, the most recent year available. ulations are shown in 1991 dollars.



Most efficient	Total productivity
ing and oil and gas drilling	$242.5 ✓
ities	204.3 ✓
nsportation and communication	75.7 ✓
ufacturing (see breakdown below)	56.9 ✓
nce, insurance and real estate	45.2
iculture, forestry and fisheries	40.7 ✓
olesale and retail sales, hotels and restaurants	31.2 ✓
truction	29.7 ✓
ss in manufacturing	
roleum and coal refining	$398.2 ✓
chinery, except electrical	113.5 ✓
rmicals, plastics and other synthetics	98.1
s, planes and other transportation equipment	76.7
er, printing and publishing	71.2 ✓
el, aluminum, copper and other metals	64.6
ntific instruments	60.2 ✓
tric machinery and electronic equipment	59.8
d, beverages, tobacco	59.2 ✓
ne, clay and glass products	57.5 ✓
iles	31.1 ✓

Source: Edward N. Wolff, professor of economics, New York University

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But ever since the early 1970's, the gap in overall productivity has narrowed far more slowly. Why? After the first oil shock in 1973, Japan's overall productivity growth rate fell from 10 to 3 percent a year. United States productivity growth fell also, but only by 1 percentage point.

The fact that Japan was no longer catching up in overall productivity was masked, said Professor Jorgenson, by the vast appreciation of the dollar in the early 1980's. Even as Japan's domestic economy slowed, its exports exploded and the United States lost overseas markets and saw a flood of imports.

In any case, the United States and its main rivals have specialized in different industries. German bankers, it seems, are the world's most efficient. Small wonder. The United States has more than 12,000 banks, the Germans a dozen or two. Meanwhile, America's high-tech farms boast productivity 4 times as high as Japan's and 2.5 times as high as Germany's. Japan's electronics industry is twice as productive as Germany's and slightly ahead of United States electronics companies.

America's lead is actually growing in perhaps one-third of its industries including agriculture, wood products and food processing, which is really a clutch of industries that churn out everything from cigarettes to cereal to Coca-Cola.

Japan surged ahead in cars and trucks and, despite resurgent American competitiveness in steel and semiconductors, in metals and consumer electronics.

And in lots of industries, the United States is hanging on to its lead. That includes building materials, heavy machinery, computers.

Germany Slowing Down

Suprisingly, the United States widened its lead over Germany during the 1980's, not only in overall productivity but in most manufacturing industries. Mr. Wolff attributes that reversal from earlier decades to the fact that German industry didn't face the same cold blast of world competition spurred by a too-strong dollar that woke American manufacturers to the need to boost efficiency.

A second reason, perhaps more unexpected, is that the United States invested more in manufacturing than Germany did in the 1980's.

Mr. Wolff is convinced that countries specialize and achieve leadership in those industries where they invest heavily in new plant and equipment. Investment not only gives each worker more equipment to work with but it also puts the latest technology in his or her hands.

And research and development is just as important.

"The U.S. is still the leader in aircraft because of heavy R. & D. spending, some of which came via the Pentagon," said Professor Wolff. "Likewise, medical equipment research is heavily subsidized by the National Institutes of Health."

In the 1950's and 1960's Japan and Germany mainly caught up by imitating United States technology. But Americans should take note that, since the 1970's, new investment has played the primary role.

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r 25 years after World War II, overall level of productivity ng industrialized countries did erge. Productivity grew faster in nany and Japan than in the Unit- ates during the 1950's, 1960's and ' 1970's. "The U.S. was once the nant economy," said Professor f. "Now it's the first among ls."

ing output per worker as a yard- for productivity, the United :s is about 45 percent more effi- . than either Germany or Japan, h are roughly equal.

course, using that measure in- l of output per hour understates nany's efficiency and overstates n's because German workers n fewer hours on the job than Americans while their Japanese counterparts put in more.

"Many parts of Japanese businesses operate below United States standards," said Mr. Jorgenson. "Japan has world class factories in many industries, but getting things to and out of the factory is incredibly inefficient." Wholesaling, retailing and company departments like transportation and billing use methods that in the United States are considered archaic, he said. "The best example is Narita Airport — logistically speaking, it's Idlewild 30 years ago."

But ever since the early 1970's, the gap in overall productivity has narrowed far more slowly. Why? After the first oil shock in 1973, Japan's overall productivity growth rate fell from 10 to 3 percent a year. United States productivity growth fell also, but only by 1 percentage point.

The fact that Japan was no longer catching up in overall productivity was masked, said Professor Jorgenson, by the vast appreciation of the dollar in the early 1980's. Even as Japan's domestic economy slowed, its exports exploded and the United States lost overseas markets and saw a flood of imports.

In any case, the United States and its main rivals have specialized in different industries. German bankers, it seems, are the world's most efficient. Small wonder. The United States has more than 12,000 banks, the Germans a dozen or two. Mean-

Who's the Most Efficient Producer?

Productivity of each country, measured in thousands of dollars worth of goods each worker produced. Based on gross domestic product and labor numbers from 1988, the most recent year available; calculations are shown in 1991 dollars.



✓ Most efficient

	Total productivity ▶ United States	Japan	Germany
Mining and oil and gas drilling	$242.5 ✓	$ 54.7	$ 26.5
Utilities	204.3 ✓	182.3	132.8
Transportation and communication	76.7 ✓	40.1	44.4
Manufacturing (see breakdown below)	66.9 ✓	52.2	38.2
Finance, insurance and real estate	45.2	57.8	59.2 ✓
Agriculture, forestry and fisheries	42.7 ✓	9.1	17.5
Wholesale and retail sales, hotels and restaurants	41.2 ✓	24.0	26.4
Construction	38.7 ✓	34.1	27.8
Areas in manufacturing:			
Petroleum and coal refining	$396.2 ✓	$321.0	$860.2
Machinery, except electrical	113.5 ✓	100.9	34.2
Chemicals, plastics and other synthetics	98.4	122.0 ✓	52.4
Cars, planes and other transportation equipment	76.7	90.5 ✓	36.2
Paper, printing and publishing	71.2 ✓	64.2	36.4
Steel, aluminum, copper and other metals	64.6	82.7 ✓	33.8
Scientific instruments	60.3 ✓	38.7	31.8
Electric machinery and electronic equipment	59.8	67.4 ✓	34.4
Food, beverages, tobacco	59.2 ✓	20.7	30.0
Stone, clay and glass products	57.9 ✓	44.8	39.0
Textiles	31.1 ✓	17.7	22.6

Source: Edward N. Wolff, professor of economics, New York University

(Ferguson/Grossman)
May 8, 1992
Draft Two
SMU

PRESIDENTIAL REMARKS: SMU COMMENCEMENT
DALLAS, TEXAS
MAY 16, 1992

[Acknowledgments, local jokes]

It's good to be home. I'm honored by this degree. ((My dog's jealous. Yesterday, I wanted to take Millie for a walk. She told me to call her agent.))

I know this is an exciting day for you and your parents, the close of one important chapter in your lives and the beginning of many more. ~~The day~~ after my own commencement was the day I lit out for Texas. ~~Barbara and~~ I packed up our '47 Studebaker and I made my way to Odessa, to try my hand at the oil business.

I had many reasons for going west, but the advice from one family friend tipped the balance. "What you need to do is head out to Texas," he told me. "That's the place for ambitious young people these days."

This was a few years after World War II -- what seems like a lifetime ago. My friend's advice was some of the best I've ever had. I believe that what he said then still holds true, not only for Texas but for all of America. Members of your graduation class hail from as far away as Czechoslovakia and as near as West Dallas, and all points in between. But for each of you, America is the place where ambition, energy, enthusiasm and hard work are still rewarded, where young people can still feel confidence in their dreams.

The opportunities offered by America seemed limitless in those days after the war, when I was a young man graduating from college. You might be wondering if they still are. This afternoon I want to make the case that today's America is still a rising nation -- that the country you are inheriting holds the same limitless opportunities it held for Barbara and me, and for your parents and your grandparents.

In making this case, I realize that I'm not taking the fashionable view. Among the pundits and the pontificators -- even among some professors, I hate to say -- conventional wisdom portrays an America in decline, its energy dissipated, its possibilities exhausted -- a country beset by international predators abroad and insurmountable problems at home.

The declinists, as they're called, will hate to hear it, but they're saying nothing new. Flip through the history books. You'll hear their high-pitched complaints sounding again and again. As our western frontier filled in the late 19th century, even that great America-booster Walt Whitman worried that soon his country might "prove the most tremendous failure in history." A few years later the "American century" dawned.

In the 1930s, the declinists told us the great depression had finished off capitalism; our victory in World War II put an end to that talk. A generation later, the Soviets launched the first satellite, and the defeatists said America had lost the space race -- twelve years before Neil Armstrong walked on the moon. Still more recently, while many of you were still in grade

school, some of our national leaders spoke of an "era of limits" and "malaise" -- right before Americans began the longest peacetime expansion in their history.

So the pessimists were wrong. Pessimists always are -- when they talk about America. But for you the debate about decline isn't an abstract exercise. It is a debate about the kinds of jobs you will have, about your ability to provide decent schools and health care for the children you will bring into the world. It is about that most essential component of the American dream -- your aspiration to leave your children a country even more hopeful, more prosperous than your own.

There's something particularly ironic about the declinism we're seeing today, for it comes at a moment of triumph that few countries in history have been privileged to enjoy. We have over the past year seen the collapse of a seemingly implacable adversary, an empire deeply hostile to all that Americans cherish. And we have seen emerge from the totalitarian darkness a host of new nations, each struggling with a free and democratic future, each looking to us for leadership.

In the face of this near universal vindication, declinism is more than just unappealing and ungracious; it is also inaccurate. The fact is, America is not simply the world's sole military superpower; it is not just the world's political leader, though it is that, too. It is also the greatest economic power in history.

get me

America is a country uniquely able to provide its citizens unparalleled opportunity, and it is certain to remain so -- if we muster the will to confront the problems that still beset us.

First we should debunk a few myths -- misperceptions and errors of fact repeated so often that nobody can be blamed for taking them as gospel.

Start with this one. You might have heard that the growth of the American economy, over the long term, is creeping to a halt. That is a myth. Our growth rate over the last two decades exceeds America's historical average.

Perhaps you've heard the American worker is unproductive. That, too, is a myth. The American worker is the most productive in the industrial world -- 30 percent more productive than his Japanese counterpart. That's why, with one-twentieth of the world's population, we produce one-fourth of the world's goods and services.

Maybe you've heard the American worker is unskilled. This audience here, about to enter the American workforce, puts the lie to that claim. In fact, one out of every four American workers has a college degree; another 20 percent have one-to-three years of college education. This is more than two and a half times the rate for the Japanese workforce.

Maybe you've heard that our standard of living lags that of our international competitors. Again: not true. Measured in purchasing power, our standard of living -- the average

American's ability to buy goods and services -- is far above other industrialized nations.

Here's another myth: that America has fallen behind in science, technology and innovation. Maybe the declinists should come here and talk to the SMU grad students working on the Superconducting supercollider. Or they could ask those companies from Switzerland, Germany, Japan, Korea -- the list goes on -- who open research labs in the U.S., simply to be close to American science.

If not science, say the doomsayers, then how about industry? You might have heard that American industry is on the decline. Wrong again. Manufacturing has been the strongest sector of our economy, growing faster than any other manufacturing sector in the world. From one industry to another, the United States is the most progressive and efficient of the world's developed countries: in mining, oil and gas drilling, utilities, transportation, communication, agriculture, forestry, fisheries, ~~pharmaceuticals~~, construction, scientific instruments, ~~airplanes~~, paper, stone, clay, glass products, textiles....

I could go on, but I'll spare you. ((One poor guy over there looked terrified I might give a pop quiz.)) My point is clear -- and I think indisputable: America is a strong nation getting stronger. Its prospects and opportunities -- <u>your</u> prospects and opportunities -- are limitless.

Unfortunately, the declinists refuse to inconvenience themselves with the facts. Instead they push protection and

isolation -- with lots of tough talk thrown in. But nobody should be fooled by the patriotic bluster: protectionism is based on fear -- fear that America can't rise to the challenges posed by a global economy. The danger is that, for all our undeniable strengths, fear of the future could prove a self-fulfilling prophesy. If America turned inward, insulated itself in a cocoon of defeatism, the result would be stagnation, fewer jobs with lower pay, and a diminished standard of living for all.

Let me give you an example of what I'm talking about. Our astounding economic success is increasingly dependent on a basic fact: If we are to be prosperous at home, we must lead economically abroad. In a word, that means trade. America is the world's leading exporter -- $422 billion worth last year alone. Over the past five years, our exports have increased [illegible] percent, creating [illegible] million jobs.

The declinists want to ignore the good news. They pretend that trade is zero-sum game, where one partner's gain must be offset by another's loss. But once again they're wrong -- demonstrably wrong -- and I refuse to squander the gains of the last generation, and the hopes of coming generations, in this crabbed misreading of America's place in the world. For three years my administration has guaranteed that we continue to create jobs through a policy of open and free trade. Right now, we are on the verge of concluding a historic North American Free Trade Agreement, which will create a $6 trillion free trade zone from the Yukon to the Yucatan.

Some may call this policy optimistic. Well, so be it: I plead guilty to being optimistic about this country's ability to compete. Don't misunderstand: America has difficulties ahead. It must deal now with a few alarming trends which, left unchecked will indeed threaten our world leadership. I think here of unsustainable health care costs; a civil justice system that pays only lip service to efficiency and fairness; and I think of our system of secondary education, which is unsuited to producing the workforce the future will demand.

We must reform these areas of our national life, but we will do so only if we cleave to the same first principles that underlie our prosperity. Our economic success wasn't hatched in some committee room on Capitol Hill or around a conference table in the White House. It was determined on the shop floor, in the board room, in the research lab, where free men and women weighed the options, took the risks, and made their own decisions. America is the most prosperous nation in history because it is also the freest. In the same way, a commitment to limited government, personal freedom, and personal responsibility must shape the reforms we urgently need to undertake.

Any radical transformation of our education system, for example, must allow communities the freedom to create their own break-the-mold schools, to bring competition to the educational marketplace. And parents must have the freedom to choose their children's schools. My plan to reform our health care system

makes health care more affordable and accessible, while preserving the all-important benefit of consumer choice.

I have also proposed comprehensive steps to restore sanity to our legal system. The explosion in litigation threatens our economic well-being and, worse, weakens the ethic of personal responsibility on which all social order depends. We must sue each other less and help each other more.

Finally, as country moves forward into the next century, we must take care that no one is left behind. The riots in Los Angeles reminded us of the price paid when lawlessness is left unpunished and human aspirations left unmet. All Americans deserve safe streets, schools unsullied by drugs and violence; and every American deserves the opportunity to pursue his dream, unhindered by the ugliness of racism or the benign neglect of a government bureaucracy.

I came away from Los Angeles reaffirming our commitment to pursue a new approach -- one grounded in basic principles like dignity, personal initiative, and opportunity. [[Our welfare system cries out for reform. And I have asked Congress once again to establish enterprise zones, to unleash entrepreneurial energy in the inner city; I have asked for full funding for our HOPE initiative to give people roots in their communities; and I have instituted a program called "Weed and Seed," to weed out gang leaders and career criminals from distressed neighborhoods and seed those communities with expanded employment, educational and social services.]]

-new wellness programs

- sports, health

--Schwarzenegger force

-Volunteerism

big on campus

- Points of Lights in the audience

I almost brought my shades.

I came away from Los Angeles as well with a deepened sense of hope for America and her people. We all saw the horrifying acts of violence. But let me tell you another story from Los Angeles. At the height of the riots, a pastor named Bennie Newton saw a man being beaten to the ground. Despite the threats and the blows, Rev. Newton walked into the fray and draped his body over the bloody man until the beating stopped. "My heart was crying," said the pastor. He saved the man's life.

America is nation of Bennie Newtons; you'll find him in every town and city, in every union hall and boy's club and scout troop. Few of us are ever called upon to sacrifice under such perilous circumstances. But every day, on countless small occasions, each of us is called to make sacrifices -- each of us is called to lead, to take responsibility, to show by example. I have spoken today of our economic future, about free enterprise and personal liberty, but the freedoms we cherish mean nothing unless they are infused with the old virtues, the time-honored values: honesty, thrift, self-discipline, and service to others.

I do not pretend to know the shape of the next century. The genius of a free people defies prediction. Certainly Barbara and I, when we loaded up our Studebaker for the trip to Odessa, could never have imagined the technological marvels our grandchildren take for granted -- fax machines and VCRs, for example -- ((not to mention the most amazing invention of 1992, the supermarket scanner.))

→ Longest running symposium on women's issues

27th annual symposium

Centerpiece of campus:

Dallas Hall
- Rotunda
- Columns
- Patterned after the library Jefferson designed for U. of Va

---

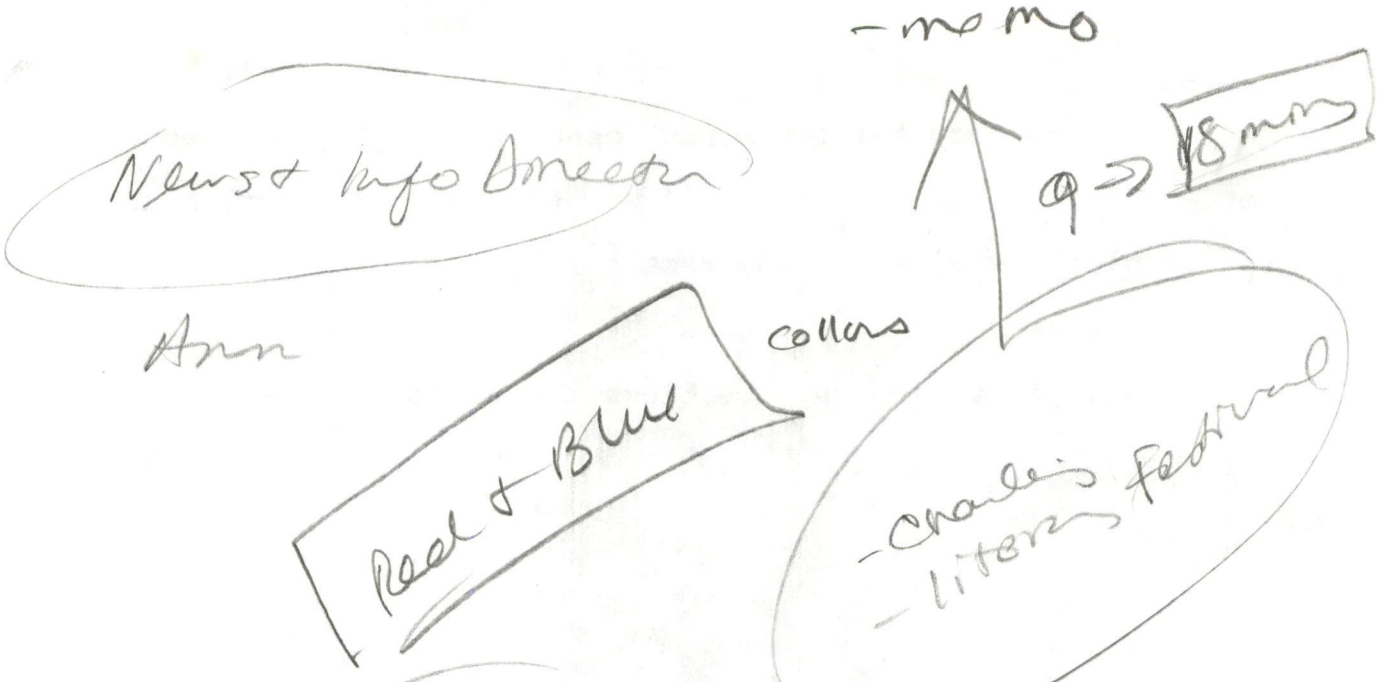
the Hughes-Trigg
- a late night facility / next door to the main library

Charley's

But I do know this: the next century will be your century, yet another American century, if we believe in freedom, hold fast to our timeless virtues, and remain faithful to our role as exemplar to the world.

Thank you again, and God bless the United States.

# # # #



→ Bob Hope Theatre ← was there last month, honored by the University

- Greer Garson Theater (academy award winning actress, still alive, lives in Dallas)

"A medal of Distinction"

- Relationship going back to 1949
- has performed there ~~several~~ times
- students honored him via performance

Annual Literary Festival
⇒ brings major literary figures to the campus ←

Office of News and Information Southern Methodist University Box 174, Dallas, Texas 75275-0174 214/987-7650

F. Perot

May 18, 1991

ROSS PEROT ADDRESSES 1991 SMU GRADUATES

Dallas businessman and civic leader Ross Perot delivered a brief, but powerful address today at Southern Methodist University's 76th Commencement ceremony, at which he also received the honorary degree of doctor of humane letters. Speaking in a packed Moody Coliseum on the SMU campus, Perot applauded the hard work and sacrifices of both faculty and students. He said of faculty, especially retiring faculty, that "you have done much more than build a business. You have helped build a nation."

Excerpts from Perot's sometimes humorous, always provocative address follow:

We live in a nation where if there are potholes in the street, we hold a press conference. We need leaders who will grab a shovel and fill the pothole, then move on to the next pothole and skip the press conference.

To the especially bright students, Perot said: Your mind is like a perfectly wired stereo with no static. You have a genetic gift. I worry about most of you. It is so easy for you to learn that you don't know what failure and disappointment are like yet. When (outside the realm of academia) you face failure, some of you will get discouraged and quit. Toughen up. Persevere. You have been given gifts that can change the world.

To the average students, he said: You have a unique advantage (over the brightest students). You are used to climbing cliffs and butting your head against the wall. This gives you an inherent advantage in adult life. Most successful people are not that smart. Success is being the best you can at what you do.

To be successful, you have to reach out to other people. This is the multiplier effect of building an organization. Treat people with dignity and respect. Never forget that the least educated, lowest paid person on your team is just like you, but didn't have your opportunities. Everyone cries out to be treated like a person.

How do you find the right job? Interview, interview, interview until you find something you can't stand not to do. Then give it everything you've got. Live your life every day in the center of the field of ethical behavior. Make sure the only question in your world is: "Is it right or wrong?" Then you will gain the respect of others.

Don't make money your god. Money is the most overrated thing in the world. I have lived across the economic spectrum and can give you the benefit of my experience. Most wealthy people are miserable. They are hollow, empty people on the defensive.

This is our country. It belongs to us. Those folks in Washington belong to you and me. You own 1/250 millionth of it. Democracy must come from us. Don't just talk about our nation's problems (such as pollution in the rivers). If something needs to be cleaned up, we have all got to do the dirty work.

"Always stand squarely on principle," he said. "Don't worry about yourself. Worry about the issues."

Approximately 2,450 students received degrees at SMU's 1991 Commencement. Others receiving honorary degrees were Academy Award-winning actress Greer Garson, conservationist Edward C. Fritz and bibliophile Decherd Turner.

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As appropriate

DATE May 10, 1992
TIME 9:30 PM (ET)
STATION C-SPAN 1
PROGRAM Commencement Address

TRANSCRIPT

H. Ross Perot (Businessman): Thank you, very much. Thank you very much. It's a privilege to be with all of you on this special day.

I hope as Oklahomans you would think for a moment about the land rush. It was that long ago. Think about the hopes and dreams your ancestors had that day as you think about your hopes and dream on this day. All of their worldly possessions, in many cases, were in their saddle bags. Do you think that in their boldest dream they ever thought this school would exist? or that the skyline that exists in your largest cities would exist? No, they had great dreams for Oklahoma but Oklahoma has accomplished things far beyond the dreams they had the day they first had land of their own. Why did I bring this up? Just think how far you'd come. Look at what those who came before you created. They were tough people. The question is where do you go from here as you leave this great university? First, while we are all here, I want you to do me several favors. Number one, thank the faculty before you leave. Think how bright they are, think how talented they are, think what the difference would have meant if they had gone out just to make a lot of money as opposed to staying here giving and giving and giving to all of you. And all the graduates, and there are many here today, whose parents have worked and sacrificed so that you can be here, please as you celebrate this day, take some time with just your parents and let them know how much you appreciate everything they gave up so that you can go through this great school. Many of you are the first generation from your family to ever get a college degree. You have a special obligation to spend some time with your parents because I guarantee you they are sitting here today with stars in their eyes because through you they have achieved the dreams they had as young people but never were able to have them materialized in their own lives. You have appropriately honored the graduates and marked the graduates who have the finest academic credentials. Never forget that your minds are a genetic gift, that's something given to you. Now, you developed it and you deserve a great deal of credit for that. You can read complex material once and have it in your beautifully wired brain while many of us would have to read it five times and memorize it just to get buy on the quiz.

Will you achieve your full potential? Will you accomplish everything you ought to have accomplished? That is my challenge to you. I've dealt with a lot of people in my career and one trait bothers me. You don't understand failure, you never fail, you don't know what it is to get knocked down, pick yourself up and try again. You've got to

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be tough as well as smart. And you either have that quality and I know you will develop it because as you go through life, you will have defeats and disappointments. And if you quit, you will never contribute as much you could with the wonderful mind you're fortunate enough to have. Now, all of you really had to read it five times, memorize and struggle to get through here? Well, just a small number here? You'd be fine. You have a unique advantage. You've learned to persevere, you've learned not quit, it would be an asset you take with you through life. You are survivors, you don't accept defeat. Adversity made you tough, you expect to pay the price, you'll do OK. That's a wonderful quality to have developed. Now, to all the graduates here today, I hope nobody feels special. I hope nobody feels cocky. I hope you just all think about how fortunate you are to be here. You could be starving to death on the streets of India, you could be on a small boat off Vietnam wondering if you would ever make shore. But you are here and you have this opportunity so please don't go through the phase that most of us go through when we are young; that's what I call the arrogant, cocky or I'm special phase. And let's bring it right down close to home. Some of you had scholarships, some of you paid your tuition but not a single person sitting up there in a black robe today paid the full cost of going to this university. And there are folks, as you drive away from here tonight, who you see doing the honest, everyday of the world. They may be farming in their fields, they are outdoors all day in the heat like we are for one short afternoon. They may be patching roads. They are doing the good honest work of the world. They are tax payers, they help pay your tuition. And please, please, don't ever forget it.

And I imagine what you all wanted to hear from me is OK, I'm out of school, how can I be successful? My first piece of advice is, what is success? Success is being the best at whatever you do. And whatever you do, don't have making a lot of money as your god. That's the worst of all objectives you could possibly have. Take it from me the successful minister, the successful missionary, the successful professor or teacher is ever bit as successful as a successful businessman. If you can ask me one question it would probably be well how do I find the right career path? In my own case, I contacted over a hundred companies and just interviewed, interviewed, interviewed until I found something I had to do and it worked for me. I'd give you that advice for what it's worth. Learn your business from the bottom up. Now, you have a college degree and some of you with all the honors have great gifts. Start at the bottom whether they ask you to or not. Understand the working man or woman, get dirt under your fingernails. Otherwise you won't know what's really going on. And my favorite people are people like you who demand to start third shift on the factory floor or in my case in the computer center as an operator trainee. For example, MBA from Harvard, third shift, trainee as a computer operator. One of these days that person would be more likely to run that company than somebody who started as an administrative assistant with an office, right? That's the way the world turns.

Learn to extend your capabilities through others, you can just do so much. Those of you in the military units here today are learning leadership, you get to practice leadership starting next week. It will give you a big advantage, that

the multiplier, getting things done through other people. Basic rule: Mr. Howel already talked about. The basic rule of leadership is the golden rule: Treat people the way you'd like to be treated; be an example to those people.

Finally, my chief advice to you. The most important decision many that you make in the next few years is who you marry. Right. Number be careful. It's a lot of fun to look so don't rush into it. When you marry you sign a lifetime contract, keep it, the children need you both. It's that simple. I suggest to you that your ultimate challenge is to rear children who are more outstanding than you are. That's the greatest gift you can give to the world.

Years ago after the company was first successful, people ask me, 'How does it feel to be a big success?' And I said, 'I won't know until my children are grown.' They are all grown now. They are too good to be true. I live in their shadow and there is no better place to live than in your children's shadow. So, day by day as you go through your life, keep that priority absolutely number one. Otherwise, you may wind up with all the marbles but if your kids are a mess you'd be a bitter, old, frustrated person. And maybe you didn't make a lot of money but you reared outstanding children, you'd be grinning from ear to ear all day everyday. And as long as you're going through life, live it, live it to the fullest everyday. We live in an era where everybody talks and nobody does anything. Do something. If you make a mistake, take responsibility for it. I think I can sum up everything I've tried to say to you today, just list it to you. The common characteristics I've had the privilege of knowing most of the people you'd consider the most successful people in our country. They are not the smartest people in the country. Interesting. They have one common trait; they don't quit, they don't give up, they don't understand failure. Don't ever leave them unconscious in the center of a ring, they'll get back up and start fighting again. They pesevere, they present what Winston Churchill said in his shortest speech which he made to his students as an older man. Here is an entire speech: Never give in, never give in, never, never, never. Keep that thought. And next I'm coming to the end because it's hot. I know I'd get a reaction out of you sooner or later.

To build a successful life, you've got to be involved. Teddy Rosselvelt said it better than anybody I know. He said, 'It's not the critic who counts, it's not the person-,' excuse me, 'It's not the critic who counts. It's not the man who points out how the strong man stumbled or where the actual doer of deeds could have done them better. The credit belongs to the man who is in the arena, whose face is marred by dust and sweat and blood, who strives valiantly, who errs and comes short again, who knows the great enthusiasm, the great devotions, who spends himself in a worthy cause, and who at best in the end knows that triumph of high achievement, or who at the worst, if he fails, at least fails while daring greatly.' That's everything I've tried to say to you today.

In closing, I'll leave you with this thought. As you go through life, as I've said, don't talk about it, do it; don't pose around and create images, do things. And just remember this: A bell is no bell till you ring it and a song is no song till you sing it. If you haven't heard anything else I've said, please listen to this. Love in your heart isn't put there to stay, love isn't love till you give it away. God bless you all.

Robert L. Bartley: To the ordinary, everyday senses of mankind, America has not declined, it has prevailed. Its foe of two generations has collapsed and now even seeks to adopt American institutions of democracy and market economics.

Though to people who use their eyes and ears it is obvious that American influence in the world is on the rise, we have not been able to put the notion of decline behind us. For a segment of American opinion refuses to use its eyes and ears. Instead, proponents of decline confuse themselves with statistics they do not understand, or in some cases willingly distort. They invoke jingoism by turning international trade into some kind of combat, instead of a series of mutually beneficial arrangements among consenting adults.

The notion of decline has recently been a fad of the Left, in alliance with a coterie of non-ideological special interests. It is instructive to remember, though, that as the 1980's opened decline was a theme of the Right. Conservatives, notably but far from solely Jean-François Revel, warned that the West was falling behind in the military competition with the Soviet Sparta. It found itself manipulated by Soviet campaigns like the one that stopped the neutron bomb. The United States, the natural leader of the alliance, was wracked by inflation and stagnant productivity at home, preoccupied with hostages held by a primitive cleric, and unable even to fly six helicopters across the desert.

In those days, conservatives worried that the West lacked the will to use its superior economic resources even to defend itself. They can take heart that their warnings were heeded, that free peoples found the will to resist, that fear of Communist arms did not stunt them into self-doubt and inaction. But American will is now being tested in a more subtle way by the theme of decline, another recipe for confusion and self-destruction. If America generally falls prey to this delusion, it may throw away its birthright as the hub of a new and progressive world civilization.

On the Right, the notion of decline faded as Ronald Reagan filled the military spare-parts bins, frankly labeled the Soviet Union an "evil empire," invaded Grenada, bombed Libya, and revived the option of missile defense. The diplomatic turning point was 1983, when the West withstood a determined Soviet campaign, including street demonstrations and the suspension of arms negotiations, to stop the deployment of Pershing missiles in Europe. At the same time, the United States was curbing its inflation with Paul Volcker's monetary policy and reviving economic growth with Ronald Reagan's tax cuts. Seven years of uninterrupted economic expansion did wonders for military preparedness, diplomatic creativity, and public morale. The economic revival that started in the United States and quickly spread to Europe proved the final undoing of the totalitarian challenge.

The containment policy the West had patiently pursued for two generations predicted that under steady pressure the Soviet empire would mellow or crack. Then it happened at a stroke. In 1989 the Berlin Wall was breached, and by 1991 the Communist remnants proved themselves inept even at coup-making. Meanwhile, an American-led attack decimated the world's fourth-largest army in six weeks of combat and at the cost of 148 Americans lost in action. The world's new military balance was clear, leaving only the mysteries of why President Bush stopped short of Baghdad and how the hysterical Cassandras who had predicted a desert debacle managed to retain their *bona fides* as military experts.

Nor is American predominance merely or even primarily a matter of military power. American ideals of democratic pluralism and market economics were spreading not only in the former Soviet Union but throughout South America, Eastern Europe, and even Africa. America remains the favored destination of the world's refugees and immigrants. Its university system (despite the political-correctness plague) is unparalleled: it graduates many foreign nationals in science and engineering, of course, but many of them choose to stay in the U.S. For all the accomplishments of the industrious Japanese, America still dominates scientific innovation. Many transnational corporations, even if based in Germany or Switzerland, locate their research divisions in New Jersey or North Carolina. Japanese auto companies open design labs in Los Angeles. Above all, the U.S. utterly dominates the single capstone technology of our era, which in every language is called "software."

WHATEVER the momentary economic ups and downs, too, the plain fact is that the United States is the wealthiest society in the history of mankind. Or at least this is plain to the economically literate, who understand that no meaningful comparison can be based on momentary exchange rates among different national currencies. In translating among currencies to make international comparisons, the only meaningful basis is purchasing-power parity (PPP), the exchange rate at which two currencies would each buy the same basket of goods. The Organization for Economic Cooperation and Development spends endless hours of tedious calculation to churn out PPP rates precisely for the purpose of facilitating such comparisons.

Under the current regime of floating exchange rates, currencies can vary widely from their purchasing-power parity. This distorts comparisons and above all trends—for temporary and reversible variations in exchange rates are likely to swamp any changes in underlying fundamentals. As recently as 1985, the dollar was well over its

PPP rate, exaggerating the American standard of living. In later years, the dollar has been below PPP, making America look less wealthy than it actually is.

So current comparisons built on current exchange rates show America falling behind, but properly adjusting the comparisons to PPP makes the picture entirely different. *The Economist Book of Vital World Statistics*, for example, found that at 1988 figures and exchange rates, the United States ranked only ninth in the world in gross domestic product per capita—behind Switzerland, Japan, and the Scandinavian countries. But it also reported that at PPP exchange rates, the American standard of living was far above other advanced nations. With the U.S. at 100, Canada rated 92.5 and Switzerland 87.0. Then came the Scandinavian nations and some small countries, including Kuwait. West Germany rated tenth at 78.6, and Japan twelfth at 71.5. Other developed nations trailed.

In short, the American standard of living is substantially above that of Japan and most of Europe.

This is confirmed by physical measures. American automobile ownership, for example, is one car for every 1.8 persons. Iceland has two people for each car, while Canada, New Zealand, and West Germany have 2.2. France has 2.5, the United Kingdom 2.8, and Japan 4.2. Similarly, there are 1.2 Americans per television set, compared to 1.7 Japanese and 2.4 Germans. The United States is also one of the world's great undeveloped countries, with 26.3 persons per square mile, compared to 102.1 in France, 233.8 in the United Kingdom, 246.1 in West Germany, 324.5 in Japan, and 395.8 in the Netherlands. While I have no figures handy, the American standard of living is most evident of all in housing; the Japanese measure apartment sizes in tatami mats.

As for the recent trends, the American economy led the world out of the economic crisis of the late 1970's by staging so remarkable a boom between 1983 and 1990 that it is now hard to remember such bywords as "stagflation" or "malaise" or "Euro-pessimism." In this expansion, the U.S. economy grew by 31 percent after adjustment for inflation, about equivalent to building 1982 West Germany from scratch. Real disposable income per capita rose by 18 percent. Productivity resumed growth after stagnating in the 1970's, and in fact surged in manufacturing. Manufacturing output grew faster than GNP, and exports leapt by more than 92 percent. More than eighteen million new jobs were created, even while the *Fortune* 500 companies pared their payrolls. Tax revenues kept pace with GNP growth and, since this was supposedly a decade of greed, it should be noted that charitable giving grew at 5.1 percent a year, compared with 3.5 percent a year over the previous 25 years.

Again, a remarkable leap in living standards is confirmed by physical measures. In 1980, hard as it may be to remember, only 1 percent of American households owned a videocassette recorder. By 1989, the figure was more than 58 percent. For all practical purposes, every video rental shop in the nation was started during the seven fat years. In 1980, cable-television systems reached 15 percent of American households, mostly in remote areas with difficult reception. At the end of the decade, half of all homes were wired. In 1981, when the Apple II was a hackers' toy, a little over two million personal computers were in use in the whole country. That year, IBM introduced its first PC, and Apple followed with the Macintosh in 1984. By 1988, the two million PC's had exploded to 45 million. Of this number, roughly half were in homes.

THE most remarkable feature of the 1980's, though, was economic globalization. The 24-hour trading markets were stitched together; dollars circled the world at electronic speed. Rock-and-roll invaded Prague and Moscow, and Japanese auto companies built plants in Tennessee (Nissan), Ohio (Honda), and Kentucky (Toyota). "Interdependence" became the new byword, though one inadequate to describe the evolution of the world economy into an organic whole.

As the U.S. economy led the world out of the doldrums of 1982, the world voted with its money. In 1979, foreigners invested $38.7 billion in the United States; in 1980 this number was $58.1 billion. But investment inflows soared to $83.0 billion in 1981, $93.7 billion in 1982, $130.0 billion in 1985, and $229.8 billion in 1987. With the Volcker monetary policy and the Reagan tax cuts, America was where the world's investors saw the most promising return. And demand in America created the export markets that led Europe out of its pessimism.

A great source of the confusion about the American economy, and a great source of the current poor-mouthing, is that the United States has still not come to terms with its integration into the world economy. Thus America's sages gazed on the developments sketched above and decided the sky was falling. In sending their money here, those perfidious foreigners expected to get paid back. Indeed, the whole reason they were sending their money here was that they anticipated a higher return here than they could get at home. Their eagerness to invest in America instead of at home was turning us into—shame!—a debtor nation. And, of course, the American purchases that stimulated the European revival were reflected in—horrors!—a trade deficit.

In 1976 an official U.S. government advisory committee studying the international statistics suggested that

the words "surplus" and "deficit" be avoided

insofar as possible. . . . These words are frequently taken to mean that the developments are "good" or "bad" respectively. Since that interpretation is often incorrect, the terms may be widely misunderstood and used in lieu of analysis.

Following the committee's recommendations, the Commerce Department stopped publishing most of what had up to then been a plethora of different "balances"—the current accounts balance, the basic balance, the net liquidity balance, the official settlements balance. Because the bureaucrats thought they had to publish something, they kept the merchandise trade balance, which has been used in lieu of analysis ever since.

What the advisory committee understood, and what cannot be emphasized too much, is that international statistics are an accounting identity; they will balance tautologically, by definition. After all, for every buyer there has to be a seller. The various trade balances are only different stopping places in a great circle of transactions. Except for zero, there is no bottom line.

The most constructive way to look at the international accounts is to divide them into three parts, which must by definition net out at zero. The two big halves are, first, trade in goods and services, and, second, investment. These are essentially two sides of the same coin; normally a trade deficit is financed by an investment surplus, or inflow. And a trade surplus will accompany investment outflows. The third part of the international accounts is called "official financing"; if trade and investment do not offset each other, the central banks have to step in and act as balance wheel—this can represent a problem if, as happened with U.S. accounts in the mid 1970's, there are simultaneous outflows of trade and investment.

In the normal investment-trade seesaw, though, a zero trade balance is not normal or even desirable. The U.S. ran a trade deficit for nearly all of its first 100 years, and generated trade surpluses under the Smoot-Hawley Tariff in the midst of the Great Depression. Normally, a rapidly growing economy will demand more of the world's supply of real resources and run a trade deficit. It will also provide attractive investment opportunities and attract capital inflows. In a healthy world, the two will offset each other, for periods of perhaps a century.

Yet somehow we have come to measure our nationhood by the one statistic of the trade balance. The real mystery is why we even collect it; if we kept similar statistics for Manhattan island, Park Avenue would lie awake at night worrying about its trade deficit. We have even come to view trade as some kind of nationalistic competition. Winning, apparently, is selling more to the rest of the world than we buy from it. Leaving aside the fact that this is ultimately impossible, why? If we could do it, what would we do with the proceeds, bury them in Fort Knox?

IN THE midst of this burgeoning prosperity and creativity, the Left decided that America was declining, and undertook to prove it by peering into the international statistics. While there were earlier precursors, the theme came to its fruition with Paul Kennedy's *The Rise and Fall of the Great Powers*. In 1988, as voters were rewarding a platform of "read my lips" and Willie Horton, book-buyers were handsomely rewarding Professor Kennedy's thesis of "imperial overstretch." In this view, the filling of the spare-parts bins and the reassertion of American military power abroad was not the cure for decline, it was the cause of decline. Indeed, it was decline itself.

Though it topped the lists for 24 weeks, *The Rise and Fall of the Great Powers* was no doubt an example of the contemporary phenomenon of the unread best-seller. Few could have been interested in Kennedy's account of the Hapsburgs or Ming China, and he did not get to the predicament of the United States until pages 514-35. But on op-ed pages and in seminar rooms these pages triggered a national debate. It very much centered on the economy. Excessive military spending undermined the economy, the critique went, and the slackening economy could not support the military commitments. To be sure, the U.S. was still only in "relative decline," still first in importance, but its lead was shrinking. For

> the only way the United States can pay its way in the world is by importing ever-larger sums of capital, which has transformed it from being the world's largest creditor to the world's largest debtor nation *in the space of a few years.*

The Left naturally found great appeal in this double-barreled critique of the Reagan administration: the evident economic prosperity was marred by hidden flaws, and the root of the flaws lay in the military build-up. As for public opinion, in February 1989, a CBS/New York *Times* poll found that 48 percent of respondents either strongly agreed or somewhat agreed with the assertion that the U.S. was in decline as a world power. By March 1991, after the Gulf War, this figure plunged to 22 percent. (At that point Kennedy wrote in the *Wall Street Journal* that this was just what one would expect from a declining power.)

The liberal declinists, however, did find some allies on the presumed Right—most prominently, the heads of transnational corporations headquartered in the United States, like Chrysler and Motorola, who found that they could not keep up with Toyota and Sony, transnational corporations headquartered in Japan. They were understandably eager to blame their predicament on anything but their own shortcomings. They and their labor-union allies belabored the trade-deficit and debtor-nation themes in their campaign to erect protectionist walls athwart history's march to an integrated world economy.

Then, too, there was a species of financial conservative who found debt worse than taxes. Bond traders and central bankers have a natural tendency to focus on the supply of and demand for credit (to whatever extent they can be measured). And though growing corporations add debt every year as a matter of course, the executives running them were taught in their childhood to judge government finance solely by whether current income matches current outgo. And finally, there is a jingoistic conservatism casting about for a new foe to fight after the decline of Communism; it has settled on the Japanese trading companies.

Given these various roots of support, it is perhaps not surprising that the notion of decline proved so resilient in the face of both self-evident prosperity and intellectual refutation. I thought the matter had been laid to rest in the *Wall Street Journal* by May 1988, when Charles Wolf of the RAND Corporation took his usual beady aim. Yes, said Wolf, the U.S. share of world product had declined from 45 percent in 1950, "a manifestly atypical year." But against the mid-1960's or 1938, the U.S. share remained at 22 percent to 24 percent. "Japan's central-government debt is a larger fraction of its GNP than is that of the U.S., while the foreign indebtedness of the U.S. has been grossly overestimated in the official statistics." Somehow statist politics and economics had spread internationally in the 1960's and 1970's, while market economics and democracy had advanced in the 1980's. "The rhetoric of decline is wrong because it portrays a past that wasn't, a present that isn't, and a future that probably won't be."

There followed similar refutations from assorted centrist scholars. The economist Francis Bator of Harvard wrote in *Foreign Affairs*, for example: "The air is full of warnings against overestimating America's economic strength. The more likely error, I think, is the opposite." And Samuel Huntington and Joseph S. Nye, both also of Harvard, set out to make the case for maintaining American leadership.

My *Wall Street Journal* colleague, Karen Elliot House, who spent months interviewing hundreds of leaders around the world, found that *they* did not think America was threatened by decline. Jean-François Poncet, a former Foreign Minister of France, told her: "It's hard to take seriously that a nation has deep problems if they can be fixed with a 50-cent-a-gallon gasoline tax." Seizaburo Sato, a sometime adviser to the Japanese prime minister, recalled Henry Luce. "The 20th century was the American century," he said, "and the 21st century will be the American century."

AT LEAST it ought to be, because far from sinking into decline, America is now at the center of one of the great, exciting moments in mankind's economic history. A second industrial revolution is remaking world society. Not since the industrial revolution itself has technological advance been so breathtaking, or more pregnant with changes in the way mankind lives and thinks of itself.

More breathtaking now, probably, than even then. James Watt's steam engine pales beside what our generation has already seen: the splitting of the atom, the decoding of the gene, and the invention of the transistor and the computers it spawned. These are not only magnificent leaps of the technological imagination, they are potential precursors of currently unimaginable economic advance. Atomic power, unless cold fusion turns out to be real after all, has perhaps not realized what we once thought of as its potential. The first fruits of biotechnology are just now entering the markets. But already the transistor and the rest are changing the world.

Indeed, we live every day with the electronic revolution. As the first industrial revolution changed an agricultural economy into an industrial economy, a second industrial revolution is changing an industrial economy into a service economy. More specifically, into an information economy, in which the predominant activity is collecting, processing, and communicating information. We are headed toward a world in which everyone on the globe is in instant communication with everyone else.

It is this web of instant communication that has stitched the world into increasing interdependence. In fact, throughout this century the world economy has been more interdependent than anyone realized: the Great Depression, for example, was preeminently a world event, and its origins lay in disturbances in the international economy. But with today's 24-hour financial markets and transnational corporations, economic interdependence is hard to miss.

The same web of instant communication is responsible for the political developments that have rocked our age. Orwell, in his *Nineteen Eighty-Four*, saw information technology as an instrument of Big Brother. We are now seeing clearly that it is quite the opposite. The onslaught of the information age played a key role in liberating Eastern Europe and in spreading democratic currents through the Soviet Union and the developing world. The totalitarians have found they cannot control a people in touch with the outside. In Albert Wohlstetter's phrase, *the fax shall make you free.* Big Brother can of course build a society without computers, but that society will not be able to compete in the modern world, as China seems to be learning after Tiananmen Square.

The precision weapons demonstrated with such effect in the Gulf War are also an aspect of information technology. They promise to make combat once again the province of professional warrior against professional warrior; no longer need philosophers talk about "mutual assured destruction"—the targeting of women and chil-

dren with nuclear missiles. Once we fully understand this, it will redound to the benefit of civilians everywhere.

Naturally our time and our nation have their problems. Americans should take education more seriously, instead of subordinating it to goals like racial balance and asbestos removal. Our legal system should let police enforce the law against vagrants, and should stop inflicting a parasitic tort-bar industry upon us. Our political system is so frozen it seems unable to address these everyday problems.

More broadly, there is such a thing as being too liberated, having too many options. We are still learning to live with our new freedoms. The onslaught of modernity has not been good for institutions such as the family. We are overly susceptible to fads—health scares, for example—and for that matter the fad of declinism.

FOR all these problems, what mostly needs to be explained is not what is wrong with America, but how so much of our articulate elite can so completely mistake reality. A great part of the answer is that progress is unsettling, as rapid change always is. Looking back over history, indeed, we see that ages of economic advance have often been ages of pessimism.

In particular, history's all-time champion economic pessimist, Thomas Malthus, published his first essay on population in 1798; this was 29 years after James Watt's first patent in connection with the steam engine. The first industrial revolution, in other words, was the venue for Malthus's gloomy theorizing. He was explaining why economic progress was impossible just as mankind was taking the greatest economic leap in history.

Not surprisingly, the Malthus paradox attracted the attention of Joseph A. Schumpeter, our century's greatest economic historian and one of its greatest economists. One chapter in his massive *History of Economic Analysis* relates how ancient societies were worried about overpopulation, but after about 1600 this changed completely. The prevailing attitude was that "increasing population was the most important symptom of wealth; it was the chief cause of wealth; it was wealth itself."

"It is quite a problem to explain why the opposite attitude," Schumpeter wrote, "should have asserted itself among economists from the middle of the 18th century on. Why was it that economists took fright at a scarecrow?" Malthusian pessimism did not develop despite the progress of the industrial revolution, Schumpeter concluded. It developed because of the progress.

Long-run progress, Schumpeter pointed out, causes short-run problems, and

> in the industrial revolution of the last decades of the 18th century, these short-run vicissitudes grew more serious than they had been before, precisely because the pace of economic development quickened.

This is not to say that the short-run problems were imaginary. In the short run, technological advance destroyed agricultural jobs faster than it created manufacturing jobs, especially since guilds and the like created bottlenecks. A type of mass unemployment arose that had been unknown in the Middle Ages, and with it urban slums, gin mills, and great social debates over the Poor Laws. Malthus's pessimism was echoed a few decades later by Dickens. But we now know that during the lives of both men mankind was rapidly building wealth.

If, then, we are currently experiencing a second industrial revolution, it is not surprising to hear such Malthusian themes as overpopulation and the exhaustion of resources echoing through our public discourse. From the primitive technology of a wooden sailing ship, the earth's forces look overwhelming. Now that we have the technological prowess to put men on the moon, the earth looks like a fragile flower, puny beside our own powers.

The rapid change of the second industrial revolution, moreover, upsets established institutions and established elites. As instant information and instant markets erode the power of governments, so too they erode the power of corporate chieftains and labor bosses. We can now all watch the poor chairman of Exxon writhing over an oil spill in Alaska. Many chief executives find themselves displaced, albeit with golden parachutes: half of *Fortune*'s top 500 corporations in 1980 were gone from the list in 1990. Under the force of industrial competition and information on wages and working conditions, labor unions find their private-sector membership declining.

So too with intellectual elites, who find their skills fading in relevance and their positions endangered. Perhaps political correctness in the academy is best seen as a brand of Luddism. And surely much of our articulate class feels threatened in a deeply personal way by the notion that a historic corner was turned under a simple-minded movie actor.

This mixture of neurosis, special pleading, ideological hostility, ignorance, and confusion is obviously a phenomenon to be reckoned with. Indeed, even an unbridled optimist has to admit that there is after all one way America actually could decline. To wit, if this neurotic pessimism becomes a self-realizing prophecy.

THIS would a historic tragedy, for the confluence of the second industrial revolution and the collapse of totalitarianism presents the human race with an unparalleled opportunity. The decade of the 1990's is not a time for pessimism, but a time for large thoughts and large ambitions. The tide in the affairs of men is running, and we must take the current when it serves. The brightest hope for mankind today is that the breaching of the Berlin Wall on November 9, 1989 marked the end of a beastly era that

started with the assassination of Archduke Francis Ferdinand in Sarajevo on June 28, 1914.

The consciousness of everyone alive today was forged in an abnormal era, a century of world war, revolution, and totalitarianism. While mankind has always suffered wars and other miseries, our century ranks with the most wretched in history. Technology turned battle from a contest of knights into an assault on whole civilian populations. A Great Depression sank the world economy. With the rise of Hitler and Stalin, the human soul was under siege. World War II dissolved into a worldwide confrontation between the West and Communism.

At issue was the nature of man—a cog in the great dialectical machine of history, or an autonomous individual capable of free will and self-government? If reform succeeds in Russia, or even survives, all this will be history. We will have a new era to define.

The skyline of Paris is dominated by the great monument to an earlier and less gruesome era. The Eiffel Tower was erected for the Paris Exposition of 1889 to celebrate the scientific and engineering prowess of *La Belle Epoque*. *La Belle Epoque*, of course, is typically associated with *fin de siècle* Paris, the Paris of Toulouse-Lautrec. It was an age of an extraordinary flowering of the arts, when Manet, Degas, and Monet fought the battles that led to the *Salon des Refusés*. It was also an age of extraordinary science, with the likes of Louis Pasteur and Madame Curie. Most of all, it was an age of faith in human progress. Even the dour Emile Zola invoked "a century of science and democracy."

The hub of this civilization was Great Britain. With the Corn Laws it practiced free trade *unilaterally*, to the benefit of its own consumers and the advancement of underdeveloped nations. With the Royal Navy it protected freedom of the seas (and suppressed the slave trade). With the pound sterling, it was the anchor of an exceptionally efficient international monetary mechanism known as the gold standard. Goods, labor, and capital moved freely to their most productive uses throughout an integrated economy spanning two continents and more.

The biggest beneficiary of this system was the United States of America. Open immigration peopled its lands. Open markets in Europe took its grain, at the expense of agricultural interests in Europe and especially England. Despite these sales, its hunger for capital goods was such that it ran trade deficits year after year, but this mattered little because of consistent investment inflows. For, most important of all, the London financial markets mobilized the capital of the civilization as a whole for the prodigious and exciting task of developing the North American continent.

TODAY we are in a position to build a new version of the institutions of the *Belle Epoque* and rekindle its spirit. We can hope, too, to avoid another Sarajevo, for the technology of the second industrial revolution is less threatening than that of the first. The Eiffel Tower was the product of a master engineer, in its way a monument to central planning. The smelting of steel and the building of railroads were enterprises that demanded central planning and the mobilization of massive capital. Napoleon had demonstrated how to conscript whole societies for war, and in the ensuing century the experience of mankind taught it efficient logistics and bureaucratic order. The very advance of science led philosophers like Marx to think of "laws of history." In 1914 this technology, combined of course with the recurrent follies of mankind, marched the world into war.

Ever since, we have been struggling to tame the impact of technology and the mindset it engenders. As the assembly line turned men into interchangeable cogs, the centralized, bureaucratic state became a breeding ground of totalitarianism. But the technology of the second industrial revolution empowers the governed rather than the governors. In its constant churning today's technology has a dark side to be conquered, but its bright side offers the hope of a liberating era.

Certainly technology is not everything. Its opportunities must be exploited by the human spirit. Our dilemma is that all of us living in the 1990's have been taught from the cradle not to believe in dreams. We are cynical about politicians, and they live down to our expectations. Instead of a century of science and democracy we have Andy Warhol proclaiming that everyone will be famous for fifteen minutes. Instead of Toulouse-Lautrec we have Robert Mapplethorpe.

And instead of the promise of world cooperation led by the United States, we have the gloomy apostles of decline, alarmed because goods and capital move across lines someone drew on maps, trying to manufacture conflict out of the peaceful and mutually beneficial intercourse among peoples.

The last time the will of the West was tested, it rose to the challenge. In particular, the American electorate understood that the threat was Soviet Communism, not the military-industrial complex. With the more subtle test of a litany of decline coming out of Cambridge, Detroit, and Washington, there will again be confusion and apparent close calls, but in the end the delusion will not sell. Indeed, given any sort of intellectual and political leadership to frame the challenge, the American nation will rise to the rich opportunity before it.

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To Jennifer Grossman	From Joanne Whitman
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Introduction of Ken Pye
For Speaking Engagements
(Local outreach, regional councils, etc.)

SOUTHERN METHODIST UNIVERSITY DALLAS, TEXAS

When A. Kenneth Pye became SMU's president in 1987, after troubled times for the institution, he reminded the community that the University did not need a "miracle man." SMU is a strong institution, he said, on the "threshold of a major stride forward." Today those strides are in progress. They range from curricular reform to prepare students for life in a global society, to increased financial stability at a time when many major institutions find themselves faltering.

A graduate of Georgetown University Law Center, Ken Pye served for two years as a prosecutor in the Army Judge Advocate General's Corps. He returned to Georgetown to teach law, and was a full professor by the age of 24. He later served as Dean of the Law School at Duke University before beginning his longtime service as chancellor. In that position, Mr. Pye initiated reforms that many credit as the impetus for Duke's current stature in higher education.

Today, at SMU, Mr. Pye represents a new model for presidents of contemporary universities. He is devoted to his institution's values and heritage. But he is knowledgeable enough about national trends to know how his institution must adapt in order to flourish during changing times. He has gained this perspective by serving in numerous national leadership

(continued)

positions — for the American Council on Education, the Association of American Law Schools, the National Association of Independent Colleges and Universities, and as a member of the Knight Commission on Intercollegiate Athletics. He has gained a global view of education through teaching and research in Germany, Canada, Australia, and India. Most recently, the Texas Supreme Court named Mr. Pye chairman of a citizens' panel to recommend improvements in the court system.

In 1990, when Notre Dame University awarded Mr. Pye an honorary doctorate, the degree citation aptly described him as "a lawyer of unquestioned integrity who has demonstrated a willingness to confront difficult problems with candid, informed answers." Today [or this evening] we are fortunate to welcome the candid and informed views of A. Kenneth Pye, president of Southern Methodist University.

ON THE HILLTOP



George Bush



Herma Hill Kay ('56)



Jaroslav Pelikan

Legal and religious leaders receive honors

PRESIDENT BUSH TO SPEAK AT 77TH COMMENCEMENT

President Bush returns to Texas May 16 to speak at SMU's 77th annual Commencement and to receive the Doctor of Humane Letters degree. He is the first U.S. president to speak at an SMU graduation.

Other honorary degree recipients are Herma Hill Kay ('56), dean of the Law School, University of California-Berkeley; and Jaroslav Pelikan, Sterling Professor of History and Religious Studies, Yale University.

SMU expects to award about 1,870 undergraduate, graduate, and professional degrees at individual school or departmental ceremonies throughout the day. Bush speaks at the University-wide ceremony at 10 a.m. in Moody Coliseum.

Seating at the ceremony in Moody is limited to those with tickets, which are available to graduates, their families, faculty members, and special guests. Questions about tickets should be directed to the SMU Office of Lecture Programs at 214-692-4315.

George Herbert Walker Bush served his first presidency as a student at Phillips Academy in Andover, Massachusetts, where he was elected president of the senior class. Later, as a U.S. Navy pilot, he received the Distinguished Flying Cross. He graduated from Yale University in 1948 with a major in economics and with Phi Beta Kappa honors.

In 1966 Bush was elected in Texas to the U.S. House of Representatives and was re-elected in 1968. President Nixon appointed him ambassador to the United Nations for 1971-72. After Bush chaired the Republican National Committee in 1973-74, President Ford named him chief of the U.S. Liaison Office in Peking, People's Republic of China. He returned to Washington to direct the Central Intelligence Agency. Bush served as vice president in the Reagan administration and was elected president in 1988.

Herma Hill Kay, a *magna cum laude* and Phi Beta Kappa graduate of SMU, studied at the University of Chicago Law School when women made up less than 5 percent of law school enrollments. After serving as clerk to Chief Justice Traynor of the California Supreme Court, in 1960 she joined the law faculty at Berkeley. The author of numerous books on sex discrimination and divorce law reform, she has been a leader in family law issues and is a frequent adviser in the drafting of legislation affecting family law. As president of the Association of American Law Schools, she advocated the increased integration of women and minority members into the legal academic establishment. SMU is awarding her the Doctor of Laws degree.

Jaroslav Pelikan has been instrumental in building understanding between Protestants and Catholics, and between Christians and Jews. At his urging, the National Conference of Christians and Jews established a center for theological dialogue among U.S. religious leaders.

Pelikan was educated at Concordia Theological Seminary and the University of Chicago. He has published nearly 30 books, among them his award-winning *The Riddle of Roman Catholicism* and a definitive five-volume work on the history of Christian doctrine. He has served the National Endowment for the Humanities in several advisory roles. SMU is awarding Pelikan the Doctor of Humane Letters degree.

Nominations for honorary degree recipients are submitted to a Faculty Senate committee, whose recommendations must be approved by the SMU Board of Trustees.

TRUSTEE WINS NATIONAL AWARD FOR LEADERSHIP

Ruth Collins Altshuler ('44) has won the nationwide Distinguished Service Award in Trusteeship. The Association of Governing Boards of Universities and Colleges presents the award annually to one trustee from an independent institution of higher education and another from the public sector.

One of SMU's longest-serving trustees, Altshuler has a tenure of more than 20 years on the Board. SMU President A. Kenneth Pye praised her for leadership in helping the University to

History

In 1911, a Methodist education commission made a commitment to establish a major Methodist university in Texas. A lively competition for the site ensued between Dallas and Fort Worth. More than 600 acres of open prairie and $300,000 pledged by a group of Dallas citizens secured the university for Dallas, and it was chartered as Southern Methodist University. In appreciation of the city's support, the first building to be constructed on the campus was named Dallas Hall. It remains the symbol of SMU. When the University opened in 1915, it consisted of two buildings, 706 students, a 35-member faculty and total assets of $636,540. The original schools of SMU were the College of Arts and Sciences, School of Theology, and School of Music.

SMU has maintained a strong partnership with Dallas and given special consideration to area needs in the development of academic programs. In the 1920s, the first business curriculum was offered in response to a request by the Dallas Chamber of Commerce; the Dallas Bar Association supported establishment of the law school; and a forerunner of the engineering school received impetus from the Dallas Technical Club.

After struggling through its early years and the depression of the 1930s, SMU experienced a surge of growth in the post-World War II years. A building program begun in 1946 added 36 buildings, and 30 more buildings were added by the end of the 1960s. SMU's academic program took on a new dimension with institution of the first Ph.D. programs in 1957. The University now offers bachelor's degrees in approximately 70 fields, master's degrees in 53 fields, and 18 doctoral degrees.

SMU is owned by the South Central Jurisdiction of the United Methodist Church. However, the first charge of its founders was that it become a great *university*, not a great *Methodist* university. From its founding, SMU has been nonsectarian in its teaching. Management is vested in a Board of Trustees comprised of civic, business, education, and religious leaders who represent various faiths and geographic areas.

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TO REPLACE PREVIOUS INFORMATION:

Contact: Ann Abbas or Gary Shultz
SMU News and Information
(214) 987-7650

May 1992

SMU-SSC TIES STRENGTHENED WITH REINSTITUTION OF PH.D. IN PHYSICS

Southern Methodist University will reinstitute a Ph.D. program in the Physics Department of Dedman College in fall 1992 as part of its increasingly strong ties with the Superconducting Super Collider.

Since Dr. Vigdor Teplitz came to SMU in fall 1990 as Physics Department chair, the department has been revitalized by aligning its research with the SSC and adding strong faculty members with SSC-related research interests. Teplitz currently fills several roles at the SSC -- serving as the University's liaison, as a guest scientist and as senior advisor on international coordination. He also has done extensive work on formulating US positions on the Strategic Arms reduction Talks (START) since 1986.

"All SMU physics students, both graduate and undergraduate, will benefit tremendously from our proximity and relationship to the SSC," said Teplitz. "They will take classes taught by SSC scientists as well as SMU faculty. SMU students will have opportunities for contact with virtually all of the world's major researchers in theoretical and experimental particle physics as they come to the SSC from time to time.

Students in SMU's School of Engineering and Applied Science also will benefit from the SSC through classes taught by SSC adjunct faculty. In addition, they will have opportunities to work at the SSC through the engineering co-op program.

Dr. Roy F. Schwitters, director of the SSC laboratory, said SMU is the college with the most extensive ties to the project. He hopes to create more such bonds with schools across the country.

-30-

SMU BACKGROUND INFORMATION

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CONTACT: Gary Shultz
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214-987-7650

April 1992

SMU ADDS INNOVATIVE ENVIRONMENTAL PROGRAMS

As America prepares to enter the 21st century, few long-term problems loom as large as our deteriorating environment. The garbage that goes out our backdoor and finds its way into a nearby landfill may one day be part of the water we drink because of seepage into nearby creeks, lakes or ground water supply. In addition, the refuse from our industries threatens not only our water, but our air and soil as well.

In response to public and government concerns over pollution and its effects on the quality of our lives, Southern Methodist University has instituted two programs aimed at preparing students and professionals to deal with threats to the environment. One is an undergraduate degree in environmental geology to be launched in the fall. The other is a graduate-level engineering program in hazardous and waste materials management that held its first classes this school year.

SMU is the first university in the Southwest and one of the first in the nation to offer a bachelor of science degree in environmental geology. The environmental geology major will complement the graduate-level Hazardous and Waste Materials Management Program offered by SMU's School of Engineering and Applied Science. The engineering program was designed with the help of officials from the Environmental Protection Agency, some of whom serve as adjunct faculty members.

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Introduction

Southern Methodist University is a private, coeducational university five miles north of downtown Dallas. Its neo-Georgian buildings are situated on a park like campus with tree-lined streets. Founded by what today is the United Methodist Church, the University opened in 1915. It welcomes students of every religion, race, ethnic origin, and economic background.

Degree opportunities are available to undergraduates in Dedman College, the school of humanities and sciences; the Meadows School of the Arts; the Edwin L. Cox School of Business; and the School of Engineering and Applied Science. Graduate and professional programs are offered in these schools and in the Perkins School of Theology and the School of Law.

Brief Facts on SMU

Physical plant	85 buildings on 164 acres
Endowment (January 31, 1992)	$405,497,406
Total assets	$521,903,000
Operating budget 1991-92	$139,426,000

Major Administrators

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Student community services

Building a sense of social responsibility through community service is a central part of the educational experience at SMU. Students participate in a wide variety of projects.

Incoming students are introduced to volunteerism when they arrive on the campus each fall. Approximately 600 new students participated in volunteer community service projects as part of fall 1991 orientation.

During fall 1991 more than 20 student organizations conducted volunteer projects such as food collection and distribution and blood drives.

SMU's annual spring Community Service Day engages about 600 students in volunteer projects ranging from clean up and construction to assisting elderly and homeless people.

Students in the redesigned M.B.A. program of the Edwin L. Cox School of Business provide financial planning and consulting services to local nonprofit organizations.

SMU athletes serve as tutors and mentors for students at a middle school through the Adopt-a-School program.

A new urban studies course in Dedman College enables students to experience inner city life through the option of living in the neighborhood where they tutor disadvantaged children.

Each year several dozen SMU students trade beaches and ski slopes for volunteer projects during spring break. Spring 1992 projects included repairing houses on a Navajo reservation in Arizona and living and working in a homeless shelter in Atlanta.

Students in the School of Law, under the guidance of practicing attorneys, provide legal services through clinics for low-income community members and refugees seeking political asylum.

In addition to service in their individual churches, students in Perkins School of Theology regularly serve meals for the Stewpot homeless ministry in downtown Dallas.

whether working in a homeless shelter in Atlanta, or repairing homes on a Navajo reservation, or collecting food for the needy right here in Dallas

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April 1992

SMU SITE OF INTERNATIONAL PHYSICS CONFERENCE

More than 1,500 scientists from around the world will converge on Southern Methodist University on Aug. 6-12 for the 26th International Conference on High Energy Physics. The biennial conference, hosted this year by the Superconducting Super Collider Laboratory near Dallas, will give experimental and theoretical physicists studying the structure of matter a chance to exchange ideas and research findings.

The conference was to have been held in Moscow, but when Russian officials cancelled their offer to host it, SSC officials agreed to do so, said SSC Laboratory Director Roy Schwitters. SMU was selected as the site because most of the participants come from universities, and SSC officials thought the physicists would be more comfortable in an academic setting.

Another factor in selecting SMU was its recent decision to reinstitute a Ph.D. program in physics with a close relationship with the SSC. Reinstituting the program is part of the University's overall commitment to research in science and technology, said SMU President A. Kenneth Pye.

The conference is sponsored by the International Union of Pure and Applied Physics. It is hosted by the SSC, with support from SMU, the U.S. Department of Energy, the National Science Foundation, the Texas National Research Laboratory Commission, Universities Research Association and University of Texas at Arlington. The conference will include several general information programs for the public and special sessions for high school and community college physics teachers. Most of the sessions, however, will be highly technical and limited to the scientists.

The conference also will give SSC officials a chance to explain their $8.25 billion project to the world's leading physicists, show them mock-ups of what is planned and give them tours of the construction site. The SSC is a 54-mile-long oval particle accelerator being built underground near Waxahachie, a few miles south of Dallas. When it is completed in 1999, the SCC will be the world's largest scientific instrument. It is expected to help researchers understand the structure of matter, including its fundamental constituents and the forces among them.

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Commentary

VOLUME NINETY-THREE • NUMBER FIVE • MAY 1992

Is America on the Way Down?

(Round Two)

Peter L. Berger • Francis Fukuyama • George Gilder
Harvey C. Mansfield, Jr. • Joseph S. Nye, Jr.
Paul Craig Roberts • Irwin M. Stelzer
Jude Wanniski • Ben J. Wattenberg

Buchanan and the Conservative Crackup
Norman Podhoretz

In Memoriam: Lucy S. Dawidowicz
Neal Kozodoy

1492 and All That
Richard Ryan

"The People's Poet"
Joseph Epstein

A Purim Homily
Ruth R. Wisse

Books in Review: Joseph Adelson / Edward Alexander / Terry Teachout / Kenneth Silber / Rita Kramer

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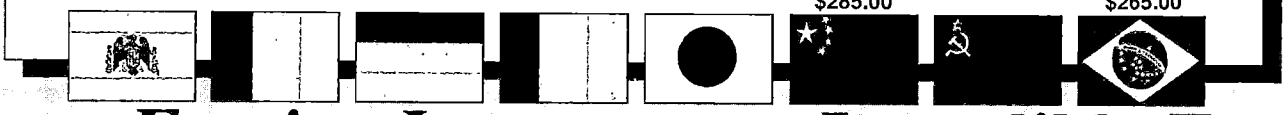
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COMMENTARY (ISSN 0010-2601) is published monthly by the American Jewish Committee—Single copy is $3.75, $39 a year; 2 years $72, 3 years $105—Add $8.00 per year for all foreign subscriptions, including Canada and Latin America—Second-class postage paid at New York, N.Y. and at additional mailing offices. Postmaster: Send address changes to COMMENTARY, 165 East 56th Street, New York, N.Y. 10022.
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Letters from Readers

America and Israel

TO THE EDITOR OF COMMENTARY:

In "America and Israel: An Ominous Change" [January], Norman Podhoretz—intelligent and eloquent as he is—just has it wrong. Far from a Palestinian state being completely antithetical to the interests of the United States, as he argues, such a state would be to the United States' benefit.

What Mr. Podhoretz overlooks in his article is the radicalization—in the direction of Islamic fundamentalism—that the Arab-Israeli conflict engenders at this time among Muslims. Islam is not a religion in the Western sense, to a great extent separate from public and political life; Islam is a quasi-political state religion. Because, further, opposition to Israel has become strongly tied during recent years to support for Islamic fundamentalism, continued support for Israel that does not lead to a resolution of the Arab-Israeli conflict will result in more such radicalization of the Arab world, as is occurring right now in Algeria.

Attempting to remove religion from the Arab-Israeli conflict, as Mr. Podhoretz does for the most part in his article—seeing things predominantly in political or nationalist terms rather than religious ones—is like taking hydrogen out of water: the original substance disappears. The Arab-Israeli conflict is firstly and overwhelmingly a religious one.

This is not to say there are no political or nationalist conflicts in the Middle East; there are, as Mr. Podhoretz points out. But the Arab-Israeli conflict is not primarily one of these, and this is why it has proved so long-lasting and intractable.

Support for a Palestinian state is in the United States' interest because the only way the Arab-Israeli conflict will be resolved, from the Arabs' perspective, is by this (and not by a Palestinian state of Jordan). And the longer the Arab-Israeli conflict remains unresolved, the more radical—in an Islamic sense—the Arab world potentially becomes.

Islamic fundamentalism is a non-Western and anti-modern force on the world scene. Islamic fundamentalism combined with nuclear weapons is a prospect worthy of the most profound consideration. There is no question that it is not in Israel's immediate interest to leave Judea, Samaria, and Gaza. But this does not mean that such a withdrawal is not in the interest of the United States and of the world.

Israel, to be sure, is in an extremely precarious position. How this position came to be, and its relative rights and wrongs, is not the question here. It is, rather, what is to the benefit of the United States? Continuing to assist Israel in its expansionist policies—for these are, rightly or wrongly, truly what they are—is harmful. If Israel wants to go this road alone, then so be it, but this should not be with the help or by the sustenance of the United States government. If there is one thing the Gulf War showed, further, it is that the United States will defend an ally which is threatened with annihilation.

Finally, Mr. Podhoretz's listing at the end of his article of the reasons for the considerable sympathy Israel has in this country is inaccurate: "It is a sympathy based on a sense of cultural and political kinship, shared values, and common interests. . . ." The absolutely fundamental reason for sympathy for Israel in this country . . . is that six million Jews were murdered during World War II. This was perhaps the greatest crime ever committed. But it does not give Israel forever the right to reign over Judea, Samaria, and Gaza, where the majority of inhabitants reject its rule. A Palestinian state in these areas, though with great potential dangers for Israel, is—in the final analysis—even Israel's own best hope.

ALAN O. EBENSTEIN
Santa Barbara, California

TO THE EDITOR OF COMMENTARY:

It is true that George Bush's position toward Israel is shaping up into one that is considerably less conciliatory than that of many of his predecessors. But is it possible that this has something to do with the "irrationality" of Israel's "in-your-face" settlement policy rather than the "irrationality" of the American President? The settlements do nothing to enhance Israel's security; they distract attention from Israel's very real security

concerns and make them seem trivial and disingenuous. And they are clearly meant to antagonize, for they suggest that Israel seeks to impose a unilateral solution rather than seeking an accommodation with its neighbors.

The linkage that Yitzhak Shamir has created between the settlements and the Russian immigration has put American Jews (and the administration) in an impossible situation. Those of us who eagerly desire to support Israel's efforts to integrate its new citizens find that by doing so we must also support West Bank settlements. Shamir is not only squandering his country's scarce resources at this crucial time, he is treating all those who are in a position to help with supreme contempt. This is not only morally indefensible, it is absolutely irrational.

It is always amusing to see Mr. Podhoretz, a frighteningly effective propagandist for Jewish hawkishness, rail about the evils of the ubiquitous Arab propaganda machine. To define the Arab-Israeli conflict exclusively as a Jewish-Palestinian affair, as the Arabs tend to do, is certainly inaccurate. But to define the conflict exclusively as one of the Arab world against Israel, as Mr. Podhoretz does, is no less so. The fact of the matter is that the Arab-Israeli conflict is both. It began as a civil war between two communities contesting the same land. When Israel declared its independence in 1948, it evolved into a war between sovereign states. The next three wars were similar in nature. But beginning with the occupation of Arab lands in 1967 (admittedly brought about by Arab aggression), and through the Lebanon war and the *intifada*, there can be no doubt that the Palestinians have reemerged as a political entity with a bona-fide national identity, Arab propaganda notwithstanding. In other words, the Arab-Israeli conflict has reverted back, to a large extent, to its original "communal" nature. To deny this, as Mr. Podhoretz continues to do, is not only baseless propaganda; it reveals embarrassingly outdated thinking.

If Arab propaganda is insidious, then so is Jewish propaganda—both seek to manipulate minds by distorting the truth. I suggest that the politics of delegitimization, as practiced by Mr. Podhoretz and his Arab counterparts, does not bring them honor and only serves to perpetuate hatred, fear, and ignorance.

Why is there "still a great deal of sympathy for Israel in this country," as Mr. Podhoretz says, if Arab propaganda is so effective? He suggests this has something to do with a perception of "shared values." Actually, I happen to agree, but it is also interesting to note that there is no longer any mention of Israel as a "strategic asset" now that the Soviet Union has evaporated. I suspect that the "strategic-asset" argument in favor of U.S. support for Israel always held greater charm for Mr. Podhoretz than the "shared-values" one. Now that he is forced to rely solely on the latter, he might want to consider how an Israel that is becoming increasingly undemocratic due to the occupation will continue to impress the American people as a nation with similar values. The status quo in the territories does not bode well for the American public's continued support of Israel.

Finally, it was refreshing to see Mr. Podhoretz acknowledge the real concern that the Israeli Left and its American supporters have regarding the occupation, namely, that they fear "the corrupting effects of the occupation on their democratic culture." What a change from Mr. Podhoretz's customary vilification of those who dare to express a view deviating from what is deemed "politically correct" on matters pertaining to Israel!

TONY FRANK

Evanston, Illinois

TO THE EDITOR OF COMMENTARY:

I write to express my admiration (and gratitude) for Norman Podhoretz's latest article on Israel.

Mr. Podhoretz's characterization of the Bush-Baker policies as obsessive and irrational is exactly right. What we are seeing, however, is also the consequence of the end of the cold war, and the end of the supposed utility of Israel for strategic defense against the USSR. The old prejudice of the State Department professionals against Jews and Israel is rising to the surface like a submerged rock as the tide goes down. They have always held that our "permanent" interests are with the Arabs—and the Muslim world generally. I think they are doing a good job in manipulating Bush and Baker.

Another factor in the rising tide of pro-Arab sentiment in the State Department and elsewhere has been the emergence of Hanan Ashrawi as spokesman (or spokeswoman) for the Palestinians on the Jordanian/Palestinian Arab delegation to the Middle East "peace process," which Baker is promoting so assiduously. She is brilliantly articulate (in good American English), and forceful and passionate in ways Americans admire. In a CNN interview with Rowland Evans in January, she bowled over her host with torrential eloquence in behalf of independence and statehood for the Arabs in the West Bank and Gaza. She sounded for all the world like a latter-day Tom Paine or Tom Jefferson.

She referred throughout to the Israeli "occupation" of her native land in terms indistinguishable from the Nazi occupation of Eastern Europe in World War II. One would never have guessed from what she said that the Nazi occupation resulted from Hitler's unprovoked aggression, while the Israeli "occupation" was of land that was formerly part of the Jewish homeland under the League of Nations Mandate and had never belonged to any Arab sovereignty. Nor would one have guessed from anything she said that the West Bank—like the Golan Heights—had been a launching platform in the Arab wars of aggression against Israel.

Instead, Mrs. Ashrawi spoke only of the terrible oppression of an alien regime, and of the denial of the human rights of those living under a government to which they had never given their consent. Mr. Evans asked about the relationship of the delegation headed by Mrs. Ashrawi to the PLO and to Yasir Arafat. No one could fault the candor of the lady's response. The PLO, she said, was the government chosen by the Palestinians themselves, and its only legitimate representative. Neither Israel nor the United States—nor anyone else—had the right to say who represented the Palestinians. Although she did not draw the analogy herself, her answer implied that to ask the world to disregard the PLO in the peace process would be like having asked the world to disregard the Continental Congress in the negotiations for American independence.

She also made it plain that by "Palestinians" she meant those in "exile" as well as those living under the "occupation." During the Gulf War the Palestinians of the

Middle East Diaspora were fanatical supporters of Saddam Hussein, thereby making them *personae non gratae* virtually everywhere else (except perhaps Iraq?). Since their numbers are estimated at up to six million, it is clear that a Palestinian state in the West Bank and Gaza could not possibly accommodate an ingathering of all its alleged "citizens." That is to say, it could not do so on the ground of the West Bank and Gaza alone. Nor could it do so elsewhere in Palestine, without first expelling all the Jews.

Such considerations made all the more interesting Mr. Evans's next question. Why, he asked, did the PLO not expunge those provisions of its charter calling for the elimination of the Jewish state? Mrs. Ashrawi bridled at the suggestion: why, she asked in turn, should we make such a "concession" without any corresponding concession in return?

One might well ask what the concept of reciprocity can mean in such a case. If "A" demands the right to annihilate "B," and "B" demands the right not to be annihilated, what concession can "B" make in the interests of compromise? What is the middle ground between existence and nonexistence? Let us make no mistake about it: the PLO charter, to which Mrs. Ashrawi pledges allegiance, calls for expunging all traces of the "Zionist entity." It denies any legality—or legitimacy—to any actions, either of the League of Nations, or the United Nations, leading to the establishment of the Jewish homeland or the state of Israel. While Mrs. Ashrawi demands that Israel comply with her interpretation of UN Resolution 228, she denies any legitimacy to the original UN resolution of 1947 recognizing Israel's statehood. Consider these excerpts from the Palestinian National Charter of 1966, as amended in 1968:

> 1. Palestine is the homeland of the Arab Palestinian people; *it is an indivisible part of the Arab homeland,* and the Palestinian people are an integral part of the Arab nation [emphasis added].
>
> 9. Armed struggle is the only way to liberate Palestine. Thus it is the overall strategy, not merely a tactical phase. [Land for peace?]
>
> 15. The liberation of Palestine . . . is a national duty and . . . aims at the elimination of Zionism in Palestine.
>
> 19. The partition of Palestine in 1947 and the establishment of the state of Israel are entirely illegal. [So much for the UN!]
>
> 20. The Balfour Declaration, the [League of Nations] Mandate for Palestine, and everything that has been based upon them, are deemed null and void.
>
> 21. The Arab Palestinian people . . . reject all solutions which are substitutes for the total liberation of Palestine. [Again: land for peace!]
>
> 23. The demands of security and peace, as well as the demands of right and justice, require all states to consider Zionism an illegitimate movement, to outlaw its existence, and to ban its operation.

The American public is constantly bombarded with references to the Israeli "occupation," to Israeli brutality in suppressing the *intifada,* to Israeli intransigence in refusing to trade "land for peace." Americans hear of Israeli insistence that the PLO is a terrorist organization, but they no longer take this very seriously, particularly when the State Department endorses the Arabs' claim to the West Bank and Gaza. After all, were not the resistance movements in Nazi-occupied Europe all terrorists by this same definition? Yet the American public seldom if ever sees the actual charter—or constitution—of the PLO. It is this document to which Mrs. Ashrawi is committed as a loyal citizen of what she regards as the Palestinian Arab state.

It is worth remembering how the peace process between Israel and Egypt began, when it was set in motion by Anwar Sadat in 1977. He flew to Israel, and addressed the Knesset. He said to the Jews of Israel: "I renounce my past." That past included serving as a Nazi agent during World War II, and also included allegiance to the PLO Charter. Sadat did not ask any compensation for this "concession." On the contrary, he recognized it as the necessary prelude to any kind of bargaining, in which concessions would be mutual. Of course, in thus recognizing Israel's right to exist at the outset, he sealed his own death warrant. Mrs. Ashrawi is determined not to make that mistake. . . . In the last year alone, more than 400 Arabs in the West Bank have been murdered by their Arab comrades for fraternizing with Israelis.

How, then, does Secretary of State Baker expect negotiations to proceed, when the strategic goal of the Arabs remains the extinction of Israel, to which all compromises, from necessity, are merely subordinate? How can Israel concede "land" when "peace" is understood by the PLO to mean Israel's extinction? Why does not the Secretary of State—like Anwar Sadat—demand recognition of Israel as the precondition of negotiations? Why does he not demand that the PLO amend its charter—or that the Palestinian delegation be genuinely independent of the PLO? That "independence" is today a farce.

HARRY V. JAFFA
Claremont, California

TO THE EDITOR OF COMMENTARY:

Norman Podhoretz showed his usual perspicacity in assessing the present status of American-Israeli relations.

Israel and its American supporters have been stunned by the contrast between the friendliness of the Reagan administration and the hostility of the Bush-Baker team. This hostility was not so evident in the first two years of the present administration. During the Gulf War and in the period just preceding it, American-Israeli relations seemed almost amicable, for the Bush administration needed Israel's cooperation in holding together the fragile alliance. In addition, there was the belated recognition that without the Begin government's destruction of Iraq's nuclear reactor in 1981, the Gulf invasion might not have been possible. Since the war, however, and the disintegration of Soviet treaties with the Arabs, Israel has become an obstacle . . . to the Bush-Baker goal of maintaining cordial relations with the Arab world, and particularly with Saudi Arabia, which in some ways now dictates American foreign policy in the Middle East. . . .

Instead of an Arab-Israeli negotiation, the situation has now turned into a contest between Israel and the Bush administration, just as the Arabs had hoped. . . .

There can be no denying the immense difficulties in the way of a solution to the Arab-Israeli conflict, with its irreconcilable differences, deep-rooted hatreds, and 50 years of warfare. Bush and Baker do deserve some credit (possibly even a future Nobel Peace Prize), since the adversaries are at least talking about talking. Yet even

while we acknowledge the importance of this diplomatic achievement, it is difficult to understand why the Bush administration has chosen this time to revert to the Eisenhower diplomacy of exerting unnecessary pressure on Israel, the only country in the region that genuinely desires peace. . . .

SAMUEL L. TENNENBAUM
West Orange, New Jersey

TO THE EDITOR OF COMMENTARY:

Norman Podhoretz has written in his customary lucid and penetrating style, and I congratulate him on his updated analysis of the change in American policy toward Israel. Unaccountably, however, but perhaps for some inscrutable reason, he has avoided what, to me, has to be one of the crucial forces driving this new policy.

In a family whose chief income was derived from oil, it would not seem unusual for George Bush to be more occupied with this factor than other Presidents. He is acutely aware of U.S. dependence on a cheap and uninterrupted supply of Middle East oil, particularly in a recession that threatens his reelection. He knows the blackmail weapon the Arab cartel can wield by raising prices, arbitrarily if necessary, to force high energy costs on American companies already closing plants and laying off workers. . . . The Palestinians may "never miss an opportunity to miss an opportunity," but their Arab oil backers are not so unsophisticated. They may be welcoming Jews in Riyadh these days, but they also see oil as the key to the conflict—the eventual lever that could split the "special relationship" between Israel and Uncle Sam. It will take a less prejudiced and more far-seeing President than this one to withstand such pressure—to realize that, in the long run, the U.S. has only one real friend over there.

STANLEY P. KESSEL
Hollywood, Florida

TO THE EDITOR OF COMMENTARY:

Thank you for "America and Israel: An Ominous Change." To my mind, the irrationality of the Bush administration's hostile attitude toward Israel may have a sinister source. By abusing Israel, the administration appeases Arab countries. . . .

By appeasing the Arabs, large amounts of wealth are enabled to flow in certain directions: business as usual. Maybe that is what beckons the Bush administration, even if it means placing Israel in dire straits.

STEPHEN FISHMAN
Kingston, New York

TO THE EDITOR OF COMMENTARY:

Norman Podhoretz's article demonstrates the obsessive nature of the Bush administration's concern with Israel, the hostility of the administration's intentions, and the irrationality vis-à-vis American interests of the administration's goals. It is with this in mind that one can best appreciate the broader significance of a recent action of the administration which was widely viewed as undilutedly pro-Israel.

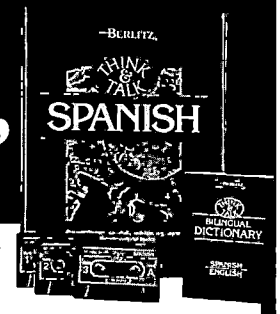
As we know, in December 1991, the Bush administration engineered, through what was widely acknowledged to be vigorous lobbying, the overwhelming rescission by the United Nations General Assembly of the "Zionism-racism" resolution. While generally viewed as a positive step, this extraordinary effort by the Bush administration can better be understood, in light of the administration's animus toward Israel, as a means of sanitizing the UN itself.

As was seen during the Gulf War, the Bush administration prefers to act under cover of the UN imprimatur rather than unilaterally. As long as the "Zionism-racism" resolution remained on its books, however, the UN could be clearly seen for what it is and was thus disqualified in the eyes of the American public and most other democratic peoples from legitimately playing any role in the resolution of the Arab-Israeli conflict.

The essential nature of the UN and its inbred hostility toward Israel was not changed by the rescission vote; as reported in an editorial in the December 28, 1991 issue of the Jerusalem *Post* international edition:

> On the very morning of the repeal, 152 nations, including the United States and the USSR, voted to condemn and annul Israel's "decision to impose its laws in Jerusalem," and bade the countries with embassies in Jerusalem to remove them. Another resolution, sponsored by Oman, Sudan, and Vietnam, call-

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ing on Israel promptly to withdraw from all *Palestinian* territory, recognize the PLO and "all the rights of the Palestinian people," including the right of "return," was passed by a vote of 93 nations [emphasis added].

The rescission, therefore, placed critics of the administration's hostility toward Israel on the defensive and sanitized the UN in the eyes of many, but left that organization just as hostile and thus even more dangerous to Israel than ever. . . .

KENNETH L. GARTNER
Mineola, New York

TO THE EDITOR OF COMMENTARY:

Norman Podhoretz's frighteningly insightful article leads me to conclude that President Bush and Secretary of State Baker have little warmth or compassion for Israel. . . . When I look at the friends of this administration (former pals Sununu and Buchanan and current pals Syria and Iran), I am very concerned.

Should Bush and Baker continue to use Israel and American Jews as a scapegoat to shore up falling popularity polls, I trust that COMMENTARY will be in the vanguard, exposing this opportunism.

SHELDON SELLER
Riverton, Connecticut

TO THE EDITOR OF COMMENTARY:

Congratulations on Norman Podhoretz's fine article, "America and Israel: An Ominous Change."

As a somewhat eclectic conservative, I agree with all of it, every word, including his indictment of the feckless Bush administration for believing that some sort of settlement of the so-called Palestinian problem will bring peace to the Middle East. What a laugh.

I myself do not see how Israel can give up one inch of territory. As Napoleon somewhere said, strategy is geography. Without the West Bank, Israel is less than twelve miles wide at its waist. Once Iraq had (has?) the bomb, an Iraqi tank thrust through Jordan just might do the trick, but with the buffer of the West Bank, Israeli armor could certainly smash any such tank thrust. (If the other side had nuclear bombs, Israel could not use its nuclear deterrent.) As for giving up the Golan Heights, who is kidding whom? . . .

JEFFREY HART
Hanover, New Hampshire

NORMAN PODHORETZ writes:

It is Alan O. Ebenstein, I fear, who "has it wrong." For insofar as Islamic fundamentalism is a factor in the Arab war against the Jewish state—and I agree with Mr. Ebenstein that it is—it makes a new Palestinian state even less likely to result in a peaceful resolution of the conflict. The reason is that the religiously based hostility to Israel is, if anything, more intransigent and less subject to possible compromise than the politically based opposition. To Islamic fundamentalists, the existence of a sovereign Jewish state, *no matter where its boundaries might be drawn*, is an abomination and a blasphemy. This is why the fundamentalists, unlike the Palestinian nationalists, cannot even pretend to favor trading land for peace or to settle for a two-state solution. In their eyes, the entire area belongs by divine right to Islam. Therefore a Palestinian state in the West Bank and Gaza could not possibly satisfy them; indeed, even if (as an Egyptian journalist once proposed) Israel were limited to one synagogue in Tel Aviv and the ten meters surrounding it, the Islamic fundamentalists would still consider it their religious duty to correct this violation of the divinely ordained natural order. Mr. Ebenstein, admitting that a new Palestinian state in Judea, Samaria, and Gaza would pose "great potential dangers for Israel," nevertheless thinks that it would be in the interest of the United States. Yet his own stress on Islamic fundamentalism belies that dangerous illusion.

If Tony Frank had paid more careful attention to some of my earlier writings, he would not have been so surprised to find me acknowledging that the Israeli Left and its American supporters believe that continued occupation of the territories in question has had and will continue to have a corrupting effect on Israel's democratic culture. I have said as much about the Left many times in the past. But I have also then gone on to express my strong disagreement with this belief. To me it seems obvious that Israel's democratic culture remains alive and well—amazingly so, given the strains of living in a state of siege and considering how other democracies, including our own here in America, have behaved in periods of national emergency.

Incidentally, my version of the "strategic-asset" argument has always rested less on Israel's contribution to the containment of Soviet power than on the value to the United States of a democratic ally in the Middle East; and it still does. Furthermore, I have always been convinced, and I still am, that people like Mr. Frank, who keep insisting that Israel is no longer a true democracy, are helping, in some cases (though not, I hope, in his) deliberately, to undermine the main basis of American support.

This is not to say that I consider the status quo pleasant or desirable. Yet the question must always be: compared to what? Unlike Mr. Ebenstein, Mr. Frank evidently thinks that a new Palestinian state poses no threat to Israel; to assert that it does is "baseless propaganda" and "embarrassingly outdated thinking." Well, I suggest that Mr. Frank take a look at Harry V. Jaffa's letter above, and especially the sections Mr. Jaffa quotes from the Palestinian National Charter. And with regard to the Arab world in general, I suggest that he also ask himself why Syria has been importing Scud-C missiles with the accuracy and the range to hit Israel's cities, and why the "moderate" Saudis are helping them pay for these missiles. Perhaps then he might begin to understand why so many of us—along with a great majority of the Israeli people—are convinced that, short of a change in the Arab world comparable to the one that has occurred in the former Soviet Union, there is no way Israel can withdraw from the territories in favor of a new Palestinian state without placing itself in mortal danger.

I thank the other correspondents for their kind words and their many interesting clarifications and additions. Among these, I am especially struck by Jeffrey Hart's passionate statement. Mr. Hart was Patrick J. Buchanan's campaign chairman in the New Hampshire primary, which only goes to prove (as I suggest elsewhere in this issue) that backing Buchanan does not necessarily imply approval of his hostility to Israel or of his advocacy of a new Palestinian state.

Hill vs. Thomas

TO THE EDITOR OF COMMENTARY:

. . . Suzanne Garment's article, "Why Anita Hill Lost" [January], is one more in an endless stream of

commentaries that skirt the real issue underlying the Clarence Thomas-Anita Hill controversy. I refer to the unspoken issue of whether what Thomas allegedly did, even if true in each and every detail, reflects anything worthy of scrutiny, whether public or private. A man in his early thirties makes a verbal move toward an attractive female—who rejects, but protests not. . . .

It is over such as this that a nation stood transfixed for several weeks. All the actors on the stage—including the accused, even while denying it—condemned the dastardly conduct as beneath contempt and unbefitting one aspiring to such high office. Never mind that the alleged conduct was entirely verbal. Never mind that the so-called victim neither flinched nor protested, but over the years continued to nurture her relationship with her alleged tormentor. Never mind that in rites of passage, such acts as these are as commonplace as there are birds and bees on a summer day. . . . In spite of all this, the matter continues to be much discussed. But what has not been open to debate so far is the simple but honest street phrase that I am sure has occurred to many of us: so what!

I will nevertheless offer up my own opinion. Despite the fact that Hill was by far the more inconsistent, both in her statements during the hearing and in regard to her actions over the years, she captures my vote because of what she did not say, i.e., that Thomas had repeatedly cornered her and submitted her to physical indignities, that he threatened to fire her or reassign her to a less desirable position as punishment for her rejection, etc. Such actions would unquestionably constitute abuse. Had she wanted to invent a story to damage Thomas, surely she would have included in the mix some clearly outrageous and abusive conduct on his part. The very fact that nothing of this sort was included weighs heavily in her favor.

All of which is totally beside the point, the point being that Thomas's actions as depicted amounted to little more than youthful indiscretions. His response to the committee should have been a resounding "it's none of your business." Unfortunately, in the present climate wherein the feminist movement has outlawed mother nature in the workplace, Thomas had but one choice to make out of regard for his good name. In my opinion, his response was both predictable and understandable in human terms, and therefore justifiable.

Mrs. Garment's analysis adds little to the debate. In addition to the litany of inconsistencies in Hill's conduct and testimony previously listed by just about everybody, she underscores the fact that Hill is an ambitious female, which attribute Hill artfully concealed. Again, so what! . . . Did Hill embellish or lie about (1) the extent of her ambitiousness; (2) the extent of the outrage and/or revulsion, if any, that she felt over Thomas's alleged licentiousness; (3) the full and true reasons she remained silent over the years? My guess is that she is probably guilty on all counts, for that is just the way it is with humans when outsiders attempt to pry into their innermost personal motives and conduct.

In short, it is most likely, on balance, that, as the exchange unfolded, both individuals found it necessary to retreat from a strict account of the facts in order to preserve their dignity, good names, and self-respect.

ARTHUR S. BAY
Oklahoma City, Oklahoma

TO THE EDITOR OF COMMENTARY:

Suzanne Garment is right on point, but she leaves unanswered the two most pertinent questions raised by observers: (1) Did Clarence Thomas do the things alleged by Anita Hill? In short, which one told the truth? (2) If Hill is to be believed, does that render Thomas unqualified to serve on the Supreme Court? . . .

HOWARD SALASIN
Fort Washington, Pennsylvania

TO THE EDITOR OF COMMENTARY:

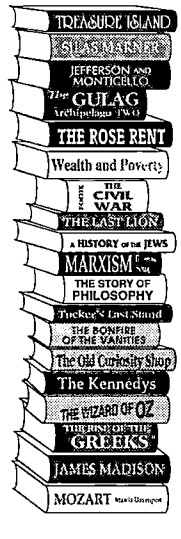
Suzanne Garment offers a compelling analysis of Anita Hill's public posture. She deserves congratulations for a dispassionate article which will certainly not win her any friends in the feminist movement. I had, however, hoped for a little more attention to the role played by the media, since Mrs. Garment is a former member of the Fourth Estate and has contributed so valuably to the debate on major public issues.

Two main points are involved: The first, as Mrs. Garment notes in her opening sentence, is that none of us will ever know the truth. Only the two participants know. Thus, analysis, no matter how penetrating, is futile. The second point, it seems to me, is more important and could make a major difference in future controversies: why did the media use the story?

It is general practice in journalism not to use charge-denial stories which cannot be proven, regardless of the source. Indeed, even when a crime is involved, reporters generally do not use the material unless a warrant has been signed. Why were traditional journalistic rules violated in this instance? And will this violation set a pattern? Of course the story had tremendous "news value," since a Supreme Court nominee was involved and competition—fear of losing a "good story"—no doubt also played a part. Yet the question remains: why in this case were responsible principles abridged? . . .

It does not seem to have occurred to the journalists involved that the agony so decried on the nation's editorial pages could have been avoided if whoever received the FBI-Hill material had simply said, "I can't use this."

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While Mrs. Garment touches on the role of "leaks" at the end of her article and how they serve the interests of those who do the "leaking," her insights into the media's role and what needs to or should be done could have proved constructive and useful.

BERL FALBAUM
West Bloomfield, Michigan

TO THE EDITOR OF COMMENTARY:

In her otherwise thoroughgoing article Suzanne Garment did not explore Anita Hill's "liberal credentials." The possibility that part of Hill's motivation in mounting a vendetta against Clarence Thomas might have been ideological was the subject of two articles in the wake of the controversy, one in the *Wall Street Journal,* the other in the Washington *Inquirer.* . . .

In her *Wall Street Journal* piece, Lally Weymouth . . . dismissed as nonsense the anti-Thomas camp's allegation that Hill had "no motive" for lying. She showed, on the contrary, that Thomas himself had once noted in a memorandum how he and his one-time employee, Anita Hill, "disagreed on positions [albeit] we were able to resolve disagreements professionally." And in an interview with the former dean of the Oral Roberts University Law School, Weymouth established that Hill "was far from [being] a conservative Republican; she tended to be liberal and feminist in her approach to things."

Weymouth also spent time on the campus interviewing Anita Hill's students, one of whom told her that "Miss Hill is not an innocent professor thrust into the situation by the media, . . . but rather a political activist furthering a cause she had so vehemently advanced in the past." Likewise, a former member of the University of Oklahoma's feminist group, the Organization for the Advancement of Women, for which Hill served as campus adviser, reported that Hill "is a liberal; she was for such things as 'comparable worth.' At our meetings, if it wasn't Reagan-bashing, it was Bush-bashing. They were terrified of *Roe* v. *Wade* being overturned." . . .

ALBERT L. WEEKS
Sarasota, Florida

TO THE EDITOR OF COMMENTARY:

. . . It is not necessary to attribute . . . Anita Hill's inaction in the face of alleged sexual harassment to any particular motive. . . . Any rational person—and presumably Anita Hill is such a person—will remain in an employment situation only if he or she believes it is advantageous to do so. The concept of a "hostile" work environment is inherently subjective. To one person, it may mean a cramped office, to another, a strict dress code, etc. In any case, the proper response to an intolerable workplace is to quit and find a more compatible one. Staying put implies that it is not really intolerable.

. . . An employee is no more justified in asking a court to order an employer to provide a less hostile work environment than an employer would be to ask that it direct an employee to be more productive. At its core, the "hostile-work-environment" issue hinges on whether or not people are capable of acting to maximize their own welfare. The Declaration of Independence affirms our unalienable right to pursue happiness. It is indeed sad that so many Americans have forsaken their birthright and instead look to legal remedies to improve their condition.

PHILLIP GOLDSTEIN
Brooklyn, New York

SUZANNE GARMENT writes:

Many thanks for the letters that said complimentary things about my article on Anita Hill and Clarence Thomas. I agree with the writers that there are interesting issues it did not address. The first of these questions is straightforward: whose story, in the end, should we believe?

I believe Clarence Thomas. I have met him and spoken with him; I have shrewd and insightful friends who are his friends as well; and in writing my most recent book I investigated at some length his personal performance as chairman of the Equal Employment Opportunity Commission. I do not believe him capable of the behavior Anita Hill described.

But the public record of the Hill-Thomas episode simply does not, by itself, settle the matter. Arthur S. Bay has studied the public materials and come to a conclusion very different from mine. Such differences spring from the record's ambiguities and silences.

A few good reporters have now begun the hard job of digging into Hill's life in search of new information that might finally settle this question of credibility. These journalists have already come up with interesting and disturbing circumstantial evidence involving Hill. But if the citizens who had to "vote" for Thomas or Hill did not have a clean and clear public record available to them when they made their choice, neither did they have the new information that is now starting to emerge. Members of the public had to pronounce judgment on the record as it stood then. If we want to know what the Hill-Thomas affair tells us about our political system and our citizenry, we must first deal with the scandal as it appeared at the time to those who had to evaluate it, and that is what I tried to do in my article.

Let me add a word of caution: in writing about American political scandals, I have repeatedly found that when a big scandal breaks, secondary charges tend to come pouring out of the woodwork. In particular, I have seen how Clarence Thomas's opponents, trying to sink his Supreme Court nomination through scandal politics, peppered him with allegations ranging from judicial conflict of interest to the excessive viewing of pornographic films. Some of the secondary charges that arise in affairs like these are true, some are false, and a great many are exaggerated. Winnowing is required, and in this case the work has yet to be done. I am eager to see additional journalists join in the task.

Howard Salasin asks another question: "If Hill is to be believed, does that render Thomas unqualified to serve on the Supreme Court?" In one sense the answer is, for me, easy enough: if the actions complained of in a case like this one turn out to be signs of some major character flaw relevant to public performance, they may indeed prove disqualifying. If the behavior seems to bear little relationship to anything else in a candidate's public character, however, it should not be enough to do him in, and making a public scandal of the matter serves only to scare the best people away from public service.

But the issue is not really so simple as all that. It is one thing to say that we should not pry into most kinds of private acts when we consider candidates for high office. It is quite another matter to say that if we do learn of objectionable private behavior by these can-

didates, we should just go ahead and confirm them as if we had never heard the news about them. In the first situation, we are merely ignorant; in the second, by contrast, we place a stamp of public tolerance, if not approval, on bad private behavior. We also unavoidably change, for the worse, the way we view these officials once they are in authority. We avoid acting unjustly toward candidates for office, but we do so at a cost to their moral authority and the tone of our civic culture.

That is why it is not enough to deal with conflagrations like the Hill-Thomas case simply by rejecting one charge or another as a basis for disqualifying a nominee. We must instead recognize that the problem lies deeper, in the modern notion that "the personal is political." It is a slogan that has permitted the use of the "character issue" in the service of the most bitter partisan politics, as an excuse for opening candidates' and nominees' personal lives to an examination that virtually no one can survive and remain capable of democratic leadership.

Finally, some of the letter-writers ask questions on which I wrote little because what I have to say is not novel.

For example, Berl Falbaum quite properly asks why the press abandoned its traditional standards of proof to chase after the ultimately unknowable matter of Thomas's private dealings with Hill. The reason, I think, is that those standards have been in the process of abandonment for the past 25 years. During the Vietnam era and beyond, as the press grew more antagonistic toward government, journalists became increasingly convinced that the "real" stories of American politics lay not in public documents or speeches by our leaders but in politicians' and officials' private interests, conspiracies, and gossip. In pursuing such stories, journalists got used to the idea of jettisoning old-fashioned notions like the necessity for named sources and corroborating evidence. The press coverage of the Hill-Thomas controversy was merely one striking example of the result.

In the same way, Albert L. Weeks asks why the press, without investigation, portrayed Hill as a conservative with no ideological motive for attacking Thomas. In this matter, too, the media behaved as they have done for quite some time. Hill's advocates, for obvious reasons, spoke of her as a conservative. A small but well-placed part of the press actively and fiercely supported Hill, and we can assume that these people deliberately chose to look no farther. Other journalists who failed to investigate Hill's views surely did so because they were afraid, consciously or not, to violate today's political stricture—among not only journalists but also other opinion-makers—against "blaming the victim." And still other press people, having little time and few resources, simply accepted the assumptions supplied by their fellow journalists. By this combination of manipulativeness and mindlessness are feeding frenzies shaped.

Suicide

TO THE EDITOR OF COMMENTARY:

Leon R. Kass's diatribe against euthanasia ["Suicide Made Easy," December 1991], reveals how obtuse, irrational, and, yes, evil are many arguments against euthanasia. Whereas some American jurors have demonstrated the equanimity and common sense to acquit mercy killers (see O. Ruth Russell's *The Right to Die*), Mr. Kass relentlessly persecutes and prosecutes them. The mercy killers have had the temerity to advocate a thorough, considerate, respectful, and technically precise exit from life and from society. Should mercy killers be inconsiderate or sloppy when assisting suicide?

How sanctimonious of Mr. Kass to acknowledge "the anguish and fear of patients and families in the myriad matters surrounding decay and death." Do doctors cause this anguish by vowing "neither to give nor suggest a deadly drug"? Medical torturers and their accomplices first prolong suffering and then hector the victims to show greater courage in the face of debilitation and death.

Mr. Kass concludes that the taboos against homicide, suicide, and euthanasia are breaking down. Why make these subjects taboo? Does planning to kill inevitably lead to unnecessary death? Then years and years of war games mas-

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terminded by the Pentagon and legitimated by Congress should have depopulated the planet. Could Mr. Kass prove that taboos against homicide are weakening? First, what do we count as homicide? Killings legally defined as homicide? Abortion? Faking mine-safety tests? Have rates of killings legally defined as homicide climbed persistently from the 1960's to the 1970's, 1980's, and 1990's? According to the *U.S. Uniform Crime Reports*, they have zigzagged. What about suicide rates? *U.S. Vital Statistics* reports a rise from 11.6 per 100,000 in 1970 to 12.6 per 100,000 in 1989. If taboos against homicide and suicide are breaking down, why are the changes in the rates so small?

Mr. Kass's figures on the volume of suicide attempts and suicidal thoughts among teenagers in 1990 constitute a cause for concern. He interprets teenage suicide and suicidal fantasy as a response to a "rising tide of gentle dehumanization." What on earth is this tide? If youths are suicidal, let us consider some well-grounded and testable theories as to why. Do they anticipate gaining distinction among their peers, or before some imagined audience? Have they proven too immature for sexual activity? Are they frightened by their own drug experiences? Have they no place in a service economy? Have they been torn or shattered by family conflicts? Have they found the schools aimless, inane, or oppressive compared with work or some other less "boring" alternative? These social issues cannot be ducked by censoring mercy killers' thoughts.

Not mercy killers, but Mr. Kass is confused about the philosophy of mercy killing. Proponents of euthanasia may approve choice, and offer reasons for choosing death without contradicting themselves. Mr. Kass fears that quadriplegics and sufferers from Alzheimer's disease will be pressured to commit suicide. Arguments for choice are a response to his concern.

Is Mr. Kass absolutely opposed to suicide? Would he have dissuaded Hitler? Would he disapprove of suicide by Pol Pot? Or by any of the thousands of political madmen and religious zealots who have embroiled dozens of nations in war during the 20th century? If we would welcome suicide by certain figures on limited occasions, should we prolong the lives of people who lived useless, degrading, or dehumanized lives; who inflicted these indignities upon others; or who led vital lives but were being reduced to uselessness and degradation by incurable disease?

Mr. Kass impugns and misrepresents the motives of mercy killers and their clients and loved ones. "It is surely not pure reason that finds life unbearable," he writes. And again, ". . . the true movers of the soul will be [not thoughts but] fear, resignation, and despair, or, in other words, the desire to escape." This statement distorts and debases the motives for euthanasia. The actual motivations include dying with dignity, which is an *ideal*; blocking the infliction of useless and harmful treatments; seizing responsibilities for living and dying and using drugs and removing them from the hands of medical "professionals," who technically prolong life but leave the waste and suffering to us; not squandering time or resources tied to wheelchairs, catheterized, or lying in vegetative and comatose states; reserving our limited resources for deserving survivors and denying these resources to grasping doctors, medical centers, ambulance companies, nursing-home operators, and drone-like nursing-home care.

Since Mr. Kass obfuscates and distorts the motives for mercy killing, we should cross-examine his motives for attacking rational and humane death. Is he bullying us to approve his role in helping lawyers, politicians, and their medical clients keep the final exits shut until they have thoroughly shaken us down, and reduced us mentally to their blustering level?

PHILIP G. GROTH
University of Wisconsin Centers
Janesville, Wisconsin

TO THE EDITOR OF COMMENTARY:

"Let's get serious about 'rationality' and reason," says Leon R. Kass at one point in a diatribe notable for sneering and sarcasm. He then cites Kant in support of a claim that the will to suicide is inherently self-contradictory. Logicians and semanticists, who imagine that only propositions can be self-contradictory, will no doubt be astonished. I expect to hear next about contradictory coat hangers, logically valid cabbages, or necessarily true window shades. The term "category mistake" is recommended for this sort of thing by some philosophers.

In an attempt to create, in the reader's mind, an association between Derek Humphry, the author of *Final Exit*, and the operators of the Nazi death camps, Mr. Kass refers to the gas (essentially cyanide) used in the camps. He asks, "Does the high priest of euthanasia [Humphry] think that we have forgotten how to shudder?"

He does not mention the American and British agents in World War II who carried cyanide pills for use when capture by the Gestapo was imminent. He must, to be consistent, maintain that the providers of the pills performed an evil act. But I have not forgotten how to shudder. What makes me shudder is the thought of the fate of those agents if "moralists" had denied them the means to avoid death by torture.

I would bet that most people have occasionally filled an idle moment with fantasies in which they rob banks, kill other people, or kill themselves. Forty years ago, in the interest of mischief or melodrama, I might have told an eager interviewer that I had "seriously contemplated" such things. It is difficult to believe that more than a small fraction of Mr. Kass's one in four high-school students ever really came close to suicide. According to the data he provides, out of 276,000 suicide attempts by teenagers in 1990, 365 were fatal, which means that more than 99.5 percent were not. One in four attempts caused serious injuries, implying that three out of four did not. It is probable, therefore, that most of these "attempts" were not serious. Perhaps they were faked to gain attention and sympathy. Humphry's book is not likely to have a significant effect upon the incidence of fatalities among the young and able-bodied, for two reasons. First, the availability of razors, tall buildings, and high-powered cars is unaffected by the book. Second, if someone's state of mind is such that he is inclined to take his own life, then clearly almost anything might give him the final nudge; if not one stimulus today, then another tomorrow or next week.

In any case, I submit that responsibility for an action lies with the individual who performs it, not with someone else who may have suggested it. I would apply that

principle not only to suicide but also to actions that are subject to the criminal law. When a minor commits an "adult" crime such as rape or murder, we hear the fashionable excuses: the perpetrator is not personally responsible because comic books, TV programs, or society itself must have put the idea into his head. Mr. Kass enters the company of these explainers when he says that Humphry will have a lot to answer for if some teenagers follow the instructions in his book.

DAVID A. SHOTWELL
Alpine, Texas

TO THE EDITOR OF COMMENTARY:

The venom of Leon Kass's article on Derek Humphry's *Final Exit* impelled me to buy and read the book.

Being in that gray area between middle and old age, having saved carefully over the years to ensure the future comfort of my wife and daughters, watching the slow and painful death of a dear friend from cancer of the pancreas, I am comforted by having this book at hand.

Though I agree with some of the philosophical points raised by Mr. Kass, I am mystified by the extreme, even hysterical, tone with which he sets them forth. I would find it arrogant to instruct others on such a profound and personal issue in such a manner.

While I do not intend to bring up the topic of *Final Exit* with my own teenagers, or with the young people with whom I work, I am grateful for myself that the book exists and that I possess it.

It was once said that liberals cared more for ideas than they did for people. I'm not sure that this trait can be so narrowly applied.

FREDERIC WILE
New York City

TO THE EDITOR OF COMMENTARY:

Please enter my subscription for two years. I am a reader on occasion, but the article by Leon R. Kass on ethics, morality, and the taking of life was most appreciated. . . .

C. STUART BROAD
Chevy Chase, Maryland

TO THE EDITOR OF COMMENTARY:

Leon Kass's article is an important corrective to the "easy-death" movements that seem to abound today. But suicide is even more of a social problem than Mr. Kass notes. . . . From 1950 to 1988, the national suicide rate rose slightly, . . . but for young people aged fifteen to twenty-four, the rate tripled: from 4.5 per 100,000 in 1950 to 13.2 in 1988. Other studies show an increase from 2.7 in 1950 to 11.3 in 1988 among teenagers. From 9 to 14 percent of all teenagers have attempted suicide at some point in their young lives!

But the problem is even more severe among the elderly, with white males over sixty-five having the highest rate of all—in 1986, 45.6 per 100,000. . . . We need to focus not only on the growing increase of suicide among youth, but also . . . among older people.

We can begin by sensitizing social workers, elder-care workers, and medical personnel to the growing suicide rates among the elderly in our society. We need more discussion and support groups, and all the other tactics now used with teenagers and college students. But let us not fool ourselves. The problem will not be easy to solve. I would bet that we have all had thoughts of suicide at one time or another as we age or as we contemplate a painful dying or incapacitation. Let us hope that our deaths are painless and quick, but we know that for some this will not be the case. Still, I do not think we need books that help us die more easily.

JACK NUSAN PORTER
The Spencer Group
Newton Highlands, Massachusetts

LEON R. KASS writes:

I confess. I wrote a polemic. In anger. In disgust. Not at the miserable people contemplating death, but at the suave, callous, banal, piously-oh-so-rational snake-oil-salesman-of-death, who coolly preaches lethal technical proficiency where loving care and company are called for. True, I did mount arguments, using in evidence extensive passages from the book itself. But I wrote with passion. And why not? The morally outrageous deserves moral outrage.

So I suppose I am partly to blame for Philip G. Groth's fulminations. Let me try to pacify him.

1. *About judging mercy killers*: I, obviously, do not "persecute" and "prosecute" them. I even said in this article that acts of suicide may be, in some cases, morally *pardonable*. In my earlier COMMENTARY article on this topic ("Death With Dignity & the Sanctity of Life," March 1990), I wrote: "When hearts break and people can stand it no longer, mercy killing will happen, and I think we should be prepared to excuse it—as we generally do—when it occurs in this way." But an *excuse* is not yet a *justification*, and these exceptional cases are no reason to overturn existing law and morals proscribing mercy killing. Mr. Groth asks, rhetorically, if I want mercy killers to be inconsiderate or sloppy. No, I do not—any more than I wish child molesters and prostitutes to be inconsiderate and sloppy. I want them not to practice their "trade." Technical virtuosity in doing wrong is no virtue.

2. *About "medical torturers and their accomplices"*: My objection to technicism extends also to excesses committed in the preservation and prolongation of life. I am opposed to overtreatment, to inadequate relief of pain, to excessive use of the hospital and intrusive technologies, etc. I favor hospices, home care, and human company. But, even with eliminating these evils and obtaining these goods, suffering, debility, and senility will not go away. Their *cause* is surely not the doctor's refusal to give a deadly drug. Mr. Groth's splenetic rantings, to be directed properly, should be vented rather against mortality and misfortune.

3. *About teenage suicide*: I never attributed teenage suicide to "a rising tide of gentle dehumanization." (Please, Mr. Groth, don't stitch together unrelated passages four pages apart.) And I nowhere imply that Derek Humphry is responsible for youth's suicidal tendencies. (Please, Mr. Groth, logic.) I fault him for his casual attitude about contributing to *their likelihood of "success."* (By the way, Jack Nusan Porter's letter should set Mr. Groth straight on the statistics and on why we are today increasingly concerned.)

But I do not, finally, want to comfort Mr. Groth, but to use his letter as evidence of what we have to fear. Derek Humphry was shrewd enough to confine his attention to suicide and its assistance. Mr. Groth begins and ends in defense of mercy killers—those who dispatch others, allegedly out of "mercy" or "compassion." In the crucial (sixth) paragraph about the moral justification of suicide, he shows his true colors. He begins with the goodness of suicide for Hitler and Pol Pot (I, by the way, favor not their suicide but their

assassination), and reasons (?) as follows: "If we would welcome suicide by certain figures on limited occasions, should we prolong the lives of people who lived useless, degrading, or dehumanized lives" (Is this the voice of *mercy*?); "who inflicted these indignities upon others" (The voice of mercy or of eugenics?); "or who led vital lives but were being reduced to uselessness and degradation by incurable disease?" The Nazi apologists began from a right to commit suicide and tried to "derive" from it an argument to dispatch "useless lives." Mr. Groth begins from the desirability of death for Hitler yet somehow reaches the same Hitlerian conclusions. Unable or unwilling to make distinctions among the potentially euthanizable, Mr. Groth, like Derek Humphry, seems to have in mind myriad unwilling "clients" for his "mercy killers." No wonder he's angry with me.

David A. Shotwell's letter demonstrates that a little philosophy is a dangerous thing. He and other little philosophers, protecting our speech from "category mistakes," have so mistakenly categorized a divorce between speech and reality that they fail to see that certain (silent) actions might be, *in their inner* (but articulable) *meaning*, self-contradictory. If I intend to advance the cause of morality by eliminating myself as a moral agent, I would be engaged in self-contradictory conduct. This is the heart of Kant's argument against suicide in the passage I cited. One does not refute it by calling it names.

It is not I but Derek Humphry who drew the association between current German methods of euthanasia and the Nazi methods of extermination: he deplored the Nazi motives but at the same time praised their skill. Humphry, who offers not a single moral or philosophical argument for suicide (when pressed by William F. Buckley, Jr. on *Firing Line* for such moral justification, he pleaded as an excuse for his bankruptcy that he had never studied any moral philosophy), who shows not one ounce of gravity before the awesomeness of death or the dangerous complexities of human motives and moods, writes as a man who has no sense of horror or even of human decency. One should beware of taking moral lessons about life and death from such a shallow technician.

Neither, it is clear from the way he speaks, should we take moral lessons from Mr. Shotwell about teenage suicide. Teenage depression and angst are serious business. Someone who hands out loaded guns to such people is morally, and even legally, culpable. What about someone who gives out lethal medicine? Lethal know-how and advice? Let everyone read Bonnie Angelo's interview (in the November 18, 1991 issue of *Time*) of a mother and brother of a Humphry-directed suicide of a depressed young man (one of a growing number) and test Mr. Shotwell's refusal to hold Humphry partly responsible. I can assure Mr. Shotwell that I care at least as much as he does for personal responsibility, and do not blame "the system" for my own or anyone else's shortcomings. But ideas have consequences, and the purveyor of deadly instruction must be held accountable for the evil he assists, if he wishes also to claim credit for the good.

On the subject of providing suicide pills for American and British agents captured by the enemy, this is perfectly defensible, but not for Mr. Shotwell's reasons. Such agents were to kill themselves not (as he claims) "to avoid death by torture" but to avoid *betraying their country*, under torture. Their suicides are, in my view, best understood as acts of noble and patriotic self-sacrifice (which I applaud). Traditional Catholic casuists, intent on holding the line against the shedding of innocent blood, defend this practice rather on grounds of justice: a captured agent will likely be tortured into revealing state secrets; thus, as a "virtual traitor," he is not, in his taking of cyanide, committing suicide but is carrying out the state's just judgment against him. This argument is somewhat forced, but it has the merit of not allowing any merely private justification for the taking of innocent human life.

Frederic Wile's sober letter, at first glance, elicits more sympathy, in part for its gentler tone, though one wonders what kind of a man is "impelled" by my article to buy and read the book. Yet more careful scrutiny of his objections shows a deep difficulty in his position, more dangerous precisely because it seems so easygoing and benign. Mr. Wile mistakenly accuses me of trying "to instruct others on such a profound and personal issue." On the contrary, I was objecting to the shallow and coolly impersonal instructions of *Final Exit*—but, at the same time, making it clear that this is *not* merely a personal matter: taking one's life—like living one's life—rarely has purely private meaning. Mr. Wile is privately "comforted by having this book at hand," though he does not "*intend* to bring up the topic" with his own teenagers. What touching innocence: I am comforted; and I intend you no harm. What, Mr. Wile, will your teenagers think when they find the book in your library, or when they read your letter in COMMENTARY? What *moral* meaning of *family* life are you silently teaching them? Mr. Wile's well-meaning yet naive position is infected with massive self-deception, in the service of his own personal comfort. For the sake of such "personal" comfort, he (and the many supporters of Hemlock) would overthrow our opposition to mercy killing and assisted suicide, disseminate the instrumentalities of death to private parties, allow doctors to kill patients, expose the weak and the vulnerable to those who would put them out of their misery, and undermine our hard-won reluctance to take innocent life—in short, he would sacrifice the common good for his own private gain, with consequences much more profound and, finally, of vastly greater *personal* moment, for all members of our society.

Despite Mr. Wile's charge, I insist that it is my concern for real people—not for abstract moral ideas—that leads me, conservatively, to oppose euthanasia and to condemn Derek Humphry. Humphry is the true ideologue, devoted to a cause, without regard for the personal casualties (including also among family and friends)—not in his book, not in his life. Here is a man who helps kill his first wife, who abandons the second wife when she gets cancer, who threatens (when she criticizes him publicly) to tell the police about her part in the death of her own parents, who helps drive her to suicide, and who finally distances himself from her death by blaming her character, in a cold, heartless public advertisement. The life of this pious fraud, like his book, is a parable of the entire euthanasia movement: abandonment of real people to whom one owes care, masquerading as compassion for generalized suffering humanity. We have seen these false prophets

before, and it is moral cowardice or worse not to expose them and their vile teachings.

The Dead Sea Scrolls

TO THE EDITOR OF COMMENTARY:

With his customary elegance (except, of course, for his characterization of me as "leather-lunged"), Robert Alter answers the question posed by his title, "How Important Are the Dead Sea Scrolls?" [February] with an emphatic, "Not very." As an antidote to the exaggerated, sensational, and irresponsible claims sometimes made for the scrolls, especially expectations for the unpublished ones, I heartily welcome Mr. Alter's critique. On the other hand, I believe he goes too far in downplaying their significance.

Consider the following opinions, which are either widely held by leading scholars and/or often associated with the scholar cited in parentheses:

• The scrolls cast a direct light on Second Temple Judaism, revealing a variety of elements that previously could at best be adumbrated.

• The biblical texts among the scrolls reveal how the Hebrew Bible developed from three different local texts—Palestinian, Egyptian, and Babylonian—probably under the influence of Hillel, who, since he came from Babylonia, selected Babylonian texts as authoritative (Frank Cross of Harvard).

• Occasionally, the Qumran biblical texts preserve a passage that was dropped, apparently accidentally, from the Hebrew text of the Bible.

• Since there are polemical texts among the scrolls directed against the Pharisees, we can learn a good deal about this group from these texts. This is important because the earliest rabbinic text that provides us with information about the Pharisees (the Mishnah) is more than a hundred years later than the latest of the Dead Sea Scrolls. (The Jerusalem and Babylonian Talmuds are several hundred years later yet.) These rabbinic sources have often been dismissed as historically unreliable—they are said to tell us nothing about the Pharisees before the destruction of the Temple by the Romans in 70 C.E. This conclusion must now be reassessed in light of the new evidence from Qumran (Lawrence Schiffman of New York University).

• The Dead Sea Scrolls are also important for tracing the history of early Christianity. The new conclusions are: (1) early Christianity is grounded more deeply in Jewish thought than was previously supposed; (2) aspects of Christian belief previously considered unique were in fact part of the intellectual baggage of the time (James VanderKam of Notre Dame).

• Finally, at the risk of sounding sensational, I will mention the Copper Scroll, which may be a secret treasure map telling, in perhaps some sort of code, where the Temple treasury was hidden.

This list could be lengthened, but there is enough here to demonstrate that the conclusions which may be drawn from the texts of the scrolls are very exciting indeed. They are not bombshells; they will certainly not undermine or even threaten the basic tenets of Judaism or Christianity; the marriage certificate of Joseph and Mary will not be found among them. But there is much that is important and significant in the scrolls even for the lay person.

No one can write about the scrolls without error, as my own writing on the subject would amply demonstrate (though I am certainly not a scholar of Robert Alter's stature). Yet in minor ways, here even Homer has nodded. . . .

Thus, Mr. Alter says that the Metropolitan Samuel, of the Syrian Jacobite Church in Jerusalem, who sold four intact scrolls to Yigael Yadin through an intermediary, "would hardly have sold them knowingly to an Israeli." However, according to Professor Harry Orlinsky who, under the alias Mr. Green, examined the Yadin purchase in a New York warehouse for authenticity, the Metropolitan may well have known—or at least strongly suspected—that he was selling them to an Israeli. The Metropolitan had been trying for years—unsuccessfully—to sell them on the international market. The reason he had such difficulty was that Jordan had made known its claim to title to the scrolls. This presented an obstacle to anyone but an Israeli. The price—a mere $250,000 for four intact scrolls—further suggests that the Metropolitan knew he was in effect selling the scrolls to Israel.

Mr. Alter says that, "In one cave alone, Cave 4, 800 scrolls and fragments were discovered." No intact scrolls were found in Cave 4. They were all in fragments. The best es-

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timate of the number of scrolls from which these Cave 4 fragments came is somewhat over 500 or, let us say, 500. The number of scrolls, whether intact or fragmentary, in all eleven Qumran caves is about 800.

Mr. Alter says that Père Roland de Vaux, under whose direction the excavation in the Qumran region took place, was "frankly anti-Semitic." That Père de Vaux was no friend of Israel is true, but people who knew him differ as to whether he was anti-Semitic. We have no quotations from him to this effect. If he was anti-Semitic, he was not frank about it.

The reference to "talmudist Ezra Sussman" should obviously be to Yakov Sussman, as appears later in the article.

Whether Emanuel Tov was the first Jewish member John Strugnell brought onto the team, as Mr. Alter asserts, is debatable. He may mean Elisha Qimron, who was asked by Strugnell, slightly earlier, to work with him on the document known as MMT. Whether either Tov or Qimron should be considered a member of the team in the 1980's or simply recipients of a scroll assignment is uncertain.

Mr. Alter says that Magen Broshi, curator of the Shrine of the Book at the Israel Museum, "insisted that each scholar assigned to editing a scroll be given an unambiguous deadline, with 1997 set as the date for submission of all materials and 2000 as the date for the completion of publication. These energetic steps have by and large been ignored in the recent outcry. . . ." But it was not Broshi who insisted on the deadline. Whatever credit is deserved for this "insistence," as I am sure Mr. Broshi would agree, goes jointly to the scrolls advisory committee of which Professors Jonas Greenfield and Shemaryahu Talmon were also members, and especially to the new director of the Antiquities Authority, Amir Drori. Indeed, Mr. Broshi was one of those who defended the slow pace of publication. . . .

But the sad fact is that the deadlines that were "insisted on" were not "unambiguous." They were, in the language of the timetable itself, "suggested" deadlines. At the time this "suggested timetable" was made known, the Antiquities Authority would not say who "suggested" the deadlines (it was Strugnell), who had agreed to the deadlines, or what would happen if the deadlines were not met. Finally, no deadline for "the completion of publication" was included. This is why the "energetic steps have, by and large, been ignored." In the event, few if any of the projected deadlines in the "suggested timetable" have been met.

As to the percentage of the scrolls that have been published, Mr. Alter says that "Israeli authorities claim as much as 80 percent of the material has already been published; some critics put the figure at only 25 percent." The difference lies not so much in the estimate as in what the estimate is of. The critics, like me, who refused to accept the laggard pace of the official editing team, pointed out that the team had completed only slightly more than 20 percent of its assignment. Its assignment was to publish only the 500 fragmentary scrolls from Cave 4, of which, after nearly 40 years, it published about 100. When defenders of the team, like Mr. Broshi, say that 80 percent of the scrolls have been published, they are counting words; they include the large intact scrolls that were published early on by Israeli and American scholars, implicitly giving the Cave 4 team credit for publications with which they had nothing to do.

Martin G. Abegg, Jr., who, with Professor Ben-Zion Wacholder of Hebrew Union College, created the computer-generated transcripts of the scrolls, is not a "computer specialist," as Mr. Alter states. He is at best a computer buff, as he himself is the first to acknowledge.

The concordance from which these computer-generated transcripts were made was not "privately circulated" before being printed in an edition of 30 in 1988. Before this edition, there was only one copy of the concordance—on three-by-five cards in the basement of the Rockefeller Museum.

Mr. Alter says that the computer-generated texts produced by Wacholder and Abegg are not only "shady" but "shaky." I have already addressed the "shady" charge on the op-ed page of the New York *Times* (September 7, 1991), so I will not address that issue here. It is true, however, that people who objected to our publication of these texts, like Professor Strugnell, have said they are 20-percent inaccurate. A less biased source, Professor Hartmut Stegemann of Göttingen University, has pronounced the computer-generated texts that he is intimately familiar with (the Damascus Documents; Stegemann is charged with arranging the fragments in proper order) to be 98-percent accurate.

It is not difficult to understand why these texts are so accurate. The original transcriptions, made mostly in the late 1950's, were copied by men who are recognized on all sides as expert transcribers—people like Strugnell and J.T. Milik. The concordance was then made by other scholars who are also recognized for their careful work—people like Joseph Fitzmyer and Raymond Brown. Before entering a word in the concordance, Fitzmyer and Brown would examine not only the transcription, but the actual plate containing the fragment, and a photograph—usually infra-red—of the plate. If the concorder read the text differently in any way from the transcriber, the matter was discussed and resolved. After the transcription was computer-generated in 1991, it was reviewed and sometimes corrected by Wacholder, no slouch himself. The result is not nearly as "shaky" as Mr. Alter suggests.

Finally, Mr. Alter says that the "exclusive subject" of the Wacholder-Abegg volume is "a rotation of priestly celebrants." Not so. Without commenting on the importance of the Qumran calendar which is revealed in this "rotation of priestly celebrants" (the contents have not yet been subjected to scholarly analysis and interpretation), . . . I would only add that the volume also contains fragments of the critically meaningful Damascus Document. Even more important—something Mr. Alter could not know—the next volume of the Wacholder-Abegg project is ready to go to press. It contains more than three times as much material as the first volume. It will not make the front page this time, but it will supply scholars with exciting new texts (in Hebrew only, as Mr. Alter points out) to study and interpret.

HERSHEL SHANKS
Editor, *Biblical Archaeology Review*
Washington, D.C.

ROBERT ALTER writes:

On the essential question of the importance of the scrolls, I differ with Hershel Shanks only in regard to emphasis, though emphasis may be crucial. I clearly stated in my

article that the scrolls offer precious testimony about a historical moment that was hitherto known quite imperfectly, and Mr. Shanks cites several particular instances in which that testimony is proving instructive. What I objected to were the inordinate expectations as to what the scrolls might reveal about the origins of Christianity and rabbinic Judaism, and nothing Mr. Shanks says in any way tempts me to modify my view.

Let me briefly address Mr. Shanks's catalogue of claimed errors. There were two typographical errors in the piece, the initial reference to Yakov Sussman as Ezra, and the inadvertent substitution of Broshi for Drori as the man who insisted on deadlines for delivery of materials for publication. Surely someone with Mr. Shanks's experience as an editor could have figured out that these mechanical slips had nothing to do with a lack of familiarity with the facts. Indeed, Yakov Sussman's essential *Tarbitz* article, which I cite later in my essay, precisely confirms my own sense that the Dead Sea Covenanters represent an evolutionary dead end in the development of Judaism. As someone who has had occasion to request materials on deadline from other scholars, I can make no sense at all of Mr. Shanks's growling about suggested deadlines. You can set a date for a scholar and then urgently remind him, but if he refuses to deliver on time, you are faced with the choice of starting from scratch with someone else or chiding and waiting. Because of this lamentable circumstance, all scholarly deadlines are suggested ones.

I am mystified by the fuss Mr. Shanks makes about the percentage of the scrolls still unpublished: precisely what I said was that given the fragmentary nature of the materials, anyone was free to manipulate percentages to his own advantage. The quibble about Martin G. Abegg, Jr.'s professional designation is silly. Whatever Mr. Abegg's vocational attachments, he is enough of an expert to carry out the formidable task of using a computer to generate texts from a concordance, and he was identified in the New York *Times* as a computer expert. The reliability of the concordance itself, as Mr. Shanks himself concedes, is a matter of dispute. I made no claim either to have examined the concordance or to have done paleographic work with the scrolls, though at least some authorities who have done both raise doubts about the reliability of the concordance. But I do thank Mr. Shanks for informing me and my readers that the concordance existed only in a single copy on three-by-fives until 1988. John Strugnell consulted Yakov Sussman as well as Elisha Qimron on the MMT document (mainly because he needed help about questions of Jewish law, of which he is ignorant). This is surely not equivalent to inviting a scholar to join the international editorial committee, as Strugnell did with Emanuel Tov. On Père de Vaux's prejudice against Jews, I relied on the anecdotal evidence of people who had known him. In any case, a youthful affiliation with Action Française hardly suggests a great fund of sympathy toward the Jews.

As to the contents of the Wacholder-Abegg volume, I had forgotten that it included a few fragmentary variants of the Damascus Scroll (which already exists in two different manuscript versions), though the bulk of the book is certainly devoted to tables of rotation of priestly celebrants. It remains to be seen whether "scholarly analysis and interpretation" will manage to spin out of this historical straw the gold of illuminating evidence about Judaism around the turn of the Christian era, though it is understandable that Mr. Shanks, as the publisher of the volume, should live in hope of that magical transformation.

How to Be PC

To the Editor of Commentary:

There is often wit in Commentary that makes you smile, . . . but laugh out loud? For that pleasure we have Daniel Seligman to thank. His "How to Be Politically Correct" [January] hit one eye after another (not a bull's eye, which would be politically incorrect). Here are a few of my additions to his list:

Milk, whole milk, is not politically correct.

Opera is becoming politically correct, now that you can read the words being sung in the theater.

William Faulkner, who identified a good number of his people of color as being yellow, is not politically correct; moreover, he smoked a pipe (he smokes it on a stamp that must now cause the postal service uneasiness), which is, of course, politically incorrect.

Running for exercise is still politically correct, no matter the damage it does to knees; whereas swimming is not, swimmers being a kind of elite. You have to know something about swimming to do it.

Frederick Douglass is not politically correct.

Nixon will never be politically correct, but John Adams's opera *Nixon in China* is.

Integration is not politically correct, which is a tragedy. Speaking of which, tragedy is not politically correct. Hard choices are not politically correct.

Male behavior is not politically correct unless women are doing it.

Hate to say it, but Commentary is not politically correct, but then that's why your readers like it.

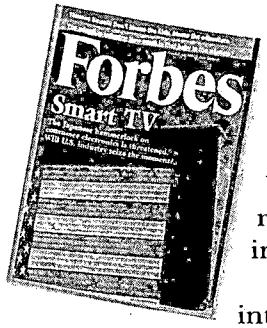
Thomas Putnam
Buffalo, New York



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Is America on the Way Down? (Round Two)

In our March issue, EDWARD N. LUTTWAK *argued that the United States is on the way to becoming a third-world country, as inferior to Japan as Brazil today is to us.* ROBERT L. BARTLEY *countered with the view that, far from being in a state of decline, the U.S. is still the wealthiest and most influential society in the world and is, moreover, heading toward even greater achievements in every sphere.*

COMMENTARY *solicited comments on this debate from a number of writers who have in recent years dealt with the allegations of American decline. Their responses appear below in alphabetical order.*

Peter L. Berger: The big dispute between "declinists" (a rather terrible term) and their critics is over the status of the United States as an economic power. Figures are hurled back and forth, trade deficits versus exchange rates, GNP (gross national product) per capita versus PPP (purchasing-power parity), and even more arcane econometric artifacts. Econometrics is a very imprecise discipline, best suited to dreamy, solitary types with a penchant for mysticism. Those who prefer a scientifically more rigorous approach to the world are better served by poetic intuition. Is the United States a society in decline? Here is a very strong intuition: people don't fall all over themselves in order to clamber aboard a sinking ship.

This, of course, is literally so in regard to immigration. To be sure, other affluent societies also find themselves pressured by large numbers of would-be immigrants, though the United States continues to be the destination of first choice worldwide. What is more important, though, is that the United States is the only major industrial society that has shown itself able to integrate people coming from just about anywhere—indeed, the only society that is both politically and culturally positioned to favor such integration. The Europeans are agonizing over the problem. As for the Japanese, they are heading quite rapidly toward a moment when a number of trends will converge: their critically aging population (the highest life expectancy and close to the lowest birth rate of any advanced society); their belief that married women should stay at home with the children; their hysterical aversion to letting in foreigners (especially fellow Asians) for longer than brief visits; and their twin illusions that all manufacturing can be moved offshore and that all domestic-service industries can eventually be staffed by robots. Perhaps some economists will someday stumble on the fact (hard though it will be to translate it into mathematics) that American attitudes toward immigrants, and the institutions that embody these attitudes, are a comparative advantage for the American economy.

But there is another, even more important, point to be made: huge numbers of people who cannot or do not wish to move to America imitate America where they are. Put differently, whatever may be the superpower status of the United States in political, military, or economic terms, American culture enjoys a status of worldwide hegemony, with no likely competitors in sight. This hegemony begins with language. A few years ago Claudio Véliz, the Chilean historian, wrote a delightful essay entitled "A World Made in English." True—and in *American* English. It is, of course, conceivable that one uses a language for purely instrumental reasons—say, as English is the *lingua franca* of international civil aviation—without thereby acquiring any other elements of the culture from which this language comes. In this case, however, that is very clearly not so: with American English comes an enormous package of other cultural components—habits, styles, institutions, values, entire world views. In this time and age one does not speak American innocently, as Iranian mullahs know well and as Komsomol officials used to know.

The world speaks American, sings American, dances American, dresses American, eats American. From Vladivostok to Valparaiso, millions of people of every race, color, or creed read or try to read the *Reader's Digest*, listen and dance to rock music, wear jeans, and eat cheeseburgers. This short list of items of American popular culture can easily be expanded until it includes a substantial portion of what constitutes the structure of

everyday experience. In the language of phenomenology, the "life-world" is being Americanized.

Anti-American ideologues have understood this process as one of cultural imperialism or colonization. If so, it is curious that it has occurred almost everywhere without any coercion or even much persuasion: the world is begging to be "colonized." Why? Because this package of American behavior and commodities *represents* a distinctive angle on life, one which is desirable because it seems to fit well with the aspirations of the great modernizing transformation. The language, the music, the physical movements, and all the material accouterments represent values. To be sure, in part they are simply the values of material well-being. But that is by no means the whole story. There are also such values as individual rights and self-expression, innovation and experiment, egalitarianism, a distinctive sense of humor.

To say this, of course, is not to give blanket approval to every aspect of this triumphant popular culture, some of which one might find unattractive, even repugnant. Rather, it is simply to state a fact: American popular culture is absolutely dominant worldwide, and this dominance relates to styles of life and institutions that go far beyond popular culture—to the relations between the sexes and the generations, between rulers and ruled, and thus finally to the core institutions of democratic capitalism.

The status of American "high" culture is less absolute, less dramatic. It is quite dominant all the same. American *ideas* move powerfully around the world, too. The American goddess of democracy erected by the protesting students in the heart of Beijing was the most poignant image of this dominance. But here, too, there is a large package, this time an ideational one. It contains the value systems of romantic love and of education, of psychotherapeutic self-cultivation (in various denominational versions), of feminism, environmentalism, and other emancipatory gospels yet to be born. Asia Minor was once called the *vagina deorum*, the womb of the gods; today that womb is the American idea industry. Again, these doctrines and cults may be deemed severally good, bad, or indifferent. The point here, quite simply, is that they are *American* doctrines and cults. And, last but not least, the most dynamic and universally expanding religious movement in the world today is an evangelical Protestantism of unmistakably American provenance.

Is it possible that this cultural explosion goes hand in hand with the onset of economic doom, a final screech, as it were, of the owl of Minerva? It is possible. But it is not very likely. Actually, at least some of the reasons why it is unlikely might be put in econometric terms.

PETER L. BERGER *is University Professor at Boston University and the author of* Pyramids of Sacrifice *and* The Capitalist Revolution, *among other books.*

Francis Fukuyama: Paul Kennedy, in *The Rise and Fall of the Great Powers*, played a clever trick on conservatives by linking the question of decline to American military spending, causing them to see any discussion of decline as a politically motivated attack on the U.S. position in the world. But America has been in a long-term decline for reasons having nothing to do with defense spending, and Edward N. Luttwak has performed a service in delinking these issues. While long-time readers of Luttwak will note a familiar rhetorical overstatement of his case, I believe that we would do far better to heed his analysis of America's present situation than Robert L. Bartley's. While American values have triumphed around the world in recent years, it will do us no good to kid ourselves that everything is right with America. The fact that we can produce custom-built precision munitions is no consolation for not making decent automobiles. As with a star that has gone supernova, the light emanating from the United States continues to shine brightly at the periphery of the universe where it is observed by various Russians, Chinese, Lithuanians, and the like; but the energy at the core is rapidly extinguishing.

The first problem with Bartley's argument is that he measures national success by consumption, at which Americans are without question good. He takes comfort in the fact that the American standard of living, measured by factors like the ownership of automobiles, televisions, VCR's, and houses, is superior to that of other developed countries, including Japan. But that is just the problem: anyone can borrow a lot of money and throw a big party for himself, and if you measure your success by how much you have consumed, you will have done well. Yet in the long run, you (or your children) get to spend only what you produce. Those Japanese, with their small houses and long commutes on public transportation, are busy saving the difference between what they consume and produce, and lending it back to Americans so the latter can keep up their consumption of Japanese automobiles, television sets, and VCR's.

Bartley's relaxed attitude toward the trade deficit and the "hollowing-out" of the American manufacturing base would be appropriate if it were clear that the chief aim of everyone in the international economic system was the maximization of consumer welfare, as is arguably the case with the United States. Luttwak's concept of "geoeconomics" attempts to articulate the fact that, contrary to the assumptions of liberal economic theory, economic activity also serves the national-security and prestige goals of nations, such as the control of leading-edge, high-value-added technologies. Life in a world filled with neomercantilist states like Japan means that the distribution of manufacturing capabilities between them and a more classically liberal state like the U.S. does not simply reflect "comparative advantage." I am

not sure that the solution to this problem is for the United States to resort to neomercantilism itself, as Luttwak at times seems to suggest. But we will not be happy if, as a nation, we become exclusively purveyors of potato chips rather than computer chips. There is something wrong with an economy that employs 70 percent of the world's lawyers, and in which experienced programmers can be hired away by the Japanese for much less than the salary of a first-year associate in a New York law firm.

AT THE root of our current economic difficulties is the problem of education, which Bartley mentions only in passing. Anyone with school-age children will know that we have let our public-school system deteriorate to an incredible extent over the past couple of generations. This wound is entirely self-inflicted, and has less to do with lack of public support for education than with the system's capture by a top-heavy and closed educational establishment. Multiculturalism is only the latest in a series of educational fads to which we have exposed our children. Bartley rightly celebrates the information revolution, but this revolution has come at the expense of the traditional working class, whose children are wholly dependent on the public-school system to give them skills appropriate to a 21st-century economy. If they continue to be marginalized by a faltering school system, we will have retreated considerably from that equality of opportunity essential to American democracy. Much as vouchers and other market-oriented solutions may help, they are not a substitute for a serious education policy, which in the final analysis has to be a responsibility of the state rather than of markets.

Beyond the economic decline is a clear-cut deterioration in our moral life. If there is any broadly felt sense of malaise in the U.S. today, it has to do with the decline of *community*—from the breakdown of the family, to the prevalence of crime, to the loss of any meaningful sense of neighborhood, to the fragmentation of national purpose. Most of us could recognize in Tom Wolfe's novel *Bonfire of the Vanities* our America, a place somewhat less appealing than the one celebrated by Bartley. This disintegration comes from deep within the heart of liberalism and the cult of rights it promotes. The retention of a society in which the moral bonds linking individuals have not been so badly frayed may in the end be a more important strength of contemporary Asian societies than their economic efficiency.

With the exception of the last point, these problems do not reflect any fundamental crisis of our civilization—as Bartley quotes the former French Foreign Minister, Jean François-Poncet, they are not anything that could not be fixed by a 50-cent-per-gallon gasoline tax. Yet I have not seen anyone in our political class (least of all on the *Wall Street Journal*'s editorial page) willing to advocate even so minor a tax. I would like to be optimistic about the ability of American democracy to rise to this challenge, but it will certainly not happen if conservatives in this country spend their time asserting that no significant deterioration in American life has occurred.

FRANCIS FUKUYAMA, *the author of* The End of History and the Last Man *(Free Press, 1992), is currently a resident consultant at the RAND Corporation.*

George Gilder: We all knew that regardless of any peace dividend, there would be certain transitional problems in the passage to a post-cold-war world, but no one led us to expect the grisly traumas of demobilization now being suffered by Edward N. Luttwak. There should surely be some government program to ease the strains of conversion of such a powerful military thinker into an analyst of domestic affairs.

In any case, Luttwak shows much promise. Apart from his stylistic felicities, he excels most professional analysts in recognizing that the key social problem is female-headed families, that our educational system is foundering on a lack of discipline and standards, and that the U.S. suffers from "the most original invention of American statecraft: representation without taxation to extract 'entitlements' galore. . . ." If he pursued this line of thought further he might grasp that the vagrancy problem which so exercises him is caused not by some dire national decline but by the extension of welfare entitlements to the many millions of indigent people unable to fill out the forms for AFDC but nonetheless fully able to figure out how to qualify as homeless.

Luttwak also might connect all his portentous per-capita income data to the fact that, unlike his favored foreign countries, the U.S. has a population and workforce that has been expanding rapidly. Some 40 million new U.S. jobs were created since 1970, while job formation and population growth in Europe and Japan have inched up at a slow pace.

Luttwak's airport index of national prospects shows conceptual creativity, but he is weak in application. Tokyo's Narita is one of the world's dingier aerodromes, less "shiny" by far than O'Hare, Miami, Dallas-Fort Worth, Los Angeles International, Seattle-Tacoma, Las Vegas, and several other American airports. As a newcomer to domestic journalism, Luttwak is allowed one article, I suppose, resorting to the taxi driver as political and economic consultant and symbol. But I hope this is the last. Anyway, in my experience, U.S. taxi drivers, outside of New York City, have a distinctly better command of English than do Tokyo's.

On trade, Luttwak suffers from the outdated notion of a significant distinction between assets (land, hotels, technologies, corporate equities) and products (computers, capital equipment,

films, software packages, sides of beef, oranges). In the current world economy, assets have become as reproducible and tradable as any other products or services. The chief difference is that when the Japanese buy an orange or a side of beef, they eat it and we do not have it any more; but after they buy the hotels or the technologies, we still have them, along with new funds to direct toward the creation of yet more valuable assets in the future. That is why all during the period when the Japanese were buying U.S. assets, total American assets were growing at an unprecedented pace and the average U.S. citizen approximately tripled his asset holdings.

Apparently unconscious of the globalization of capital markets, Luttwak seems to suppose that dollars accruing to a foreign firm are less likely to be invested in the U.S. than the dollars of an American firm. But in either case, the capital will flow toward the best opportunities; Barton Biggs of Morgan Stanley knows how to buy foreign equities just as well as Sony's Akio Morita does. In recent years, Honda has invested a larger portion of its profits in the U.S. than has Ford. If the U.S. creates a bad investment climate by barring outsiders, both Americans and foreigners will send their investments elsewhere. If the U.S. favors entrepreneurship and creativity, both Americans and foreigners will continue to send money and talent here and we will continue to run a trade gap in the less important categories that Luttwak stresses.

Of course, if the U.S. fails to keep pace technologically or goes into a siege of bashing the rich and competent, the Japanese will become the world's dominant power. But even if so, U.S. citizens will be better off than if both countries fail. Luttwak's long preoccupation with war, which is truly a zero-sum contest, ill befits him for the complexities of positive-sum trade.

Luttwak is a fan of reciprocity and balance in trade and investment. I agree with Robert L. Bartley that they are, at best, numerological fetishes that distract us from everything important. Nonetheless, Luttwak does not even get the facts right. The Japanese have permitted a massive American invasion of their economy in recent years, and if Luttwak had opened his eyes after leaving Narita, he would have seen evidence that the Japanese now buy more U.S.-brand merchandise per capita than Americans buy Japanese-brand merchandise. Of course the real picture is more complicated than this, but it in no way justifies Luttwak's xenophobia.

I am sure that Luttwak won't believe it, but the U.S. is still doing fine in the technology race. Not only are we keeping pace with the Japanese in largely complementary fields, we are far outperforming the Europeans, who have chosen Luttwak's policy of excluding Japanese products and investments. During the 1980's, the U.S. expanded its global market share in total manufacturing, in manufactured exports, and in global capital-equipment sales. Just as all industries, including consumer electronics, are engorged by the expansion of digital computing, the U.S. holds more than 60 percent of the world market in computers, software, key peripherals (such as hard-disk drives and printers), and leading-edge microchips (such as microprocessors, chip sets, programmable logic devices, flash memories, and digital signal processors). The U.S. has three times the computer power per capita of Japan or Europe.

As the world moves into a new era in communications, spearheaded by wireless telephony and fiber-optic video, the U.S. also maintains huge strength in communications equipment and services and is the global center of both the cellular-telephone and cable-TV industries. All of these industries, incidentally, were utterly dependent for their growth on Michael Milken's junk bonds, which Luttwak ridicules. Luttwak finds General Instrument's role in digital HDTV "pathetic," but I assure him that the shareholders do not, as General Instrument will not only gain the flow of royalties that he disdains but is also likely to produce most of the cable-converter boxes, satellite descramblers, and other digital devices that will capture much of the hardware profit in the industry. In fact, the greatest beneficiaries of digital television, as I have pointed out elsewhere, are likely to be U.S. computer companies.

No one can deny the many portents of Japanese advance in cars, machine tools, robotics, supercomputers, memory chips, and leading-edge capital equipment, or Japanese dominance in consumer electronics. Fears of a U.S. collapse, however, are countervailed by the powerful U.S. position in computers and other electronic systems. In 1991, U.S. output of electronic systems was some $216 billion, almost twice Japan's production and nearly equal to Japan and Europe put together. Even without military production, the U.S. produces over 50 percent more electronic gear than Japan. In software, the U.S. controls nearly two-thirds of the world market.

Decisive in all depictions of a dramatic Japanese gain in market share during the 1980's is the collapse of the value of the dollar, largely engineered by trade-gap fetishists (like Luttwak). For example, between 1985 and 1988, when the biggest Japanese market-share gains were reported, Japan's output of electronic equipment rose 61 percent. During that same period, however, the yen rose 90 percent against the dollar. Measured in yen rather than dollars, Japanese output actually declined, while U.S.-dollar output rose 20 percent. The dramatic alterations in market share are mostly a figment of global monetary shifts rather than changes in technological competitiveness.

One part of the explanation for real market-share losses by American firms is the inevitable slippage of the innovator. As radical innovations

become routine products, the pioneer always loses share from the period of his original monopoly. If, like Luttwak, you keep your eyes on the declining dinosaurs (analog consumer electronics, commodity microchips) rather than on the ascendant industries (microprocessors, digital video), you might imagine that the leader (the U.S.) is actually falling behind.

Today, for example, market-share data would suggest that the U.S. is losing ground to the Japanese in supercomputers. A better way to put it is to say that the U.S. is shifting ground in supercomputers, from machines with one to eight processors to massively parallel machines with up to 64,000 processors. The Japanese have indeed caught up in conventional supercomputer hardware, but U.S. entrepreneurs have changed the rules of the game.

IN SUM, the Japanese represent a major rival to the U.S. across the range of high technologies. But, despite the array of evidence offered by Luttwak, the U.S. remains on top in the information industry and promises to stay on top through the next decade.

In a world of increasingly global companies, the biggest short-run threat to U.S. supremacy, in fact, is not the Japanese government and its industrial policies but the U.S. government and its obsession with dominating the "entire food chain of electronics" for reasons of national security. No nation will ever again achieve the kind of industrial dominance and autonomy held by the U.S. after World War II. The new high-tech economy is globally interdependent. Nations that seek technical autarky will lose ground to nations open to the best ideas, immigrants, and technologies from around the world.

In the future, the balance of immigrants and ideas will be far more important than the balance of trade. Fast-growing and innovative nations will usually attract capital from around the world and thus run trade deficits. The U.S., for example, ran a trade gap for the first 150 years of its history as it used foreign capital to open the frontiers of the American West. Today, opening the frontiers of the information economy, the U.S. again attracts capital and runs trade deficits. But competitors should not on these grounds rush to sell short the American future.

To be sure, as Luttwak points out, there are serious clouds on the U.S. horizon. The long-term future of U.S. competitiveness depends on the success of the reform movements in education. With more school administrators in New York State alone than in all of Western Europe, the U.S. leads the world in educational bureaucracy and lags pathetically in educational achievement. This is no coincidence. Recent studies by the Brookings Institution show that in general the more bureaucrats in a school, the worse its performance. Also afflicting the schools is deterioration on the home front. Like many Western nations, the U.S. is suffering from a siege of family breakdown and from resulting outbreaks of crime, violence, and drug addiction. Ultimately the success of the U.S., as of all other societies, will depend on the moral fiber of the nation's families, the source of the human capital that is crucial in the coming age of information.

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Harvey C. Mansfield, Jr.: Edward N. Luttwak declares with a certain relish that the United States is headed downward into poverty and disgrace. It is not the first time we have heard a dire forecast for our country, and we know that at some time it will come true, since everything human is mortal. But one could wish for a more responsible formulation than Luttwak's, one that would tell us what to do. What is the cause of our plight and has it a remedy? It makes no sense to sound off without first having made a "search for the deeper sources" of the trouble, the inquiry that Luttwak sets aside. A messenger of bad news will be kicked, and deserves to be, if he offers nothing but discouragement.

In fact, Luttwak does not seem to understand his own bad news. His theme is economic failure, but what really (and rightly) riles him is moral outrage over the impunity of louts, loiterers, and "unkempt urban vagrants" in contemporary America. He makes no mention of America's tremendous victory in the cold war, topped off by sensational success in the Gulf War. Those were triumphs for the American way of life in politics and economics. But they left strangely untouched the critique of our way of life that comes from our anti-bourgeois culture and postmodern philosophy.

It is perhaps not so serious if our friends overtake us in some respects by imitating our system and acquiring its virtues. America has always intended itself as a model for mankind. Since our principles are universal, we have no right to begrudge the result of their acceptance by others. What would we have had the Japanese and Germans do instead of what they have done since World War II? American self-interest has nothing of its own to cherish when it denies the right of others' self-interest.

What should concern us is not so much a failure to be first in everything as the possibility that we no longer believe in ourselves, i.e., in our principles. Our principles are self-interest and its accompanying bourgeois virtues, for self-interest does not work well without honesty and responsibility and it does not generate those virtues on its own. Luttwak suggests—he does not say—that our culture today, by simultaneously denying the legitimacy of self-interest and the value of good

character, is the cause of mediocre economic performance. One could add that it is perhaps also the cause of political and constitutional ills which might be summarized as following from the attempt to make government guarantee happiness rather than protect freedom. That attempt does not destroy self-interest but only links it to loutishness and another less visible form of dependency rather than to bourgeois virtue. Louts are dependents who express their frustrated desire for freedom in surliness. More worrisome than louts are the yuppies, who find respectability in buying fancy new things and in living the life of live and let live. Their dependency is disguised by their informal manners, by their lack of interest in public affairs, and even by their economic productivity. Both kinds of dependent are bad citizens, a worse fault than being unproductive.

WHAT Americans need to do in the aftermath of victory in the cold war is, first, celebrate it. We should be proud of the bipartisan policy of containment that we sustained for 45 years despite all the difficulties republics have in keeping to a long-term enterprise. Victory was unexpected but not undeserved, and we owe ourselves a pat on the back. Our present gloomy mood, to which Luttwak contributes, is unbecoming and unreasonable.

Next, we should rethink the connection between our philosophy and culture, on the one hand, and our politics and economics, on the other. Why are they now so strikingly at odds? We have a postmodern philosophy that continues to attack modern progress even after totalitarianism, the worst political evil mankind has ever known, has been defeated and discredited for the foreseeable future, and American democracy has been vindicated as a model and a shield for all peoples. The same philosophy asserts that everything human is historical and hence denies the existence of a permanent human nature in which self-interest might be embedded. It therefore cannot explain why Communism, which ignored self-interest, failed to work; for according to the historicist view every system is adequate to its time and must "work" by definition.

Together with this philosophy we have a culture that is aggressively anti-bourgeois and intent on shocking and ridiculing the American citizen and the American entrepreneur. In our country now we have a culture war (James Davison Hunter has described it well in his *Culture Wars*) between those who want to be "inclusionary," i.e., overlook all standards of bourgeois virtue, and those who want to apply those standards to all, even when they cause "disparate impact" on the poor and the less favored. In the former camp are almost all our culture-makers.

When I reflect on the discrepancy between our success and our self-hatred, I am unable to share the optimism of Robert L. Bartley. He offers the second industrial revolution as our salvation, while admitting that the first was more threatening to freedom. But suppose that the second revolution, while eroding the power of governments, should do the same for individuals, leaving them isolated and impotent in the "individualism" that Tocqueville predicted for us. And what of the third industrial revolution? What will it do to us? Science and technology, which originated in the desire of men to gain more power over their lives, seem instead to have left them as much or more in the grip of chance. It seems impossible to be sure that science is the friend of human freedom, but we are surely wedded to it, for good or ill, as a power of tremendous consequence in our lives whose future course we cannot foresee. Of our politics and economics, however, we should be more confident. They have served us well, and they have prevailed, so far, against the criticisms of our deep thinkers.

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Joseph S. Nye, Jr.: Remember July 1990? Saddam Hussein had not yet invaded Kuwait, and the Soviet Union had just agreed to the reunification of Germany. The leaders of the Group of Seven top industrial nations held their annual summit in Houston, and the papers were full of stories about the new German and Japanese superpowers. "The cold war is over," wags said, "and the Germans and the Japanese won."

A year later, the Group of Seven met in London, but there were no stories about new superpowers. Contrary to the declinist view that nothing works in the United States, the high-tech weapons and the military bureaucracy performed well in the Gulf War, and Mikhail Gorbachev, leader of a collapsing Soviet superpower, came to London to appeal for aid. The New York *Times* referred to the summit as "a rude lesson in how quickly the world balance can change." But the world balance does not change nearly as quickly as do the fads in how we look at it.

The end of the cold war has produced strange realignments in American politics and policy debates. Patrick J. Buchanan sounds like an early 70's Democrat in urging America to come home, and Edward N. Luttwak has joined Paul Kennedy in proclaiming America's decline. Luttwak tells us that "the totality of all the numbers contains irrefutable evidence," then admits that his straight-line extrapolations and use of current exchange rates (rather than purchasing-power parities) may be misleading. Indeed they are, along with his selection of anecdotes. If one compares only the bad in the present with the good in the past, it is child's play to show decline.

"Revivalists," to use the term Paul Kennedy

applied to my book, *Bound To Lead,* are not blind optimists, but we think that the talk of American decline has gone too far. As I showed in that book, the declinists are right that the United States is not as dominant economically as it was during the middle of the century. Right after World War II, the United States accounted for nearly half of world production; today we represent about 23 percent. But the higher figure was due to the effects of the war, which strengthened the United States while it weakened everyone else. For the next three decades other countries recovered their health and the American share of world product returned to its prewar levels. Since the mid-1970's, however, the American share of world product has held stable. Moreover, if one uses purchasing-power parities, which correct the current exchange rate of currencies for what the money will buy in the local economy, our share both of world product and of the seven summit nations actually increased slightly in the 1980's. This is a far cry from Luttwak's comment that the path has been "straight downhill."

THIS does not mean the United States is free of problems. Some things are worrying. Not only do serious social problems like drug abuse and violent crime disrupt urban life, but important industrial sectors like consumer electronics and automobiles have slipped badly in market share. Household savings dropped from 7 percent in the 1970's to 4 percent in the 1980's, and the annual increase in our labor productivity, which averaged 2.7 percent in the 1950's and 60's, fell to 1.4 percent in the 1980's—and it is the increase in labor productivity that allows businesses to pay higher wages without an inflationary effect.

There is also good news. The overall economic growth rate of 2.6 percent per year over the past two decades is above our 2-percent long-term historical average. The U.S. share of industrial countries' manufactured exports dipped in the mid-1980's, but ended the decade at about the same 16-percent level at which it started. Contrary to fears that we were losing our industry, manufacturing slightly increased its contribution to the GNP, and productivity in manufacturing increased by a healthy 3.5 percent per year in the 1980's. The United States has a strong science-and-technology base, a deeply rooted entrepreneurial tradition, and well-developed capital markets. And contrary to conventional wisdom, public-opinion polls show that the American work ethic remains stronger than in many other industrial democracies. Luttwak may extol Europe, but as Robert L. Bartley shows, in terms of Schumpeter's picture of capitalism as "creative destruction," the United States and Japan are adapting to the revolutionary information-based economy better than is Europe.

Some people cite our debate over decline as a sign of sickness, and note that a strong person (or economy) does not worry about its health. But if concern about decline is proof of its presence, America has been finished since its start. The Founding Fathers were already worrying about decline in the 18th century. Anxiety returned with the closing of the frontiers in the 1890's, and more recently after the Soviet Union launched Sputnik in the 1950's.

Unlike our human bodies, nations are capable of rejuvenation or new starts. Britons who wrote about their country's decline after it lost the American colonies in 1783 did not anticipate the industrial revolution or the Victorian era. Similarly, someone looking at the greed, shortsightedness, and weak political leadership in the United States in the 1920's might wrongly have concluded that the country was in a long-term decline.

None of this is grounds for complacency. Unattended, the domestic problems described above will eat into our prosperity and strength like worms in the woodwork of a solid house. However, we have faced equal or larger problems in the past; and exaggeration of our current problems may foster inappropriate responses. The key to success will be to remain open to the outside world and adaptable to change. Social flexibility, class fluidity, and economic openness are American advantages compared to Europe and Japan. It would be ironic if fears of American decline or isolationist impulses led to policies of protectionism, resistance to foreign investment, and rejection of immigrants. Such responses would mean turning our backs on the characteristics that brought us where we are. Americans need to be confident, but not complacent, so that America's capacity continually to reinvent itself may again prove to be our hidden strength.

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Paul Craig Roberts: Edward N. Luttwak would have fared better in his exchange with Robert L. Bartley if he had emphasized more the ruination of our legal system, the difficulty of political leadership in a balkanized society, the demoralization of the workforce by employment privileges known as quotas, and our crazy policy of taxing capital. Instead, he relied on spurious income statistics, decline from an artificial post-World War II peak, and the shoddiness of our over-regulated public-transportation system. Nevertheless, I am also uncomfortable with Bartley's *tour de force,* which rightly stresses the problems we have overcome and notes that there will always be an abundance of decline in a dynamic society as group and sectoral hegemonies are undermined by change.

Not being himself an economist, Luttwak relies on the misleading statistics of establishment economists whose own decline would be a great

boon to our welfare. Designed to bash Ronald Reagan and to encourage income and wealth redistribution, these statistics tell us nothing about our economic condition. They have hoodwinked Luttwak into believing that "the vast majority of all working Americans are earning less and less." I do not have the space here to display the full inventory of statistical tricks used to paint a false picture of the 1980's. However, Luttwak needs to know a few of the ways in which he has fallen victim.

He relies on non-farm, non-supervisory payrolls for his idea that incomes are declining. However, what he has found is one of those areas that are in decline while things are getting better elsewhere. Non-supervisory payrolls ignore the growing share of the workforce in higher-paying jobs requiring greater skills. In testimony on August 5, 1988, Janet L. Norwood, the commissioner of the Bureau of Labor Statistics, told Congress that jobs requiring little training are "not growing as fast as those that require a lot of training." Indeed, experts now acknowledge that the Reagan expansion created skilled jobs at a more rapid pace than our bureaucratized educational system could produce people to fill them, the result being a "skills gap."

Luttwak also needs to know that, due to a peculiarity in the consumer price index (CPI) that was not corrected until 1983, inflation-adjusted real-income data understate the real-income growth in historical comparisons by overadjusting for inflation. Social Security payroll data and Census Bureau median income data show impressive income gains during the 1980's. Economists like Paul Krugman and Benjamin Friedman hide this success by averaging it with the poor performance of the 1970's.

OPEN, dynamic societies fare better than societies run by a tight group of elites or by government planning. The tension in our society moves between two extremes. We have to maintain enough commonality to hold together, but not so much as to come under the sway of fossilized elites, who are forever tempted to turn an entrepreneurial society into one that pays rents to privileged and protected interests. Too much stability works against an entrepreneurial society. The bigger government grows and the more resistant to change society becomes, the more likely it is to decline.

Ronald Reagan, at least initially, opened things up, and upstarts and new wealth arose. Now reaction has set in, the economy is suffering, and new leadership is not apparent. In the 1990's the economy might not do as well as in the 1980's. This would give declinists a new lease on life. Established elites, of course, would be quick to turn an atmosphere of decline to their advantage by expanding the state at the expense of an opportunity society. Bartley's triumphant optimism, soundly based on real successes, could give way, as he realizes, to a society driven by neurotic fears to seek security at all costs.

I WOULD like to mention three other things that imperil our future, largely because they are seldom remarked upon or even noticed. In the past quarter-century our legal system has eroded in two ways that threaten our existence as a free society. One erosion stems from the development of status-based law by actions of the Equal Employment Opportunity Commission (EEOC), the Department of Labor, and the federal judiciary, contrary to the clear statutory language and legislative history of the 1964 Civil Rights Act. For the sake of a higher cause, liberals winked at the law and instituted a "temporary" policy of racial, and now gender, quotas to jump-start integration. However, as law and history show, privileges are never temporary, and status-based employment and other privileges have become hereditary entitlements that undermine equality before the law. Moreover, these privileges are spreading. A status-based legal system, of course, is the antithesis of a free society.

The other danger to our legal system comes from the new aggressiveness of the state (dating perhaps from Robert Kennedy's pursuit of Jimmy Hoffa) in going after "white-collar" defendants, the aggressiveness of lawyers and judges in unleashing tort and civil liabilities, and the rise of unaccountable administrative law. Together these developments undermine our property rights and the protections our legal system provides against Star Chamber proceedings.

Our legal system is under attack in a variety of other ways as well. The basic legal principle that there can be no crime without intent has been undermined by: criminal indictments based on "novel theories" by the prosecutors; the criminalization of accidents, as in the Exxon *Valdez* case; the use of vague securities laws to indict Michael Milken and others; and the use of statistical disparities to prove discrimination regardless of intent. Oliver North's attorney, Brendan Sullivan, astonished a recent meeting of the Federalist Society when he revealed that Independent Counsel Lawrence Walsh subpoenaed him to testify against his own client before a grand jury. The extensive wetlands regulations have no statutory basis. And so forth.

Finally, there is the land mine at the very basis of Western thought. The philosopher Michael Polanyi argued that we will not understand the history of the 20th century until we can see it as the outcome of an inconsistency at the foundation of our intellectual frame of mind. The 18th-century Enlightenment had two results that combined to produce a destructive formula. On the one hand, Christian moral fervor was secularized, which produced demands for the moral perfection of society. On the other hand, modern science called into question the reality of moral motives. From the one we get moral indignation,

and from the other, moral skepticism. These two disparate tendencies can be reconciled only by a joint attack on existing society. One focuses moral indignation against society, while the other preempts society's defenses.

I have never discovered anyone, other than myself, who has paid any attention to Polanyi's seminal insight. Formerly, liberals thought Polanyi was attacking their cherished Enlightenment, and they closed their ears. Today, it is merely routine to attack the Enlightenment, along with common decency and anything that sustains civilized life. What I have called the "denunciatory ethic" is the way we have come to demonstrate our moral independence from vested interests, and it presents great barriers to the affirmation of our civilization and its organizing principles.

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Irwin M. Stelzer: Game, set, and match to Robert L. Bartley. Indeed, so complete is his destruction of Edward N. Luttwak's declinist drivel that there is little one can add. But a few points are worth emphasizing.

Most important is Luttwak's confusion of relative with absolute decline. To prove that the United States is headed toward third-world poverty, its children unemployed or reduced to selling their bodies in Japanese whorehouses, Luttwak reels off statistics that he says show that "By 1980, the pattern of decline had already set in." Two problems. The first, as Bartley notes, is that Luttwak simply has no idea of how to make meaningful economic and statistical comparisons—or, worse, does know how, but chooses distortion instead. He cannot in the end answer the most basic question: if America is indeed such a disgusting, clapped-out country, why is it the country to which the world directs its capital, and which is the preferred destination of escapees from truly third-world countries from Haiti to Russia? Very few Americans seek permanent residence in Japan or Germany; ask any Japanese if he prefers a Tokyo suburb, with its miserably small houses, to Beverly Hills. (Bartley, by the way, did not have housing statistics handy. Here they are: newly built American houses average 2,000 square feet, new Japanese houses half that.)

The more fundamental problem is that Luttwak uses data relating to *relative* economic performance to support his assertion that America is in *absolute* decline. Immediately after claiming that "the pattern of decline ha[s] already set in," he cites data showing that other countries are closing the productivity gap. We continue to improve, but others improve even faster, says Luttwak. So we are somehow diminished by the rising prosperity of others! Luttwak is clearly aware of this problem with his argument. He slyly says that we will become a third-world country (whatever that is) "at least by Japanese standards" and that our economy is in severe decline "by world standards," thereby hinting, without quite saying, that his data refer to America's position *relative* to other nations. Even if true—and it is not true—such a relative decline hardly carries the dire consequences of an absolute decline. We can do very nicely even as others also improve their lot.

THESE technical problems with Luttwak's article pale into insignificance, however, when compared with the elitist diatribe against America lurking just below the surface of his screed. Luttwak compares the polite, white-gloved Japanese taxi driver with New York's "unkempt lout who resembles his counterparts in Islamabad or Kinshasa." The xenophobic Japanese, of course, have no immigrants they care to accommodate: their pursuit of racial purity is sufficiently savage to warm the cockles of David Duke's heart. America is, blessedly, different. True, it is irritating when a driver, recently arrived from Russia or Iran or Israel or Lebanon, cannot find Grand Central Station. But grin and bear it: his children, or at worst his children's children, will soon be contributing the skills and drive with which newcomers have traditionally enriched the American economy.

Indeed, Luttwak's entire account of travel from Tokyo's Narita airport to New York's Kennedy airport is a silly contrivance. Everyone knows that the infrastructure of the increasingly wormy Big Apple is not typical of the rest of the country. New York City is in particularly bad shape, sapped by liberal economic and social policies that are destroying its tax base. And its facilities are old. Fly to Orlando, Denver, or Phoenix, or even Chicago, and you get a different picture. True, the facilities are crowded relative to those of other countries. But that is because almost everyone in America can afford to fly. The American students who Luttwak says are doomed to stay in Europe's cheapest hotels regularly buzz around their own country to visit relatives, drink beer on the beaches, ski, or sample the cultural delights that are no longer found in only a few large cities. Fares here are a fraction of those in Europe and Asia, thanks to airline deregulation; they are the envy of the world's businessmen and tourists. Luttwak stands in line at American airports because others can afford to take equal places on that line—a phenomenon that intellectuals often find an offensive reminder that society does not accord them the deference to which they feel entitled. After all, few of the others in that line, and certainly none of the "unkempt louts" who maneuver their cabs to Luttwak's hotel, have ever published in COMMENTARY. How dare they jostle him, or decline to wear white gloves while schlepping his bags!

One could raise dozens of additional problems with Luttwak's Complaint. It is highly unlikely that producers of HDTV receivers will, as he contends, "earn each year" what comes to $1,000 per television set; there is nothing wrong with preferring royalties to manufacturing profits or to sharing risks by entering into joint ventures with foreign firms; our economy is invigorated, not sapped, by the decline of its corporate behemoths and their replacement by small entrepreneurial competitors; and the availability of efficiently made, maintenance-free Japanese cars and consumer-electronics products has enriched, not impoverished, Americans whose real incomes rose steadily until Bush abandoned Reaganomics in favor of Darmanism and the Brady Bunch.

Now, the obligatory, balancing conclusion. None of this is to say that America is without problems. Luttwak is right to worry about police without power to cope with vagrants, and the anti-educational impact of a multiculturalism that now forces radio stations to stop identifying Washington's footballers as "Redskins." But he is wrong to think America is in decline, and dangerously wrong in his protectionist prescriptions for its reversal. Neither he nor Patrick J. Buchanan can lock out the world's goods and capital without producing the very decline in living standards that Luttwak says he fears.

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Jude Wanniski: My inclination is to agree with both Edward N. Luttwak that America is in decline and with Robert L. Bartley that it is in ascendance. On a graph that would cover the last 200 years, the trend line would climb for 175 years and fall for 25. On a graph that would cover the last 25 years, the trend line would fall for fifteen, but move up for the last ten, although the last two years have been weak. This downward blip coinciding with the Bush recession cannot be ignored. Unless it is corrected, the upward trend that Bartley really identifies with the Reagan years will be seen merely as an upward blip on the secular decline of America toward the third-world standing Luttwak anticipates. My guess is that this decline will be arrested in the relatively near term, and that America will head into the 21st century in a big way. The idea that the American Century is over and done with is not correct. The century was spent struggling against the obsolete forces of the Old World, a process now essentially complete. America's 21st century will be equivalent to Britain's 19th, the *Pax Americana* of an "American Empire."

Luttwak's arguments should be appreciated for trying to probe for chinks in the edifice of "America-is-the-greatest." His images of the almost-third-world experiences encountered by a traveler arriving at Kennedy airport and making his way to a Manhattan hotel ring true; the experience of "chronic disorganization of perfectly routine procedures" can be duplicated in many other instances of daily life. Yet that is hardly sufficient as a basis for his thesis of declinism, and his data regarding savings rates, productivity rates, income levels, etc. are skewed, inaccurate, and confused. He presents indications of American decline, but does not identify the dynamic at work that supposedly accounts for the slide. And his perspective is completely linear.

Bartley's rejoinder, while nicely exposing the declinists' straw man as a creation of their own anxieties, is a bit too mechanical, displaying almost boiler-plate optimism. In terms of recent trends, much of the bullish side of America's power is based on the victories scored by supply-siders and their allies in the Reagan years. Yet Reagan's "heir apparent" has been presiding over the dismantling of those victories, which Bartley presents as immutable. Just as we have to ponder the Coolidge Roaring 20's giving way to the Hoover Depression of the 30's, we have to consider the possibility that just as surely as Reagan was in Coolidge's lineage, Bush is in Hoover's. Bartley does not do so.

I am also unfavorably struck by Bartley's observation that "the onslaught of modernity has not been good for institutions such as the family." Is it "modernity" or simply the inflation of the last 25 years which, when combined with ever more onerous rates of taxation, battered and disrupted the stability of the American family? An American ascendance would have to see the repair of institutions such as the family, or I would doubt the ascendance.

MY OWN view is that the 20th century has been taken up with historic experiments in socialism and fascism, the latter being the elite, corporatist form of capitalism. In the process, the United States itself has been dragged through minor variants of both fascism and socialism. The former I identify most with Hoover and the early New Deal; the latter I identify with the later Roosevelt and the social agenda of liberal Democrats thereafter. The only economic theory consistent with entrepreneurial capitalism is supply-side theory, which dominated American history from its earliest days up to the Wall Street crash of 1929. The Keynesian fiscal model and Milton Friedman's monetarist model are both consumer-driven, redistributionist, and zero-sum. In a true American ascendance, the rising tide lifts all boats. John F. Kennedy was a supply-sider surrounded by Keynesians, but his contribution was important nevertheless. Ronald Reagan was a supply-sider surrounded by monetarists, and his achievements in overcoming them were among the most important of the century.

From here on, the ascendance of America should be increasingly apparent, however this year's presidential elections turn out. The infla-

tion is behind us, as Reagan appointees to the Federal Reserve have been leading us back to a dollar as good as gold, at $350 an ounce. Society will once again tend to stabilize around a money that restores the links between effort and reward over long horizons. Traditional values which to Luttwak now seem beyond repair will once again knit together. The Democratic party, frustrated by the power of supply-side ideas, has finally abandoned its zero-sum redistributionist policy. The political competition in the elections remaining in this century will continue to regenerate the original American idea of entrepreneurial capitalism, and with it an America in ascendance.

JUDE WANNISKI, *who coined the phrase supply-side economics, is the author of* The Way the World Works: How Economies Fail and Succeed.

Ben J. Wattenberg: I leave it to others to comment in detail about Edward N. Luttwak's preposterous extrapolations of frequently preposterous economic data. On all that, Luttwak is only wrong. But his notion of the third-worldization of America is offensive.

Never mind that America is the number-one scientific, cultural, economic, linguistic, military, educational, political, and geopolitical power in the world, quite possibly the most influential nation in history, and, curiously for a nation that supposedly cannot compete, the world's largest exporter, and gaining. This is the nation that Luttwak describes as "Japan's Brazil."

According to Luttwak's elitist anecdotes and weird extrapolations, here we are, a third-world country, characterized by his archetypical New York taxi driver. That man, we are told, is an "unkempt lout who resembles his counterparts in Islamabad or Kinshasa rather than in London or Tokyo, where licensing requirements are strict and dress codes are enforced." (Right, America needs a few more licensing regulations.)

Tsk, tsk, says Luttwak. Just compare these hackers to the well-mannered cabdriver in Tokyo, "neatly dressed . . . in white gloves," or to similarly elegant ones in Zurich, Amsterdam, or Singapore.

Luttwak is right in this respect: America has never had much of a servant class. The Europeans and the Japanese beat us all to hell in white glovery, and that has troubled the international *elegantsia* for centuries. At various times in our history the unkempt loutish class in America consisted of Irish, Jews, and Italians. They were not servile; they did not wear white gloves; they did not defer to their betters. They were more interested in making a better life for themselves, and particularly for their children, who, as it turned out, did well here, changing America once again, and creating yet one more new world in the new world.

I wonder if Luttwak has ever talked to one of those unkempt louts behind the wheel. It's a hobby of mine. I ask about America, and count the number of sentences until the word "opportunity" occurs. Usually, it is in the first one, as in, "America is a tough country, but there is more opportunity here than anywhere."

I'm not sure I would want to be in the cab when Luttwak tells such a lout, who is working 70 hours a week in an entrepreneurial activity, that he exemplifies a "lack of diligence in the labor force." In the New York area some of the children of the louts are winning the State Regents scholarships that used to go to Jewish kids. On straight merit.

And one meets the same sorts of upwardly-mobile immigrants near some other airports in America that are rather unlike the grimness that Luttwak (somewhat accurately) lays upon Kennedy airport. Investment capital has been available to expand airports in Washington, Miami, Denver, Orlando, Boston, Los Angeles, Dallas-Fort Worth, Raleigh-Durham, Las Vegas, Phoenix, and O'Hare (to begin what could be a massive list), and often brilliantly.

I am trying to place Luttwak's screed about the third-worldization of America into the contemporary American political scene. Whom does he sound like? Where have I been hearing this stuff? The only name that registers is Patrick J. Buchanan's.

Since Luttwak's piece was written, the U.S. seems to have come out of a recession and Japan seems to be going into one. In his new role as the Grand Extrapolator, he might try running those trends out into the future. Is Japan becoming a third-world country?

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Buchanan and the Conservative Crackup

Norman Podhoretz

THERE is plenty of bad news about Patrick J. Buchanan's campaign for the Republican nomination for President in 1992, but the good news is that it has gone so badly with the voters.

This, of course, is not how that campaign has generally been seen. Up until the results of the Michigan and Illinois primaries on March 17, Buchanan was represented almost everywhere as a very successful protest candidate. Here, for example, is how *Time* magazine summed it all up:

> Buchanan has already bloodied Bush in a political cross fire that has preoccupied the Republican party and may help topple the President in November. Just three months ago, Buchanan was an acerbic television commentator; now, thanks to tough economic times and Bush's bumbling ways, Buchanan holds hostage many of the angry "swing" voters who are likely to pick the next President.

To be sure, this kind of fevered assessment gave way to a more sober appraisal after Super Tuesday (March 10), when Buchanan did much less well than expected, and especially after the Michigan and Illinois primaries a week later. Having once been given a chance to win in Michigan, Buchanan failed to get more than 25 percent of the vote there, and he did even worse (22 percent) in Illinois. Nevertheless, he was still being widely credited (again in the words of *Time*) with having "propelled himself . . . into the first tier of GOP hopefuls for 1996."

Yet a careful look at the primary results reveals that Buchanan actually performed poorly even when he was thought to have done well. In New Hampshire, where he campaigned long and hard, and where economic conditions and such other factors as the support of an important local paper presented him with an almost ideal opportunity, he drew 37 percent of the vote. Then in Georgia, where he also put out a great effort, he nearly matched that figure, with 36 percent. At first glance these results seem impressive, especially for a political novice challenging the President of the United States within his own party. But on closer examination the early primaries provide a measure not of Buchanan's strength but of Bush's weakness. Thus, on the same day that Buchanan's strenuous campaign in Georgia was being rewarded with a 36-percent vote, he got about 30 percent in Maryland, where he had not campaigned at all. And in South Dakota, where Buchanan was not even on the ballot, the same 30 percent of the Republican vote went to an uncommitted slate.

What all this suggests is that anyone—or no one—running against Bush would have been assured of that 30 percent. This inference is borne out by the exit polls, which showed that most of the people who voted for Buchanan did so because they wanted to "send a message" of dissatisfaction to Bush, not because they were for Buchanan himself.

If, then, Buchanan began with an assured anti-Bush base of 30 percent, it follows that the best he managed to do in his own right was to jack it up by six or seven points. Worse yet from his point of view, in many states besides Michigan and Illinois (Louisiana, Massachusetts, Mississippi, Oklahoma, Tennessee, Texas, Connecticut, Kansas, and Wisconsin), he went below the anti-Bush base, scoring as it were in negative numbers.

In short, we are entitled to conclude that Buchanan's appeal to Republican voters in general is very strictly limited. But what about his appeal to conservatives? It is here that the news gets bad—not perhaps as bad as it seemed before March 17, but bad enough to create a number of serious problems. And thereby hangs a tale.

WHEN word first began circulating last year that Buchanan was planning to run, it seemed reasonable to suppose that he would have trouble in picking up support from his fellow conservatives. Once upon a time, he had been much admired by conservatives of all stripes for the vigor and pungency with which he usually expressed the conservative consensus of the Reagan era. But more recently, with the end of the cold war and the departure of Ronald Reagan from the scene, he had been veering off in an entirely different direction in his thinking

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about international affairs. The most blatant manifestation of this change was his opposition to the Gulf War. Yet while the position he took on this issue surprised many people who still thought of him as the pugnacious hawk he had always been in the fight against Communism, it had already been foreshadowed by the loudly announced conversion to isolationism with which he had celebrated the victorious conclusion of that fight.

It was not, moreover, some vague or general brand of isolationism that this most ferocious of cold warriors had decided to embrace; it was a particular strain with a name and a history of its own: America First.

The purpose of the original America First movement, founded in 1940, was in the short run to oppose American aid to the nations of Europe threatened by Nazi Germany and in the longer run to keep the United States from going to war against Hitler. Although the movement attracted a number of prominent left-wing isolationists (among them the socialist leader Norman Thomas and the historian Charles A. Beard), its main support came from the Right and included the notorious anti-Semitic demagogue Father Charles Coughlin. But America First's most famous spokesman by far was the great aviation hero Charles Lindbergh.

"In September 1941," writes the historian Alonzo L. Hamby of Ohio University in the *American Enterprise*, "Lindbergh made a speech that listed Jews, the British, and the Roosevelt administration as the three forces propelling the country toward war." In doing so, furthermore, Lindbergh "made no reference to other ethnic groups (Polish-Americans, for example) who also favored war with Germany, and [he] seemed to assume that Jewish-Americans were in some sense or another aliens."

Now what was most extraordinary about Buchanan's insistence on using the name of the old America First movement was his willingness—or was it eagerness?—to embrace these unsavory aspects of its history as well. When Governor L. Douglas Wilder of Virginia, in search of a jazzy slogan for his own abortive campaign for the Democratic nomination, also and independently hit upon the term America First, he was clearly unaware of or had forgotten about these associations, and he dropped it as soon as they were called to his attention. Buchanan, by contrast, knew exactly what he was doing and even went out of his way to pluck on the original strings.

Indeed, he might almost have been consciously echoing Lindbergh when he announced on one of his television shows that the Israelis and the American Jews were the only forces pushing the Bush administration toward war in the Persian Gulf. Again like Lindbergh (who at least had the excuse of knowing that the country was split down the middle on getting into another European war), Buchanan ignored all the other groups, adding up to a large majority of the population, who backed Bush's policy; and yet again like Lindbergh, Buchanan insinuated that American Jews (Israel's "amen corner") were not full-fledged Americans. (As if to belie his apologists, who insisted that he had not meant to say what he seemed to be saying, he returned to the same theme during his campaign when he responded to a group of Jewish protesters by declaring that "This is a rally of Americans, by Americans, and for the good old U.S.A.")

Instead, then, of trying to distance himself from the anti-Semitic associations of the old America First movement, Buchanan moved with all due deliberation in the opposite direction. Even in the absence of all the other indications of anti-Semitism which Buchanan's critics have been able to cite,[1] this alone would have been enough to convict; and it certainly seemed likely to cost him support not only among the neoconservatives (many of whom were Jewish, and all of whom were pro-Israel) but also among such important Old-Right magazines as *National Review* and such New-Right institutions as the Heritage Foundation. After all, *National Review* had a long history of efforts to purge the conservative movement of the anti-Semitic sentiments to which it had once been hospitable, and Heritage, beyond being absolutely free of any anti-Semitic taint, was also strongly pro-Israel. Much the same was true of most other leading conservative groups and institutions.

Yet even if the complicating factors of anti-Semitism and hostility to Israel had not been present, Buchanan's isolationism would have provided sufficient reason for these conservative groups, all of which had supported the Gulf War and none of which had renounced interventionism, to oppose his candidacy. And even if they were not deterred by his conversion to isolationism, they would surely be put off by his correlative conversion to protectionism (which, being the economic face of isolationism, had also formed part of the program of the original America Firsters).

[1] See "Patrick J. Buchanan and the Jews," by Joshua Muravchik in the January 1991 COMMENTARY for a meticulous analysis of the evidence. Incidentally, Buchanan's generally soft attitude toward Hitler's Germany (as reflected in his tender solicitude for Nazi war criminals and his flirtation with Holocaust revisionism, both amply documented by Muravchik) is also reminiscent of Lindbergh. Though no more an actual Nazi sympathizer than Buchanan, Lindbergh was an admirer of Germany; and, writes Hamby, though "he deplored Nazi persecution of the Jews," he did so "in the manner of an advocate who prefers to downplay facts that damage his case [and] he was more prone to call it stupid than evil." But Lindbergh, unlike Buchanan, was writing before Nazi persecution of the Jews had reached the genocidal level it would eventually attain.

On the other hand, there were some conservatives of whose backing Buchanan could be sure. There were his admirers at *Human Events*, a magazine in whose eyes he could say or do no wrong. There were the columnists Evans and Novak, who had sided with him on the Gulf War and were even more hostile to Israel than he was. And there were the so-called paleoconservatives, a group of *enragé* academics whose isolationist fervor predated his own and was if anything more extreme. The paleos were also fanatical nativists to whom immigration from anywhere except Western Europe (or perhaps only England) represented the greatest of all threats to the health and integrity of American society—a view Buchanan had himself increasingly come to embrace in recent years.

IN THE event, Buchanan did get the enthusiastic support of these elements of the conservative movement. Conversely, he provoked as much opposition from the neoconservatives as was predicted. But things did not go quite as expected among other conservatives who disagreed with his current political ideas. The most visible case in point was the flagship publication of American conservatism itself, *National Review*.

Under John O'Sullivan, who had succeeded William F. Buckley, Jr. as its editor, *National Review* (like Buckley himself) had on the whole remained true to the Reaganite faith. In fact, even before Buchanan announced his candidacy, the magazine had quietly decided to back an insurgency against Bush in 1992 on the ground that the President had betrayed Reaganite principles first in raising taxes and then by signing a civil-rights bill that was bound to promote quotas.

Obviously *National Review*'s preferred vehicle for such an insurgency was a genuine Reaganite like the present Secretary of Housing and Urban Development, Jack Kemp, or the former Secretary of Education, William J. Bennett. Neither man, however, was willing to run. Pat Buchanan, who was willing to run, claimed to be Reagan's heir but in his own way he had become at least as much an apostate as George Bush. Faced with this dilemma, O'Sullivan at first entertained the hope that if Buchanan could do well enough in New Hampshire, he might drive Bush to resign, just as Eugene McCarthy had done to Lyndon Johnson in 1968. Then, just as in 1968 Robert Kennedy had taken this new situation as a license to enter the race, so would Kemp or Bennett or some other Reaganite exploit the opening created by Buchanan to throw his hat into the ring.

On the basis of this fantasy, *National Review* was prepared to endorse Buchanan in spite of his isolationism, in spite of his protectionism, and in spite of his anti-Semitism—although O'Sullivan, while acknowledging that Buchanan was an isolationist and a protectionist, persistently denied that he was an anti-Semite. Unhappily for O'Sullivan, at that very moment Buckley was just completing a long essay for *National Review* in which he found it "impossible to defend Pat Buchanan against the charge that what he did and said during the period [of the Gulf crisis] amounted to anti-Semitism. . . ." But not even Buckley could convince O'Sullivan. On the contrary, O'Sullivan stuck so stubbornly to his guns that *he* convinced Buckley to join him in giving "tactical" support to Buchanan in New Hampshire.

So great was O'Sullivan's determination to endorse Buchanan in the early primaries that it survived the discrediting of his first rationalization and easily latched on to a second. Thus, no sooner had it become clear that Buchanan could not do unto Bush what Eugene McCarthy had done unto Lyndon Johnson than *National Review* decided that its purpose in endorsing Buchanan was not to drive Bush out but to drive him to the Right by sending him a message.

Never mind that the message being sent by this particular messenger was not the one *National Review* presumably wanted to send: somehow the right (in both senses of the word) message would get through. And sure enough, when Bush responded to Buchanan's attacks on him by forcing John Frohnmayer out as head of the National Endowment for the Arts and by apologizing for having broken his pledge not to raise taxes, *National Review* saw in these paltry concessions to the Right a sign that its "objectives in giving Pat Buchanan a qualified endorsement in the early primaries have been achieved to a degree far greater than we could have expected."

Nor was *National Review* alone among Reaganite conservatives in failing to oppose Buchanan with the forthrightness his apostasies—not to mention his anti-Semitism—might have been expected to demand of them. In private, many such conservatives had long been expressing their dismay over Buchanan's desertion of Reaganite principles; and a few who had known him for years had no hesitation in acknowledging that (for reasons they could not fathom) he had become anti-Semitic. In public, however, the statements of opposition from some leaders of conservative organizations within the Reaganite camp tended to be weak and ambiguous, rather like those of liberal Democrats talking about Jesse Jackson in 1988.

One reason these Reaganite conservatives (Paul Weyrich of the Free Congress Foundation, for example) were so inhibited in their criticisms of Buchanan was that they and their constituents had come to loathe George Bush and were in no mood to lend him aid and comfort by undermining his only challenger from the Right. Another reason was that Buchanan was apparently drawing a good deal of support from the conservative grass roots, and especially from the young activists of the movement. Consequently, as David Keene, the chairman of the American Conserva-

tive Union (ACU), told the *Wall Street Journal*, "a lot of conservatives" were afraid to "stand up and speak out against Pat." (Was this why the evangelist Jerry Falwell, who had already decided to endorse Bush in 1992, later said that he would be "front-row center for Buchanan in 1996"?)[2]

BUT if there was indeed bad news about the Buchanan candidacy among conservatives, there was also some good news emanating from the same quarter.

Item: Not every leader of every conservative organization was intimidated by pressure from below. For example, the ACU's David Keene, while withholding support for Bush, opposed Buchanan from the outset for all the right reasons, and courageously held firm even after his board had voted to back Buchanan by a very large majority.

Item: Outside the organization world, a formidable collection of conservative political leaders, including William Bennett, Jack Kemp, Senator Phil Gramm, and Congressmen Vin Weber and Newt Gingrich, denounced Buchanan and made it their business to explain why—as an isolationist, a protectionist, a nativist—he had no claim to the Reaganite mantle. And Bennett for one, though denying that Buchanan was "personally" anti-Semitic, declared that he *was* "practicing political anti-Semitism."

Item: Among mass-circulation periodicals, the editorial page of the *Wall Street Journal*, perhaps the most influential exponent of Reaganite principles in the country, as well as its editor, Robert L. Bartley, made their opposition to Buchanan abundantly clear. So, in no uncertain terms, did Malcolm S. Forbes, Jr., editor-in-chief of *Forbes*, America's most widely read business magazine.

Item: In a letter to *National Review*, thirteen eminent conservative intellectuals—all non-Jewish[3]—expressed their dismay at the magazine's tactical endorsement of Buchanan, pointing out that "it was not morally consistent" for the editors to recommend voting for a candidate whom Buckley had charged with anti-Semitism. Then, when O'Sullivan reiterated his denial that Buchanan was an anti-Semite, Richard John Neuhaus, one of the signatories of the letter, published an editorial in his own magazine, *First Things*, which concluded with the following sharp retort:

> In recent decades, the line against anti-Semitism has been held by the conservative movement, by neoconservatives, by the Christian New Right, and by *National Review* under the leadership of William F. Buckley, Jr. That line of defense is now weakened by the attack of the Randolphites [a paleoconservative group in the Buchanan camp]—an attack inadvertently aided by the inept response of *National Review* to their candidate.[4]

Item: In addition to *First Things*, another important conservative journal of opinion, the *American Spectator*, came out strongly—and with no waffling on the issue of anti-Semitism—against Buchanan.

DESPITE these reassuring signs, however, the Buchanan candidacy, on balance and taken for all in all, has already done great harm. A "conservative crackup," as R. Emmett Tyrrell, Jr. of the *American Spectator* was the first to call it, no doubt became inevitable once the end of the cold war had eliminated the great purpose that, more than any other factor, had brought so many disparate groups together into a working coalition. But there was nothing inevitable about the form this crackup would take. Indeed, if not for Buchanan's decision to throw in his lot with one of the darker strains of American conservatism and then to lift that tradition out of the obscurity to which Ronald Reagan had consigned it, things might have turned out very differently.

There might, for example, have been the kind of civil debate among the various schools of conservative thought for which John O'Sullivan now irenically pines. But what O'Sullivan forgets is that Pat Buchanan and his amen corner set out to make such a debate impossible. For their main objective has always been to recapture the conservative movement from those who in their view have stolen and corrupted it. Or as Buchanan once put it when he was still just a columnist: "Before true conservatives can ever take back the country, they are first going to have to take back their movement."

First and foremost among the elements from

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[2] Fred Barnes of the *New Republic* has reported that in a poll taken of his television audience by Pat Robertson, Falwell's fellow evangelist (and fellow Bush supporter), Buchanan beat the President 71-29. This does not necessarily mean, however, that the Christian Right is moving away from its fervent support of Israel. At a recent conference, there were people wearing "Buchanan for President" buttons on one lapel and "Hands Off Israel" buttons on the other.

[3] They were, in alphabetical order: Peter L. Berger, Walter Berns, Robert H. Bork, Terry Eastland, Patrick Glynn, Michael Joyce, Harvey C. Mansfield, Jr., Richard John Neuhaus, Michael Novak, James Nuechterlein, Thomas L. Pangle, R. Emmett Tyrrell, Jr., and George Weigel.

[4] In singling out O'Sullivan for this criticism, Neuhaus was being too kind to Buckley. For after first doing himself honor by unambiguously calling Buchanan's anti-Semitic effusions by their proper name, Buckley, as noted above, now joined O'Sullivan in giving Buchanan "tactical" support—thereby inescapably suggesting that anti-Semitism was not in itself enough to disqualify a political candidate. To make matters worse, in his own reply to the protest letter from the thirteen conservatives, Buckley compounded both intellectual and moral confusion by claiming that in his original essay he had "communicated [his] own private guess that Buchanan is not anti-Semitic." Well, he had certainly not communicated this "guess" to the thirteen, or—offering my own private guess—to most other readers of his essay. The best one can say about this evasive action is that it brought Buckley's position into line with O'Sullivan's statement that "we would not have endorsed Mr. Buchanan if we had believed him to be anti-Semitic."

whom the movement has to be taken back are the neoconservatives, of whom Buchanan wrote long before he became a candidate: "Like the fleas who conclude they are steering the dog, their relationship to the [conservative] movement has always been parasitical." Yet it is not only these "eleventh-hour arrivals in the Reagan coalition," these "JFK-LBJ Democrats disillusioned with the Great Society they helped erect," these "ideological vagrants [we brought] in off the street," on whom Buchanan and his claque have declared war. Even Buckley and *National Review* themselves have come under assault. Here, as an instance, is Murray Rothbard, president of the John Randolph Club, and one of Buchanan's most fervent champions:

> *National Review* is no longer the monopoly power center on the Right. . . . The original Right and all its heresies is back! In fact, Bill Buckley is the Mikhail Gorbachev of the conservative movement. . . . For Pat Buchanan's race for the presidency has changed the face of the right wing. . . . He has created a new radical, or Hard Right, very much like the original Right before *National Review*. . . . The right wing shall henceforth only be defined in relation to the Buchananite movement. That movement, neither kind nor gentle, now sets the agenda, and sets the terms of the debate.

Is Rothbard right? In the immediate aftermath of New Hampshire, it looked as though he might be. But with the gradual emergence of a strong conservative resistance to Buchanan, the announcement of his victory in the struggle over who will lead and define American conservatism now seems a bit premature.

Yet it is also true that by seizing the opportunity to launch a conservative insurgency against George Bush when none of his Reaganite rivals was willing to step in, Buchanan at one stroke catapulted himself into the forefront. As Burton Yale Pines of the Heritage Foundation told the Washington *Post*:

> I don't think that Jack Kemp or Bill Bennett or [former Delaware Governor] Pete du Pont ever imagined there would be a conservative leader ahead of them. Suddenly here's Pat Buchanan who has visibility, who has networks in key states, who has money sources in key states. . . . Every day that [Buchanan is] in the race, he makes gains among conservatives and he emerges as the titular leader of the conservative movement.

Unlike many of his colleagues at Heritage, Pines has been distressingly indulgent toward Buchanan. But if his assessment is correct, and if Buchanan succeeds in actually becoming the leader of the conservative movement, disaster will follow. Having been carried triumphantly into the mainstream by Ronald Reagan, the conservative movement will have been dragged back into a marginal sectarian status with very little appeal to anyone outside its own fever swamps.

But it is important to recognize that such a development would not be a disaster for conservatism alone; it would be a calamity for the whole country—as destructive in its way as the obverse radicalization of liberalism turned out to be in the late 60's. The surrender then of so many liberals to the perspective of the New Left resulted in the corruption of a healthy political tradition. It also facilitated the entry into the political mainstream of formerly marginal ideas and attitudes which have contributed mightily to the undermining of the family, the spread of a dangerous sexual licentiousness, the slow deterioration of our educational system, and the epidemic of drugs and violent street crime. If the "new radical or Hard Right" coalition forming behind Buchanan were to achieve a comparable success, American conservatism would undergo a comparable process of corruption—a process that would release into the political air the viruses of xenophobia and nativism, and the derivative diseases of anti-Semitism and old-fashioned racism, to which the movement had seemed for a time to have acquired immunity.

Which is why the bad news about the Buchanan candidacy is not bad news just for conservatives, and why the fight now beginning for the soul of the conservative movement matters so much for everyone else as well.

In Memoriam: Lucy S. Dawidowicz

Neal Kozodoy

"BEING an American was itself enough to give anyone a bushelful of courage."

Thus, the late historian Lucy S. Dawidowicz (whose name is enduringly associated with this magazine) contemplating at a remove of five decades the inner impulse which in 1938 had led her, a girl of twenty-three, on a year's flight out from the freedom and safety of America into the heart of East European Jewry, a human civilization already then being readied for the rack and soon by human will to be smashed from the earth, obliterated in blood and soot. To be a young American in those days was to feel sheltered, impervious, consequently full of defiance and bravado. In this condition there was, as she would later acknowledge, much danger, the danger of falling victim to the very dangers (societal evil, frenzy, corruption) of which Americans in their impetuousness tended to be dismissive, or simply ignorant; but there was true, heavenly favor as well, and purity and fortune and strength, energetic gifts out of the political and social constitution of the United States which in her later adult life Mrs. Dawidowicz would never forget, or fail to act upon in gratitude.

In particular she would not fail to repay with courage the legacy of courage which being an American had freely conferred upon her. That courage was hers, it was her distinguishing and sometimes lonely mark, plain in the path she chose as a student of the darkened past, and also in the role she would play, irreplaceably, as a public intellectual, speaking with a historian's consciousness and a polemicist's heat to controversies of the moment. In the realm of thought and judgment Lucy Dawidowicz, who died in December 1990 at the age of seventy-five, was a tough woman, and in her bold American and in her stubborn Jewish way, the more faithfully she performed the duties of thought and judgment the more indomitable she grew.

2.

"THE terrible finality of the murder of the European Jews and their disappearance from history darken our memories and cloud our vision of the past."

Mrs. Dawidowicz's magnum opus, *The War Against the Jews 1933-1945* (1975, tenth-anniversary edition 1985), and its companion volume, *A Holocaust Reader* (1976), were products of an overriding sense of obligation and compulsion—obligation to her murdered kin, the Jews of Europe; compulsion to set down a record already seen by her as slipping away in forgetfulness and selective distortion. Probably nothing less than obligation and compulsion, sparkers of courage, would have sufficed to bring someone of her sensibility—someone, that is, who took Jewish history personally—through the endless nausea of research which the writing of these books inescapably required. Sickening, she would report in despair to friends, was the ordeal of immersing herself in, of vicariously experiencing, the facts themselves, the foul implacable detail of legislation and enactment, of roundup, sequestration, plunder, and pogrom, of transport, enslavement, denudation, torture, beating, shooting, starvation, gas. Sickening, too, was the burden of confronting and then of explicating the vertiginous Fact itself, a human assault without recourse and without letup, and bearing, for the assailants, an urgency beyond any calculation of expedience, reason, or opportunity. Sickening and soul-crushing, finally, was the already-to-be-glimpsed prospect, hatefully realized in due course, of having for the rest of her life and with ceaseless grim vigilance to "defend" both facts and Fact against a succession of ingenious efforts, by the disreputable and even by the reputable, to deny, revise, or suborn them.

Then there was, and still is, something else again, something prior, and something interior: the sickening awareness, never to be blinked, of "terrible finality," of everything which with the *success* of Hitler's war against the European Jews, and with their "disappearance from history," had become, for Mrs. Dawidowicz as for the Jewish

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people itself, irreparable and irretrievable, and, full in the face of the most desperate need for some kind of inward and eventually even outward reconciliation, irreconcilable.

BEFORE she set herself to record the death of the European Jews, Mrs. Dawidowicz had, in fact, retrieved a part of the irretrievable. Her *The Golden Tradition* (1967), a large anthology of individual memoirs and personal documents, introduced by a historical essay of 90 closely-printed pages, is a teeming capsule of Jewish *life* in Eastern Europe, from the end of the 18th century until the edge of destruction in 1939. "Something to conjure with, what this small people has done!," marvels an excited native of Vitebsk named Marc Chagall in a passage reprinted in this entrancing, heartbreaking volume. Heartbreaking, for the contemporary reader, is of course the inevitable awareness of encroaching cataclysmic destruction; but heartbreaking as well is the recognition, gradually borne in by these subtle, humane, combative writings, of how much of what "this small people" had done was, long before the hour of physical extinction, already being undone, from within and from without.

As to the undoing from within, a very long and many-sided story, that was never Mrs. Dawidowicz's proper subject, although she touched on at least one central aspect of it both in her books and in essays on the historically enfeebled nature of Jewish political reflexes. In any case, traces of its workings are everywhere evident in *The Golden Tradition.* The marveling Chagall supplies a hint of some of the elements at play in this process of internal debilitation as, immediately following his eager apostrophe—"Something to conjure with, what this small people has done!"—he explains without irony what he means: "When it wished, it brought forth Christ and Christianity. When it wanted, it produced Marx and socialism." What, one may wonder, has happened, here, to the antique and wholly unconcessive pride of the Jews in themselves, in the abundant sufficiencies of their own creed? What has happened to that powerful assurance and reserve which—whatever else may be said of or even against it—for so long dignified their historical existence, spurred their genius, inured them to the blandishments of hostile, variant, or supersessive faiths? It has been corroded by the salts of modernity—the very same salts now pungently flavoring the meats which many like Chagall, and many more who lacked Chagall's saving affections, were hungering, too understandably, to feed upon.

To Mrs. Dawidowicz, nevertheless, it was always an error, if not indeed a species of moral dereliction, to focus overmuch on the appetites, or the manners, of the would-be banqueters, when the doors of the great hall were being slammed and locked upon them even as they were preparing to sit down to table. It was the slammers she was after. By the same token, she had no use for the ranks of second-guessers who grew up in the decades after the successful completion of the war against the Jews, latter-day critics who with greater or lesser subtlety, and only sometimes with honorable intent, would effectively pin upon the murdered Jews and their contemporaries and forebears an indictment of historical blindness, cowardice, even complicity.

Whether the ostensible occasion was an inquiry into the (allegedly irresponsible) communal organization of Jewry in pre-Hitler Europe, or into the (allegedly collaborative) behavior of certain ghetto leaders during the war itself, or into the (allegedly pusillanimous) response of Jews in America to the news of the Holocaust, she for her part categorically repudiated the charge of collective passivity, let alone of collusion. The irrefutable point, she demonstrated again and again, was that just as the trapped and encircled European Jews had been innocent of provoking, so they were powerless to repeal, the total, unrelenting fury loosed upon them. During the war the point, for someone like her, had been to commit every moral and spiritual resource to the Allied effort to defeat the fury by dint of countervailing arms. After the war, the point (for her) was not only to understand the fury but to render upon it a definitive historical judgment—and in this way, for the victims, to raise up a memorial.

The judgment rendered by *The War Against the Jews* rests on a fully argued thesis—namely, that the Nazi enterprise as a whole was not just furthered, it was *defined,* by the war against the Jews, that for Hitler racial ideology, i.e., the intention to destroy every last Jew, was an end in itself, on a par with his more "conventional" aims, over which, indeed, in the latter stages of World War II it came to assume a terrifying, metaphysical priority. The thesis was consciously framed as a counter to a then more customary view of Hitler's anti-Semitism as an instrumental rather than an essential element of Nazi doctrine and deed; and this alone guaranteed that, even as many would be persuaded by her argument and embrace it, others would find reason to resist it. There also would emerge a second point of contention, having to do with the unyielding emphasis which Mrs. Dawidowicz, in common now with other traditional historians of the period, placed on the role of human agency and personal will, as opposed to impersonal historical or institutional "forces," in the execution of Nazi ideas.

The ensuing debate over these (inevitably) twinned matters was partly a debate among professional historians, and as such a debate—between "intentionalists," of whom Mrs. Dawidowicz is spectacularly one, versus "functionalists" of various stripes and allegiances—it continues to this day. In one way or another, it forms the subject of many of the essays Mrs. Dawidowicz published in COMMENTARY and elsewhere over the years, just

as it did of her scrupulous and indispensable book, *The Holocaust and the Historians* (1981). But as a reader of these works quickly grasps, for everyone concerned the debate, touching as it does on the issue of human responsibility for human history, carries with it a charge of the profoundest political and moral import.

She was, truly, obsessed with the memory of the dead—or rather, with the memory of the living who had disappeared, not only from the earth but from the history books, our designated preservers of memory. "For if," she wrote wrenchingly, "they are not recorded in history, the events of the past vanish into memorylessness, irretrievably lost to the present and the future." And to the prospect of vanishment by which she confessed herself "haunted" was added the even more outrageous specter of banishment: of a past not so much ignored as twisted and falsified by "revisionists," of a people not overlooked but perjured and once again cast out. Through the project of establishing a true and faithful record of the living and the dead, through the project of guarding that record from distortion and defilement, Lucy Dawidowicz meant to assume her own, activist share of responsibility for Jewish history.

BEING activist, this responsibility could not halt at the borders of a correct apprehension of the past alone. Times changed, and in the course of things old enemies gave way to new, while old alliances proved to be founded on illusion on one side, bad faith on the other; the Jewish disposition required, even if it did not always welcome, an understanding of the present in which the past's dark lessons might guide without paralyzing, might serve as a warning without acting as a stumbling block. Uniquely placed to provide that sometimes unwelcome understanding, Lucy Dawidowicz in the last ten years of her life added the role of political to that of historical conscience.

If in that role she never shrank from the task of rethinking old affinities in the light of present political reality, perhaps unexpectedly she also did not shrink from the task, emotionally even more costly, of rethinking old enmities, including the one which for many contemporary Jews has been the most sustaining enmity of all.

In his mournful and magisterial essay, "Jews and Germans" (COMMENTARY, November 1966), the great scholar Gershom Scholem undertook retrospectively to locate and diagnose the "false start," the canker, which from the moment of its birth had infected the modern German-Jewish civic arrangement, a fabled "symbiosis" of which Scholem himself was, gloriously, a late product but whose deadly fruits he had repudiated personally as early as the 1920's in the name of Jewish national self-respect and regeneration (that is, in the name of Zionism). His sorrowing, pitiless analysis, sparing neither Gentile nor Jew, concludes on a guardedly wistful note: "Only by remembering a past that we will never completely master can we generate new hope in the resumption of communication between Germans and Jews, and in the reconciliation of those who have been separated."

For her own part, Lucy Dawidowicz was not German- but American-born, and as a Jew she was a child of Eastern, not Western, Europe. Anyway, even though memory was her business, mourning was not her style. Where enemies were concerned, her style was to curse. After her return home from Eastern Europe in 1939, what had seen her through the war years in New York was guilt, rage, and a thirst for personal vengeance—already in 1940 she was confiding to her best friend a fantasy of getting back over to the European theater to find the beloved companions she had left behind ("If I get killed, OK. If not, I shall probably never come home and just wander Europe looking for [Zelig] Kalmanovitch and Chaim Grade")—and 50 years later these emotions remained vivid enough in memory to keep many pages of her 1989 memoir, *From That Place and Time*, at a boil of execration. In 1986 she wrote her own magisterial essay of retrospective meditation, and it opens, typically, by recalling the vindictive pleasure she took when, in Berlin right after the end of the war, she was privileged to behold the "felicific vistas of burned-out hulks of buildings, tottering skeletons of houses, the shards and rubble to which the Third Reich had been reduced." "I liked," she reports with satisfaction of the Germans she encountered then, "to watch them scrounge and scramble for cast-off American cigarette butts."

Yet "In Berlin Again" (COMMENTARY, August 1986), occasioned by another return visit 40 years later to the Nazi capital, turns out, perhaps surprisingly, to be itself an essay of reconciliation, and in Scholem's complicated sense if not by his route. Informing it is a deep if unspoken acknowledgment: that the curse wherewith any Jew was entitled, and more than entitled, to curse the German nation to eternal hell was finally inadequate, and in any case a puny thing next to the savage, annihilating curse which the German nation had preemptively laid upon the Jews of Europe, when it met their desire for acceptance with a thundering rescission and then marked them out as *worthy* candidates for extinction. This shattering judgment, which even after the war thoroughly blighted the spirit of many who yet remained in life, was what lingered on from the "terrible finality" of the Holocaust. It had seeped into the Jewish marrow, withering confidence and the possibility of contentment, instilling doubt, anxiety, skepticism, exhaustion, dread—even in that mighty enterprise of liberation and self-assertion that was the state of Israel. It had become a form of ineradicable knowledge, it made up the forces that "darken our memories and cloud our

vision of the past," retroactively casting a pall over whatever had been green and generous in that past itself, engulfing every bygone moment of hope and enthusiasm in the black aura of certain betrayal and doom.

Only time, much time, would dispel some of the effects—on Jews, but also on Germans—of this long-acting poison, itself injected in the twinkling of an eye; time, and the courage to look straight not only into the unmastered past (Scholem) but into the present. The duty was incumbent upon all, although not everyone was willing to perform it. In *The Golden Tradition* and *The War Against the Jews* Lucy Dawidowicz had undertaken to master the past by recalling it with austere and patient honesty. She wrote those books in service to historical truth, and as tributes to the memory of the murdered European Jews; in the event, they proved of service to Germans as well.

There was no denying that after the war Germans at times seemed merely embarrassed, to the point of tedium, by their unmastered past; at other times they appeared almost swaggeringly stricken by it, regaling with their shame and guilt a world they had formerly stunned with their viciousness; at still other times, among some few of them, they seemed positively nostalgic. Yet all the while, Mrs. Dawidowicz reports in "In Berlin Again," deep changes were taking place in German politics and in German society that required acknowledgment, especially by one whose own decades-long rage against "the Germany that had turned Europe into a vast Jewish necropolis" had been unremitting. "In Berlin Again," a work of transcendent Jewish selflessness and objectivity, documents those changes.

General and preeminent were the establishment and institutionalization in West Germany of a stable political democracy which—despite recrudescences of extremist nationalism, militarism, racism, and anti-Semitism—had by the mid-1980's become *the* German reality. But equally significant was an evident and specific determination of Germans no longer to dodge but rather to come to grips with their historical relation to the Jews, to learn and openly to teach not only the history of the Holocaust—now being presented, Mrs. Dawidowicz was gratified to learn at an exhibit she attended in the old Reichstag, as a German "war against the Jews"—but also the history of the Jewish people and of Jewish civilization. Through the promise held out by this self-imposed program of moral reparation, in which her own intellectual contribution had been formative, Mrs. Dawidowicz glimpsed the possibility, never of putting aside or of surmounting the murder of the European Jews, for that was an event that existed forever in the "timeless present," an event "forever lodged in history's throat," but rather of relinquishing at long last the disabling torture that was the accursed memory of Nazi Germany, an entire edifice of institutions, deeds, and attitudes which, except for the murder of the European Jews, and notwithstanding contemporary instances in Germany itself of unregenerate hatred, had left, she now permitted herself to say, "no lasting heritage." This is what she had come to Berlin to see, and, having seen it, found the courage to say she was reconciled.

FIDELITY, then, to the life and death of the European Jews was one thing, a national and religious duty. Obsession with their Nazi murderers was another. It threatened to turn into a fascination; worse, it threatened to become a political investment, requiring, and justifying, ever fresher infusions of capital in the form of discovered Nazi-like perils to the Jews of today; worse yet, it encouraged an avid search for those perils in politically ambiguous or even innocuous places (like, in America, among Christian fundamentalists) while truly malignant growths elsewhere went scanted or ignored. Among contemporary Jews afflicted with this species of misplaced zeal, Mrs. Dawidowicz discerned the workings of a merely self-protective fixation with the past; there was also a desire not to confront present reality, a will to deny, byproducts (in part) of the fact that most Jews, most American Jews, being on and of the liberal Left—and how much more so, Jewish professors and Jewish intellectuals and spokesmen for the organized Jewish community—were constitutionally all but incapable of acknowledging danger from any direction but the Right, or of registering new opportunity anywhere but on the Left. For Lucy Dawidowicz, whose own voyage away from the Left can be documented in a number of essays stemming from the 1970's and 80's, all this represented blindness and unaffordable luxury.

As part of her responsibility to history she aimed to be alert, and to alert others, to the assault upon the Jewish people emanating in these particular decades from the international Left, its proprietors and its paid and unpaid agents in the Soviet Union, in Europe, at the United Nations, among the Arabs, in precincts dominated or influenced by black and third-world radicals in the United States. She had an integrated agenda here, since frequently the same sources involved in constructing and disseminating lies about the dead Jews of yesterday were among the major defamers of the living Jews of today; by the weird logic of politics, the interests of the two parties had coalesced grotesquely in 1975 when the United Nations, in its "Zionism-racism" resolution, erased the memory of the Jews as victims of Nazism and recast them indelibly as Nazis themselves. Less theatrical but more insidious was the widespread acceptance of ideas like these within the universities, the media, the churches, not to mention the reflex habit of blaming the Jews themselves—as yesterday the Jews of Europe, to-

day the Jews of Israel—for the depravity of their enemies. And this was a habit, she had occasion to observe, infecting even some of Israel's putative friends, too many of whom proved ready in moments of emergency to stand by helplessly in postures of sentimental regret, or fastidious equivocation, or anxious and irresolute despair. On these subjects, on the diseased nature of these attitudes, her own perfect lucidity sounded a rallying tocsin.

3.

"THE reward of being Jewish lies in defining oneself, not in being defined."

These words, at first rather strange (for who are the Jews if not history's most defined people, and what is Judaism if not one of the world's most highly defined faiths?), sum up a credo. In writing them, Lucy Dawidowicz was polemicizing against the notion of Jewish existence as a matter only of fate, or of reaction. Such an idea, to which the sheer comprehensive antagonism documented in her own writings may inadvertently be thought to lend support, she entirely rejected; it offered, she wrote, "the torment [of being Jewish] without the gift, the infliction without the reward." And if the reward, which in her own life she both seized and extended to others, lay in defining oneself, the gift lay "in possessing one's own heritage and in affirming one's existence on one's own ground." Rather than a mere existentialist assertion, her statement reflects a supported historical judgment, a considered attachment to the majesty and inner freedom of Jewish experience quite independent of the massiveness of the forces historically arrayed against it, and a principled position with regard to the Jewish future.

In her writings about the Nazi period this judgment informed her repeated insistence on the, despite everything, amazing phenomenon of Jewish resistance, the sometimes ordinary, sometimes heroic, sometimes petty, sometimes selfless refusal of individual Jews and of whole Jewish communities to bow to the edict that doomed them, their iron determination to make out of suffering an occasion (as she wrote about the Warsaw Ghetto) of "solidarity and self-help, of succor and self-sacrifice." The principle of self-definition also shaped her approach to a radically different subject, that of American Jewry, a realm of historical experience which had been developing according to its own original lights and laws but which, precisely because of American society's bedrock condition of freedom, offered, she thought, still untold possibilities of Jewish cultural expression and creativity. ("At home in America," she observed in sentences that epitomize the steely but unapologetically championing tone of the major history of American Jewry she was preparing to write at the time of her death, "Jews are in every respect still in the process of learning to live in a pluralist society and to balance their Jewish identity with their Americanness. The drama of their three-centuries-old balancing act is a fascinating, even an inspiring, one.") And the same affirming idea similarly animated all her efforts to preserve through her writings the gift and the reward of Jewishness for future generations.

As an American intellectual and as a Jew, Lucy Dawidowicz made her own way, at her own pace; by temperament she was no joiner. Although in her last years she would come to be identified, and wholeheartedly to identify herself, as a neoconservative in politics, she arrived at this position only after an unrushable sifting of its implications. Nor, though she had written for COMMENTARY for decades, did she particularly think of herself, again until her last decade and then again with perfect pride, as a comrade-in-arms of the "COMMENTARY crowd." Which "crowds" she did belong to was a matter of her own idiosyncratic selectivity, though, roughly speaking, in at least one relevant division within the Jewish community and among its spokesmen, her lot was decidedly with the "survivalists" and the "particularists" as against the "assimilationists" and the "universalists." More interestingly, though born into a secular family—she did not set foot in a synagogue before her early twenties—though steeped in secular Yiddish culture, and though married to a militantly secular Bundist, she became a practitioner of Judaism, keeping a kosher home, attending synagogue, associating herself (in however critical or sometimes even captious a way) with the dictates, the rhythms, the impulses of Jewish religious life. Her love of Zion was, of course, complete.

As she grew older she grew more worried, and became more of a public activist, not a natural or comfortable role. At one point in the mid-1980's she made strenuous efforts over a period of many months to form a committee of Jewish intellectuals, academics, and other sympathetic public figures in order to oppose the anti-Israel (and anti-American) drift in American liberal opinion, including in liberal Jewish opinion; although in the end the organizational effort faltered, the issue continued to preoccupy her writing and her public speaking, and her conversation. As she could be a formidable scold and field marshal, many was the consequent public act performed by others that owed its inspiration and/or its execution to her mobilizing will.

More suited to her temperament was another initiative of those years, the Fund for the Translation of Jewish Literature. This project, whose first priority was the publication in English of some of the masterpieces of Yiddish letters, represented a return to the positive work of retrieval and transmission she had embarked upon decades earlier in *The Golden Tradition*. Into it she threw unre-

mitting energy, single-handedly drafting the urgent statements ("What we do not retrieve and reclaim now may be permanently lost"), raising the money, forming the organization, inspiriting the editors and translators, and in general holding out a standard of discipline and excellence whose fruits can be assessed in the volumes already published in the Library of Yiddish Classics, and in those yet to come. Through these, at any rate, she meant at once to claim and to proffer the gift of the Jewish heritage, the reward of Jewish existence.

4.

"I AM probably the shortest person who has ever stood on this stage, and that includes any thirteen-year-old violin prodigy."

With this crack, delivered in the venerable concert hall of the 92nd Street Y in New York, she opened her 1984 State of World Jewry Address (published in COMMENTARY, February 1985, as "Politics, the Jews, and the '84 Election"). Short she was, and trim only in calf and ankle, and, though touchy about many things, about these quick to laugh. Dogged, too, and blunt, and with her friends, as we may attest, sharp-tongued where for charity's sake she might have made do with euphemism or the even safer refuge of negligence or indifference. Until the very end Lucy had force and will power to burn, some of it vented on the exacting work of character analysis, that is, gossip and the improvement of our several deficiencies. For those she loved, advice was freely forthcoming whether solicited or not, and the rigor of her expectations fell upon us like a goad. She had a historian's memory for our failings, the record of our misdeeds, the unfulfilled charter of our promise; she had a writer's impulse to stipulate them. At the same time, no one whom she loved ever knew a more ardent or more loyal fan.

She liked to keep her personal accounts as square as her checkbook, which was very square indeed. She was full of judgment, and if her moral categorizings were sometimes a little loose—her highest compliment was "*edel*," refined, her favorite terms of dismissal a riff on "vulgar" that could take in "disgusting" and "repulsive" on the way downward—they compensated often enough in general accuracy for what in particular cases they may have lacked in nuance. It is possible that she was too preoccupied with the sadness of history, which amounted to the hard incontrovertible truths of conflict and oppression, and that she was herself too deeply scarred by historical knowledge, to be patient with some of the less exigent sorrows of everyday lives, the tears that are in things, the normal waywardnesses and delinquencies of normal hearts. She was capable, though, of hilarity, together with a certain innocent cynicism toward those too ostentatiously on the side of "life," especially if they also happened to sleep on pillows of money, health, security. She mistrusted the *sentiment* of nobility.

And she was a devotee of grace, an enthusiast of spectacle, a pursuer of transcendence: in her youth an acolyte of Keats, in her maturity she was mad for music, particularly grand opera, the grander the better, and with the pianist Menahem Pressler of her adored Beaux Arts Trio she formed a spiritually sustaining mutual-admiration society. Her exuberance for the New York Mets, especially in the person of their sometime captain and first baseman, Keith Hernandez, was improbably romantic and infectious. Through these means and through others she made her necessary escapes from history, into realms untouchable by marauding time or by that passion for nullification against which she had commanded herself, with every ounce of mind and heart at her disposal, to stand.

Her husband Szymon, a brand plucked from the fire of the Nazi war against the Jews, she fiercely loved and protected, and when he died of stomach cancer in 1979 she wrote in a private letter to friends about the vigil of his final months. She had kept a historian's record, day by day, a separate sheet for each day, meticulously searching for patterns, for coherence, for the meaning that would rescue from darkness: a record of his illness and its course, of his inexorable wasting, of the fight he waged to remain alert and articulate, of his medical treatment and its effects, of the purées she cooked and what he ate of them or failed to eat, of, finally, a frailty so complete that the doctors were unable even to find his "poor tiny veins." He died, as they both wished, at home; he was her responsibility.

Lucy mistrusted mere ideas, mere spirit; it was, she thought, rightly, the letter that giveth life. In her own life and in her writings she kept the letters, and gave *them* life, and therefore the everlasting spirit within them.

1492 and All That

Richard Ryan

FOUR-HUNDRED-NINETY-NINE years after Christopher Columbus collided with the New World on his way to Asia, the National Gallery of Art in Washington, D.C. commemorated the event with the opening of its mammoth "Circa 1492: Art in the Age of Exploration."* For three months this show, which featured the art of five continents dating from roughly the time of Columbus's voyages, played to capacity crowds and enthusiastic critics. Full-page advertisements sporting acclamatory blurbs ran in newspapers around the country; the usual cottage industry of calendars and gift cards was quickly in evidence.

Such promotional activity was by no means unprecedented for a staging of this size; the lamentable "King Tut" exhibit of the mid-70's, which had such a vulgarizing effect on museum curatorship, set the standard. But unlike the "King Tut" exhibit, which served only to elevate a marginal historical figure to the level of a pop icon, "Circa 1492" did shoulder a bundle of critically divisive issues—cultural integrity, historical legitimacy, the ethics and aesthetics of power—before stumbling under the weight.

The main obstacle now confronting any American institution which attempts a comparison of diverse societies is, of course, multiculturalism, the theory that all cultures are morally equivalent and should be treated equally. Given its global scope, "Circa 1492" could scarcely ignore the positions advanced by the multiculturalists, but neither, within the current restraints on politically-acceptable debate, could it address those positions honestly. The low road ultimately taken by the National Gallery seems to have been the only route permitted to its curators, who abandoned the makings of an important exhibit on their way to safety.

THE most direct evidence of the show's failure was its pedestrian arrangement. "Circa 1492" divided itself into three broad geographic categories, reflecting the global alignments which prevailed at the start of the Age of Exploration. In the opening section, "Europe and the Mediterranean World," viewers drank in chamber after chamber of 15th- and 16th-century masterpieces, which were in turn organized thematically. One room, for instance, presented an intelligently conceived demonstration of the developing power of representation through perspective. This creation of modern pictorial space—the space of Galileo as much as of Leonardo—was linked with the interrelated technical arts of engineering and architecture, as well as (in another room) the rapidly developing field of cartography.

Within these first rooms viewers also met Europe's original cultural antagonists: the nations of Islam, represented by both Moorish and Ottoman art; and the world of Africa, which Portuguese explorers had already begun to subjugate by the time of Columbus. Next, in "Toward Cathay" (the second section), viewers were invited to take an imaginary journey through the great dynastic kingdoms of Japan, Korea, China, and finally India, before moving, in "The Americas," to the art of our own hemisphere.

These broad geographic divisions, however, were not ultimately useful in thinking about point-by-point differences among cultures—of the kind, for instance, that would have been forced upon visitors if Florentine and Aztec sculpture had been placed side by side. Nor did the layout help in considering what the effect of exploration might have been on individual societies. Moreover, by presenting the geographical sequence chronologically, as it would have been experienced by successive generations of European explorers—and in this sense, despite its cultural egalitarianism, "Circa 1492" was unmistakably Eurocentric—the exhibit raised questions that it could not or would not answer.

Were the superior artistic resources of Europe directly related to the political and technological skills that made its eventual world domination possible? The art suggested as much. Indeed, the most disorienting (pun intended) aspect of "Circa

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* The catalogue has been published as *Circa 1492: Art in the Age of Exploration*, edited by Jay A. Levenson. National Gallery of Art/Yale University Press, 671 pp., $59.95.

1492" may have been the sheer impact of the European masterpieces. Some of these works figuratively conquered the viewer, and were virtual exhibits unto themselves.

Most notable of the show-stoppers was the much-publicized Leonardo, *Portrait of a Lady with an Ermine (Cecilia Gallerani)*, an exquisite portrait from about 1490 depicting the young mistress of Leonardo's patron, Duke Ludovico Sforza of Milan. The painting, arguably the finest of Leonardo's three surviving female portraits, and never before seen in the United States, is a remarkable fusion of painterly technique, anatomical precision, optical invention, and psychological sensitivity. There is so much here to engage the viewer: the mysterious detachment of Cecilia's expression, her novel three-quarter pose which extrudes the painting's inner space, the torsion of the embosomed ermine with its aura of sexual energy. Insight, wit, and eroticism all spill off the canvas surface.

Because it was placed at the focal point of a room devoted exclusively to the works of da Vinci and Dürer, which was in turn the last room of the "European" section, the Leonardo portrait itself seemed like a triumphant summation of the cultural abilities of Europe in the era of its creation. The room also contained Leonardo's *Vitruvian Man*—the multilimbed figure inscribed within a circle which has become an icon of Renaissance humanism—and other examples of the Italian's unparalleled draftsmanship: his anatomical drawings, his schematics for machines of war, his late, apocalyptic deluge drawings. Matched with the equally impressive Dürers, they embody the cultural vitality of Europe at that moment in human history.

Of course, the remaining continents had ample numbers of great works in evidence. Two of the Oriental hanging scrolls displayed in "Toward Cathay"—the 16th-century Ming *Portrait of the Hongzhi Emperor* and the 15th-century Japanese *Layman Yuima*—were particularly spectacular examples of non-Western pictorial skills, and deserve extended treatment on their own merits. Here they may be mentioned briefly by way of contrast with the Leonardo.

The first of these two fine pieces, an anonymous, posthumous depiction of the emperor Zhu Youtang, has a majestic completeness to it, but like so much of the non-European portraiture in the Asian section of the show it is too obviously the product of a culture in which social status overrode individual identity. The emperor Zhu Youtang, in his resplendent yellow robes with a dragon-bearing folding screen as a backdrop, is more the glowing embodiment of his office than an actual historical figure. Bunsei's ink portrait of the philosopher Yuima, on the other hand, is marvelously intimate, a beautiful rendition of aging wisdom, in which the furrows of Yuima's brow and the delicate folds of his robe are emblems of the sage's sensibility. The Bunsei painting lacks nothing in expressive power, and yet it fails to convey what so many of the European works in "Circa 1492" declare: the confidence of a culture whose intellectual energies are increasingly turned toward a technical mastery of the physical world.

We know, however, that East Asia was plentifully supplied with scientific genius throughout our Renaissance. In Korea, for example, where movable type had produced hundreds of volumes long before Gutenberg, the newly-founded Choson dynasty would commission a series of world maps at the beginning of the 15th century. Those projects, represented at the National Gallery by the startling Kangnido map of 1402, included moderately accurate representations of Africa and Europe (based perhaps on Persian transmissions through China). This unifying global picture was created a century before cartography and geometry became indispensable elements in the repertoire of enlightened Italian intellectuals.

Yet "Circa 1492" failed to explain what became of the technical mastery on display in "Toward Cathay." Why did the Choson dynasty survive 500 years but never surpass its own medievalism? Paul Kennedy broached the topic of East Asian stagnation directly in his *Rise and Fall of the Great Powers*; he suggested, as many scholars have, that the conservative Confucian oligarchy in China dominated and retarded the entire region. This is a plausible hypothesis, and given the current state of Chinese affairs might have been worth illustrating, but again, such illustration would have dragged the National Gallery into the messy business of passing value judgments on other cultures. Ming xenophobia is off-limits, apparently.

And so we come face to face with the issue which "Circa 1492" insisted on skirting.

No one who has thought much about the topic of multiculturalism can fail to notice the apparent moderation in many of its basic propositions (although that is the appeal of most varieties of radicalism). In some sense or under certain circumstances, multiculturalism might mean no more than "humanism"—i.e., the proposition that all human activity, no matter what its cultural domain, is worthy of investigation. Or, again, multiculturalism might mean nothing more than the claim that we should pay attention to previously neglected works of art and literature, especially as these are found among the dispossessed, subjugated, and colonized classes, races, and nationalities.

But these humane and plausible directives are not what multiculturalism contents itself with promoting. In the flesh, multiculturalism means

much more, and much worse, than "merely" humanism, or "merely" an enlightened reevaluation of the neglected self-expression of oppressed groups. It means, rather, the compelled attention of all educated people to these works and, more importantly, the suspension of value-grounded criticism before them. You are not permitted to prefer Henry James to Zora Neale Thurston, or Wagner to Hopi rain chants, at least not without being told that your judgment reflects cultural bias rather than qualitative insight. You are not even allowed to regard such works as "overlooked," since the term implies a certain innocent vagary of critical history. Instead, you must concede—so the multiculturalists insist—that these works have been deliberately repressed, a situation which their champions now mean to redress. Multiculturalism, in short, stands for a forced redistribution of intellectual capital, and its appearance marks the beginning of what will certainly be an extended campaign for cultural affirmative action.

If that is the theory, to what degree did "Circa 1492" put it into practice? Consider the pronouncements of J. Carter Brown, the departing director of the National Gallery, who narrated the Acoustiguide tour of the exhibit. In the room devoted to Africa, Brown asked visitors to stop in front of a bronze female head from the kingdom of Benin (modern Nigeria). This happened to be a representation of the "Queen Mother," the mother of the Oba, or absolute monarch of Beninese society; the woman's impassive face stares out from under a lofty woven headdress, with an elegant, hoop-encircled neck rising to support the whole structure. Of it Brown sighed: "This head is for me one of the most beautiful bronzes in the world." One has to hope, for his sake, that he did not mean this. I found it impossible to imagine by what standard this overly stylized ("somewhat abstract," Brown admitted) and psychologically empty image could be projected into the stratosphere of world sculpture.

On the other hand, I was quite impressed by the case of West African ivory carvings featured in the same room. These artifacts, produced in the early 16th century for export to Europe, represent a style that has come to be known as Afro-Portuguese. A variety of horns, saltcellars, and dining utensils illustrated the imaginative responses of skilled West African carvers to the sudden demand in Europe for their handiwork. Not that the pieces on display in any way disguised their primitive social origins: one particularly intricate saltcellar was ornamented with crocodiles and crowned with the figurine of a warrior holding an ax, a collection of severed heads before him and his next victim kneeling at his feet.

What is remarkable in the Afro-Portuguese pieces is how European taste and the African imagination met to create works which are radical, unsettling, and completely original. Their rhythmically patterned surfaces and echoes of tribal life must have made them a wonderfully ironic presence on Lisbon mantles and in Florentine dining rooms. They are (and I use the term in the full richness of its implications) jazzy. The fact that these works were so popular in Europe—one early-15th-century description mentions the "very clever men of Sierra Leone" who "make extremely beautiful objects"—indicates that the Europeans who acquired them took seriously both the skills and humanity of their craftsmen.

Nevertheless, at least some critics seem to feel that the Afro-Portuguese products require apologies, no doubt because their mixed character strips them of a fully African authenticity, and hence makes them unlikely candidates for multicultural affirmative action. Thus, Ezio Bassani, who contributed the chapter on West African art to the "Circa 1492" catalogue, though allowing that "[e]lements native to the two cultures are harmoniously blended in these works," also asserts defensively that "the ultimate proof that the *origins* of these works is connected to local artistic traditions lies in the stylistic characteristics that . . . do not presuppose European contact" (emphasis added).

Now, there should be no paradox in thinking that the generative impulse behind the ivories lay both in West Africa *and* in Portugal; that is part of the nature of the cultural cross-fertilization which the Age of Exploration commenced. But the concept of assimilation is necessarily so distasteful to multiculturalists that sometimes its obvious presence is willfully ignored. The dependably erratic Garry Wills demonstrated this when he reviewed the "Circa 1492" exhibit (as well as a number of new volumes on Columbus) in the *New York Review of Books*. Rhapsodizing on the beauty of a beaded Taino Indian belt, he proclaimed that it gives the lie to Columbus's description of the Tainos as "naked." Wills apparently did not bother to look closely at the work, or to inspect its catalogue entry. If he had, he would have noticed the inset glass beads and mirrors, which clearly mark the belt as a post-conquest product. An object that Wills thinks wonderfully recaptures the forgotten pre-Columbian abilities of the Taino Indians in fact shows how quickly they were able to assimilate Western offerings.

Which was equal to how quickly Europeans assimilated the offerings of the native Caribbeans, both linguistic—the words "canoe," "tobacco," "barbecue," and "maize" are European derivatives of Arawak words, and so, incidentally, is "cannibal"—and agrarian. Above all, the cultivation of tobacco and coffee, as Fernand Braudel and others have demonstrated, would have the most pro-

found effect on European economies and cultures.

But treating these dynamics of assimilation with any comprehensiveness would have launched "Circa 1492" toward the very end the National Gallery appears to have wanted to avoid: a round of full-blown cultural comparisons. For to meditate on even the formal results of assimilation is to invite arguments about the ethical and political character of colonized societies prior to their absorption.

Consider for a moment the American section of the show. The focal point of the Aztec room was a "colossal rattlesnake head," a fanged temple guardian from Mexico-Tenochtitlán, the Aztec capital. This stupendous sculpture has none of the playfulness of Gothic gargoyles—it is all business, as it were, and that business is obviously to advertise the lethal majesty of the Aztec theocracy. The unknown artisan has captured, in his hundreds of pounds of basalt, the deeply aestheticized sadism of his culture.

Equally grisly images pervade European art, to be sure, but every time we see a crucifix (for instance) we are brushing up against the tragic, not the ecstatic. Even in those instances where the violence of the European imagination is unreconstituted—as in the Spanish armor I shall discuss shortly—it is counterbalanced by expressions of the redemptive and contemplative qualities of that same imagination. By contrast, the massive rattlesnake head seemed perfectly thematic of the Aztec room in "Circa 1492," as thematic as the arrays of sacrificial knives which had cut the beating hearts from uncounted victims. How could these implements not overshadow the charming carneolite grasshopper, porphyry pumpkin, and other sculptured evidence of the Aztecs' sensitivity to the natural world?

That sensitivity, though real, was peripheral to the Aztec death cult. There is nothing elemental or organic about a skull with knives stuck in the mouth and nasal cavities, despite the catalogue's claim that this artifact reflects how "[i]n pre-Hispanic Mexico, death and life were united in a constant cycle that man observed in nature." Such lame attempts to recast the Aztecs' year-'round orgies of human sacrifice as a kind of wistful naturalism sidestep the pathology of the culture; it is part of the ghastly genius of Aztec art that it *transmits* its own pathology, transmits its horror and its beauty all at once. One could easily see, in the National Gallery's Mexican room, why the Aztecs' neighbors should have aligned themselves with Cortez's campaign to topple Montezuma's empire.

OR PERHAPS one could not; there were, to repeat, no obvious conclusions the National Gallery's curators did not struggle valiantly to overlook. Their dereliction becomes clearer when one sees how other museums have handled the same themes.

One of the smaller shows staged around the United States in conjunction with the Columbus quincentennial was "Resplendence of the Spanish Monarchy," a stunning exhibit which ran at the Metropolitan Museum in New York this past winter.* Seemingly modest by the "mega-show" standards of "Circa 1492," it was without question a superior act of curatorship. Focused, elegant, original, aesthetically moving, historically revealing, "Resplendence of the Spanish Monarchy" was everything a "period" show should be. I cannot imagine anyone concerned with the period of exploration who would not understand it better for having seen this exhibit.

For what is important to grasp about the early European engagement with Africa and the Americas was its emphatically Iberian nature. That is to say, many of its outstanding characteristics should be understood specifically as reflections of the history of Spain and Portugal in the 15th and 16th centuries. And that the Spanish court of this period was overwhelmingly martial in its self-conception and self-expression was thoroughly borne out by the show at the Metropolitan. By limiting the show to the most aristocratic of artifacts—it contained only tapestries and armor—the curators of "Resplendence" managed to transmit the soul of Iberian imperialism in the Golden Age.

That soul was forged in the crucible of *la Reconquista*, the centuries-old European effort to retake Iberia from the Moors. By the time the last Islamic stronghold fell to the armies of Ferdinand and Isabella in 1492, the crusade to repossess the peninsula had become a mythic element in Spanish consciousness, linking national destiny to struggles of the classical world. So testifies *The Battle of Zama*, a spectacular tapestry woven in Brussels in the 1540's for Charles I's sister, Mary of Hungary. Its trumpeting animals and bristling legions depict the defeat of Hannibal's elephants by the Roman infantry of Scipio. The routing of a North African foe would have had unmistakable resonances for any Renaissance hidalgo, and if Charles was less focused than his grandfather Ferdinand on seizing the Maghreb, still he and his noblemen would have looked on this work with a sense of identification. The unadulterated violence of the piece—in the foreground amid hand-to-hand combatants a Roman soldier is seen biting a fallen enemy's face—would seem a commonplace of life to the merciless invaders of the New World.

The focused intensity of Iberian military obses-

* The catalogue is available as *Resplendence of the Spanish Monarchy: Renaissance Tapestries and Armor from the Patrimonio Nacional*, by Antonio Domínguez Ortiz, Concha Herrero Carretero, and José A. Godoy. The Metropolitan Museum of Art/Abrams, 172 pp., $39.50.

sions did not prevent the Spanish and the Portuguese courts from firmly locating their conquests in the more general frame of Renaissance cosmology. Europe's exploratory vision was beautifully illuminated in the Metropolitan show by three hangings from a series called simply "The Spheres." Commissioned by the Portuguese court in about 1520, and woven in Brussels from designs attributed to Bernaert van Orley, these magnificent tapestries cross the spiritual with the spatial. One shows Hercules bearing the weight of the rounded heavens; the second portrays Atlas stooped under a finely organized armillary sphere. But it is the third piece in the series which is the most astonishing; in it, figures of Jupiter and Juno, surrounded and lofted by spirits of the air, flank a terrestrial sphere which is suspended by nothing but its own radiance. The upper border of the work bears a Latin inscription which translates: "Glory is supreme, for it issues from itself alone."

The celestial couple in this tapestry are in all likelihood an idealized representation of John III of Portugal (1521-57) and his wife, Catherine of Austria. The richly textured globe which floats between them has turned to present the viewer with the continent of Africa, dotted with Portuguese conquests. When linked to the more classical compositions portraying Hercules and Atlas, this momentous identification of Portuguese exploration with the new, self-sustaining order of the universe is an allegory of the most dazzling audacity. It leaves no question that Europe's geopolitical successes in this era were linked directly to its reinvention of visual and intellectual space.

As for the armor in the Metropolitan show, it was uniformly beautiful, and a few pieces were something more than beautiful. One parade burgonet, a ceremonial open-faced helmet made for Charles I, bears on its crown the embossed torso of a captive Turk. The prisoner is bound face up, his hands tied behind his arched back, each end of his braided mustache held by a winged Nike. It is a weirdly homoerotic image which suggests the work of a 16th-century Mapplethorpe, and strikingly captures (if that word is not too arch) the perverser elements of European imperialism.

The sadomasochistic helmet, the cluttered, gothic tapestries depicting scenes from the book of Revelation, the emphasis throughout the exhibit on warfare and violence—while I cannot call these manifestations of Iberian aggression healthy, I would note that the works in this show reveal a warrior society that understood its own character and had no desire to repress that understanding. No doubt this self-knowledge contributed to its military and cultural successes, and made the Spanish Golden Age possible.

Moreover, the barbarities condoned by Iberian imperial consciousness—and one must include here the cruelties inflicted on Jews and Moors throughout the peninsula as well as the massacres visited on the natives of the Americas—differ from the savagery of West African or Mexican culture; not in ethical repugnance, but in intellectual context. Iberian militarism was driven by an evolving vision not only of cosmology but of human affairs. In that vision, the state was increasingly seen as the guarantor of social and economic rights. To the warrior-bureaucrats of the burgeoning Hapsburg empire into which Spain would merge, military conquest would come to be identified with the protective duties of the state toward its citizens. The glory of the monarchy—let alone the blood-lust of the heavens—would gradually fade as a *casus belli*, displaced by the awesome duties and prerogatives of the state. In this sense the rise of modern governance can be prefigured in the iconography of the Iberian Renaissance. To the extent that Spain would fail to stay abreast of that development, it would be responsible for its own decline.

It is a pity, given the importance of this visual history, that "Resplendence of the Spanish Monarchy" failed to get the attention it deserved, especially since a spectrum of critical instincts, from neo-Aristotelian to post-deconstructionist, would have found subjects there for meditation. Although there can be no substitute for seeing the giant wall hangings in person, we are fortunate that Abrams has issued a catalogue which has reproduced the tapestries so beautifully. (I should also mention that the handsome and massive catalogue for "Circa 1492," though marred by some of the same political biases as the exhibit, includes many valuable notes and essays, and is far more substantive than the show it commemorates.)

During the Age of Exploration the world became, in an odd conceptual sense, more transparent. Suddenly it was possible for men to see through great distances of time and space, to see into other cultures, to see into themselves. Whether we are speaking of Leonardo's cutaway views of the human body or Francesco Roselli's world maps, what is before us is the technology of organizing visual information. This technology's purpose was intellectual mastery of the physical world, and its dimensions—scientific, metaphysical, military—had moral aspects which still remain under debate.

Some (but only some) of those aspects were reflected in the person of Christopher Columbus himself. The Genoese mariner was one of the great technicians of his age—a man who brought the maritime craft to new levels of accomplishment. His lifelong refusal to abandon the notion that he had discovered a route to Cathay was part of his larger intellectual limitations, the vestigial medievalism which seemed to cramp his entire

career. None of those limitations is at issue, however; Columbus, like his royal Spanish patrons, was propelled by greater forces than he understood. It is surely wrong to say, as Daniel Boorstin does in the introduction to the "Circa 1492" catalogue, that Columbus's life was "international, collaborative, and progressive." It is certainly right to say that his legacy was.

Obviously, no one man or one event can make the moral significance of the past concrete. Indeed, the full value of the past is embodied only in some given present moment; it is within a particular present that the morality of the past is reborn as something actual. This is what it means to have a heritage. Denouncing the morals of the Age of Exploration, or contesting what-might-have-been—if, say, Pope Alexander VI had shared our liberal views of a universal human nature—is ultimately a kind of rear-view utopianism, a fantasizing obsession with the false. It is enough to say that in 1492 intellectual and social energies overtook Europe which would permanently alter civic evolution, and make the continent's outward explosion inevitable.

Despite the glint of Spanish armor, the ongoing Westernization of the world has been a progressive epoch, as the multiculturalists above all should appreciate. Their methodology, after all, is only the most recent variation on the tradition of Western humanism, a tradition which is now attempting to gather every society on earth into its camp. With the collapse of the Soviet empire, the global saturation of humanist science, art, and culture is beginning to look at least like a possibility. Not that such a triumph could quiet the multiculturalists, who will scarcely be consoled by the possibility that people from all continents can now look at Leonardo's *Portrait of a Lady with an Ermine* and claim it as their common heritage. Still, it is in the spirit of Leonardo that the peaceful conquest of the world by Western ideas will occur, if it finally does.

"The People's Poet"

Joseph Epstein

The Poet is a heroic figure belonging to all ages; whom all ages possess, when once he is produced, whom the newest age as the oldest may produce—and will produce, always when Nature pleases. Let Nature send a Hero-soul; in no age is it other than possible that he may be shaped into a Poet.

—Thomas Carlyle

PASSAGES like my epigraph probably go a long way toward suggesting that Carlyle was more than a little nuts. Who, in our day, would search among poets for a hero? With only a few exceptions, poets in our time have found a home in the university, where they are rather dim figures, permitted to work at their craft, not so much an ornament to the culture as something closer to a parasite upon it, living from grant to grant, workshop to workshop, involved in an intense relationship with the Self, that all-consuming locust of our age, which chomps up all before it. Such, usually without rhyme and often without reason, has increasingly become the obscure habitat and vocation of the poet at the end of the 20th century.

To find an American poet who received public adulation worthy of the kind of heroism described by Carlyle, one must go as far back as 1878. The poet born in that year was not T.S. Eliot, for some a hero of culture, or Robert Frost, who late in life had an unusually wide public following, but Carl Sandburg, a poet not so much forgotten as scarcely any longer read. Whether Sandburg was truly a poet is itself nowadays in doubt. That in his day he enjoyed the fame accorded to a hero is not.

Carl Sandburg is the only American poet ever asked to address Congress, a date he was able to fit into his crowded schedule in 1959. He also appeared on the *Ed Sullivan Show*, the *Texaco Hour* (with Milton Berle), the early *Today Show* (with Dave Garroway), and *See It Now*, where he was interviewed by Edward R. Murrow. Sandburg once wrote a poem to which, on television, Gene Kelly danced. The house in which he was born was preserved as a memorial to him while he was still alive, and inside its front door hung—no doubt hangs still—a tribute from Stephen Vincent Benét; in part, ungrammatically, it reads: "A great American, we have just reason to be proud that he has lived and written in our time."

Perhaps no poet—or literary man generally—was more gaudily praised in his lifetime than Carl Sandburg. About the first volume of Sandburg's autobiography the playwright Robert Sherwood observed that it was the greatest work of its kind ever written by an American, "not forgetting Benjamin Franklin, nor Henry Adams, nor showing them disrespect." In a book about Sandburg, Harry Golden (of *Only in America* fame) noted: "It is not exaggerated to say you would learn more about the industrialization of America reading Sandburg's poems than you would learn about Elizabeth's England reading Shakespeare's plays." The British novelist and political journalist Rebecca West compared him to Robert Burns as "a national poet." The American socialist leader Eugene V. Debs said that he was "one of the very few really great poets of our day, and the future will know him to the remotest generation." Many years later the television commentator Eric Sevareid remarked: "I want to say that Carl is the strongest and most enduring force in American letters today." Taken all in all, not a bad little set of blurbs.

Sandburg also enjoyed the kind of fame in his lifetime which, among American writers, perhaps only Mark Twain and Ernest Hemingway had in theirs, and Sandburg's was probably greater. Like theirs, his was not a coterie fame, or fame limited to a university readership. For many years Sandburg was perhaps the most frequently read living writer in American high schools. He was often called "the People's Poet." *Playboy* once paid him $3,600 for six poems and a parable. ("It was fun," Sandburg is said to have remarked, "to be read by the most gustatory audience of readers in America, all of them definitely opposed to artificial insemination.") He also got large fees for poetry published in the *Woman's Home Companion*, *Collier's*, the *Saturday Evening Post*, and even *Fortune*. Hollywood, which had earlier paid him more than $100,000 to write a novel from which it hoped to make a movie—the project did not work out—hired him once more to work on the

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screenplay for Fulton Oursler's *The Greatest Story Ever Told*. Sandburg's reputation was large enough for Westbrook Pegler, the New York columnist, to attack him on a number of occasions, usually referring to him as "the proletarian millionaire." For a poet, this was big-time stuff—fame on the show-biz standard.

Sandburg seemed to sustain his reputation, however, only as long as he lived. Once he died (in 1967) it went down faster than the Hindenburg. Today, put the name Sandburg on one of E.D. Hirsch's cultural-literacy tests and, my guess is, the response it would elicit would overwhelmingly be, "Second-baseman, Chicago Cubs." Of course in his last years there were already signs of his future loss of popularity, one of them being that he did not even make Dwight Macdonald's 1960 anthology of parodies—he, poet of the most parodiable of all modern poetic styles. Perhaps a parody of Carl Sandburg would have been considered too easy, which, as I shall try to demonstrate, it certainly is:

> Hot bitcher for the Gnarled,
> Fool Shaker, Shackler of Feet,
> Flayer with Male Toads and the Nation's
> Fright Hondler;
> Horny, Busty, Stalling,
> City of the Low Rollers.

Sandburg himself was not altogether ignorant of the vicissitudes of reputation. "Fame is a figment of a pigment," he once wrote. "It comes and goes. It changes with every generation. There never were two fames alike. One fame is precious and luminous; another is a bubble of a bauble." And so it was with his fame: the poet in whose honor a day was declared in North Carolina, who received the Albert Einstein Award from Yeshiva University, who had schools and real-estate developments named for him in Chicago, who was given God knows how many honorary degrees from Harvard on down, who won two Pulitzer Prizes (one for the first volumes of his biography of Abraham Lincoln in 1940 and one for his *Collected Poems* in 1951), who was actually regarded as a possible Republican presidential candidate to run in 1940 against Franklin D. Roosevelt, then seeking his third term—the reputation of this same poet is today in a condition he himself called "complete fadeout," with, I should guess, very little chance of revival.

How did Carl Sandburg achieve, sustain, and lose fame so completely? For anyone interested in the history of reputation, his case presents a fascinating chapter.

On the subject of Sandburg's ascent, we now have a detailed account in *Carl Sandburg*, by Penelope Niven.* The book is very much in the contemporary mode of epic biography—epic in this context meaning nearly endless. If in architecture less can be more, in biography more not infrequently turns out to be less. Miss Niven's book, the result of years of work in a vast Sandburg archive, is another case in point.

Hesketh Pearson, the English biographer, once wrote that "the majority of reliable biographies are unreadable, and the majority of readable biographies are unreliable." I cannot call Miss Niven's biography unreadable, since I seem to have read it; nor am I prepared to say that it is unreliable, since an enormous amount of research has clearly gone into its making. The insurmountable problem with the book is that it is altogether too uncritical of, and insufficiently distanced from, its subject. Miss Niven is all panting admiration for Sandburg, and everything about and connected with him. She is to Carl Sandburg as Carl Sandburg was to Abraham Lincoln. But Sandburg, it will surprise no one to learn, was no Lincoln.

Miss Niven's unstinting admiration leads her to take Sandburg at his own high self-valuation, which further leads her to assume that everything about his life is important, which in its turn leads to an unseemly quantity of gushing on her part. "His poems," she writes, "read in chronology and context, are a man's autobiography, a nation's autobiography." Miss Niven goes on and on about Sandburg's "fiery oratory," his "biting news columns," his "orator's ear for cadence and dramatic effect which led him closer to discovery of his inner, poetic voice." It is all more than a bit of a muchness.

The one thing to be said for biographies on the gargantuan scale is that they do supply an impressive pile of facts out of which a more critical reader may derive his own, often quite discrepant picture of the subject. Such at any rate is my debt to Miss Niven, and I hope I shall be forgiven for putting her diligence to my own very different purposes.

Carl Sandburg was a child of the same Midwest with which his name would be associated throughout his adult life, and remains associated to this day. He was born in Galesburg, Illinois, to immigrant parents, Swedes, in less than easy circumstances. His father was a blacksmith's helper on the Chicago, Burlington & Quincy Railroad; his mother had been a hotel maid. He was his parents' second child, the first son of seven children, two of whom died of diphtheria in the winter of 1892. His was not an easy youth, being brought up in Galesburg, a town in which the local chapter of the Women's Christian Temperance Movement was prominent, and in a household dominated by a stern father whose unrelieved dourness could have landed him a walk-on part in an Ingmar Bergman movie.

The Sandburgs lived close to the bone. Buying a house in Galesburg, August Sandburg had entered into a bad mortgage, and his ill luck was compounded by the panic of 1893. There was not

* Scribner's, 843 pp., $35.00.

enough money for Carl to go to high school. Instead he was needed to work—he had a newspaper route, later delivered milk for a dairy—to bring in money for the household. He continued his reading with the help of his older sister, who was permitted to finish high school in the hope that she would become a teacher, as she eventually did. In an attempt to Americanize his name, Sandburg called himself Charlie. When he later decided to write poetry, his father is supposed to have asked, "Iss dere any money in diss poetry business, Sholly?" It turned out that, properly worked, there was quite a bit.

Sandburg first saw Chicago, traveling on his father's railroad pass, when he was eighteen. It blew him away. It also set him on the road. Not long after, he rode the rails to Kansas, where, as a hobo, he worked the wheat fields. (The distinction among tramps, hobos, and bums was that tramps wandered but did not work, hobos wandered and worked, and bums neither wandered nor worked.) From his days among tramps and hobos, Sandburg acquired the rudiments of his lifelong socialism, which was of the turn-of-the-century, peculiarly American strain, more populist and sentimental than Communist. This period also gave him his first inkling that he might one day be a writer. Coincidentally, it was during these same years, the 1890's, that Jack London, too, lived as a tramp, extracting much material for his novels and stories. As a training for writers, traveling about the country on the cheap was no bad form of education, better, surely, than graduate school.

Sandburg would eventually go to college, back in Galesburg, but first he joined up for, though he did not fight in, the Spanish-American War, a conflict that produced more casualties from disease than from battle. As a veteran, he could attend Lombard College tuition-free, which he did while working at the Galesburg fire department. His family had meanwhile come up in the world, thanks chiefly to his father's having bought another house, this one large enough to rent out portions to tenants. Charlie—he had not yet returned to the name Carl—was a great figure in college: a serious student, a basketball star, a member of the debating society, editor of the school paper. He had fallen under the influence of a mildly polymathic professor named Philip Green Wright, who was himself, Miss Niven reports, something of a William Morris socialist. Sandburg had also begun reading Charles Lamb, William James, John Ruskin; he discovered Walt Whitman, with whom he would later often be compared, and compare himself. He was put up for but did not pass the examinations to West Point; had he been accepted, he would have been in the same class there as Douglas MacArthur.

Midwestern culture in the days of Sandburg's youth and early manhood was largely an oratorical culture, the culture of the Chautauqua movement and of the visiting lecturer. William Jennings Bryan, a powerful speaker, was one of young Sandburg's early political heroes. Elbert Hubbard, advertising man, publisher, vaudeville performer, spellbinding lecturer, and author of the immensely best-selling pamphlet *A Message to García,* was another great figure for Sandburg. Politics and culture, being so closely connected with oratory, were both intertwined with salesmanship. In his own day, Sandburg did a bit of it all: he sold stereoscopic machines, he told Swedish jokes on the stage, he worked in an advertising agency, he gave lectures for fees. During a period when he was selling stereoscopic machines, hawking his poems, and trying to set up lectures, he called himself a "hustler." My sense is that, in good part, a hustler he always remained—and a quite brilliant hustler, too.

Was it Cromwell of whom it was said that he was "wily for the public good"? One might say of Sandburg, in something of the reverse spirit, that he was an idealist who was always in business for himself. When in his early twenties he became an organizer for the Socialist party in Wisconsin—he was allowed to keep, as wages, the dues of the new members he brought into the party—he viewed his work as in part an excellent way to perfect his performance as a lecturer. Miss Niven prints a 1906 photograph that Sandburg sent out to prospective customers for his lectures: it is very carefully posed to make him seem dark and dramatic. He was always his own best publicity agent. He did a set lecture on Walt Whitman as a brother to the great prophets and teachers, an American dreamer, interested in human betterment. One generally does well to beware those who are always exalting dreamers; they are themselves usually awake at all times to the main chance.

As a young man, Sandburg bounced around a good bit in the Socialist party, not only organizing but writing and editing for the socialist press. It was through this work that, at party headquarters in Milwaukee, he met Lillian Steichen, who was to be his wife. Later Sandburg, in a bit of (unconscious?) egotism, said of their meeting that he had been looking for "the kind of woman I would be if I were a woman." She had gone to the nascent University of Chicago, was on a health-food diet, and when they married she agreed to wear a wedding ring only as a "concession to bourgeois morals" and to "satisfy the prejudices of the proletariat." They asked the minister to omit the word "obey" from their vows. She called him Carl, he called her Paula: they were a proto-hippie couple, and if Birkenstock sandals had been invented, they would no doubt have worn them.

Paula Sandburg laid the flattery on her husband with a forklift. It was she who first noted that the socialist movement would "need its Poet," she who first called him "the People's Poet." She once wrote to him: "You are a *Man*! You are all the separate intensities of Shelley— . . .

Walt Whitman—Marx—Wagner—the Vikings—Christ—Buddha—Lincoln—Heine—Browning—You are all these separate and different intensities. But *harmonized*!" She kept this stuff up his life long. Harry Golden, in his panegyrical book on Sandburg, tells of the woman tourist who impulsively kissed the eighty-year-old poet and to whom Paula said: "That's all right, he belongs to the world."

Paula Steichen was the sister of Edward Steichen, one of the key figures of modern photography, and in him Sandburg might be said to have gotten the brother-in-law he deserved. Each man seemed to go at things at a Himalayan level of generality. Sandburg's favorite book of his own poems is entitled *The People, Yes*, and Steichen's most famous book of photographs (to which Sandburg supplied the text), a worldwide best-seller in its day, is entitled *The Family of Man*. Sandburg wrote a book about Steichen, Steichen frequently (and in rather pompous poses) photographed Sandburg. Each seemed to be regularly calling the other a genius. "He throws a long shadow and ranks close to Ben Franklin and Leonardo da Vinci when it comes to versatility," said Sandburg of Steichen. "On the day that God made Carl," Steichen said at a dinner marking Sandburg's seventy-fifth birthday, "He didn't do anything else that day but sit around and feel good." As Sandburg lived on a fairly steady diet of exaggerated praise of this kind, it is small wonder that he was extremely touchy about criticism.

BUT to return to Sandburg's youth: while moving from job to job—he turned out advertising copy for a Milwaukee department store, served as secretary to the socialist mayor of Milwaukee, lectured for the Wisconsin Anti-Tuberculosis Association, did journalism for newspapers and business and trade magazines in Chicago—he also wrote poems. He was a free-verse man—one of those fellows, as Robert Frost famously put it, who prefer to play tennis without a net—and his poems met with uneven success when he sent them around to editors. Sandburg's great breakthrough came in 1914, when Harriet Monroe accepted nine poems for *Poetry: A Magazine of Verse*; she ran them as the lead item in her March 1914 issue under the rubric, "Chicago Poems."

Acceptance at *Poetry* was the making of Sandburg. It not only put him in the company of William Butler Yeats, Robert Frost, D.H. Lawrence, Hart Crane, and Edward Arlington Robinson, all of whom published in *Poetry* that year, but gave him a new status as an artist, both in the world and in his own eyes. Culture was the key that unlocked many doors in Chicago. Better yet, his poems represented avant-garde culture: they were criticized in genteel quarters for what was thought to be their brutality. Sandburg, suddenly, became the eponymous leader of something that would be known as "the hog butcher school of poetry." A better debut could not have been imagined.

That Sandburg was now seen—and, through *Poetry*, authenticated—as an artist gave him special cachet even in the hard-boiled world of Chicago journalism. He was fortunate in having landed a job on the Chicago *Daily News*, where he had been recommended to the managing editor, an extraordinary man named Henry Justin Smith, by Ben Hecht, the novelist and short-story writer who was himself then working at the paper. Sandburg "is a man who can write poetry like Whitman," Hecht told the editor. In our day this might get you fired from the New York *Times*, but Henry Justin Smith, according to Hecht, "saw the paper as a daily novel written by a school of 'Balzacs,' but we were missing a poet." Sandburg was not only hired but treated with the highest regard.

A job on the *Daily News* also put Sandburg smack-dab in the middle of what became known as the Chicago Renaissance, that gathering of writers, journalists, and artists which enjoyed a brief efflorescence during the second decade of the century, when H.L. Mencken called Chicago "the literary capital of the United States." More lunching than writing got done, as Ben Hecht noted in his autobiography, and there was much in the way of hijinks at local clubs and restaurants. But Sandburg's reputation benefited from the general *réclame* of the putative literary renaissance in Chicago. His poem "Chicago," which set clichés about the city in stone for future decades, came as close to an anthem as the Chicago Renaissance ever had.

Sandburg was by this time a family man, commuting from and to his suburban home. He and Paula had three daughters. The eldest suffered from epilepsy; the second had been slightly brain-damaged by an automobile accident; the third, Helga, who became a novelist, would later rebel against her father. Sandburg would claim, with justice, that he needed a good deal of money to take care of his first two daughters, who never left the household and who would have to be looked after all their lives. He turned out to be a powerful money earner, not least through lecturing and poetry readings. In time, he added folk-singing to his performances.

Meanwhile, Sandburg's literary reputation continued to grow. He was regularly praised as a poet whose work was vital, brash, "vivid" (as Louis Untermeyer put it in a review in the *Masses*) "with the health of vulgarity." Mencken approved him. Important novelists such as Theodore Dreiser and Sinclair Lewis were also lined up in Sandburg's camp. In time, the photographer Alfred Stieglitz, the painter Georgia O'Keeffe, and the architect Frank Lloyd Wright would weigh in with praise. He was invited to write poems to order for Thanksgiving and for Christmas—and accepted. He was making the transition from writer to performer.

Miss Niven says that Sandburg found "his subject in poetry at last, and through this burning subject, his voice"; she also tells us that "Sandburg was growing toward a poetry as unorthodox and independent as his politics." Perhaps this is the place to say that Sandburg's poetry was not very unorthodox, and his politics not all that independent. Both were essentially sentimental. In his politics, Sandburg was for the People: the little man, the worker, the downtrodden, the grounddown. He was never a Communist, nor was he, like so many American socialists, against American entry into World War I or II. Honorable enough; but when his sentimental political views got into his poetry—and they were the very subject of his poetry—problems inevitably resulted.

In his poetry, as in his politics, he did not have a mind that much liked to go into things. He was always satisfied to stop at the middle distance. "He works in a large, loose medium," the poet Conrad Aiken once wrote, "inextricably mixing the vivid with the false." Sandburg had no real appetite for complexity. He never went very deep—no deeper, really, than the folk songs he sang and eventually anthologized in a best-selling collection he called *The American Songbag*. When his book-length poem, *The People, Yes*, came out in 1936, Robert Frost objected: "Sandburg is wrong, I say: The People, *Yes*, and *No*!"

Sandburg's reputation, then, did not grow anywhere near so steadily among serious poets and critics as it did in popular circles. Ezra Pound, the Diaghilev of the modern movement in poetry, invited Sandburg to contribute to an anthology, but also said he was not "sure whether your 'Chicago' wouldn't hit harder if it began six lines later and ended five lines sooner." Still, he granted Sandburg his place. Among other American poets, although Archibald MacLeish continued to think well of Sandburg's verse, Frost once remarked that Sandburg's was the only poetry he knew that figured to gain by translation. When the New Criticism came into prominence in the 1940's, Sandburg's prestige dropped further. His rolling rhythms and his garrulity could not hold up under the sort of intense scrutiny practiced by the New Critics.

Read today, Sandburg's poems reveal a dismal sameness. They exhibit mastery over a faded slang, the idiom of a day now done; rhythmically, they still have richness of a kind, which allows them to roll on and on, but with a feeling of uniform thinness. Gertrude Stein once said of the novelist Glenway Wescott that his writing has "a certain syrup but it does not pour"; Sandburg's poetry pours and pours but has hardly any syrup whatsoever. "O prairie mother, I am one of your boys," runs a line in *Cornhuskers*. Clichés run through his verse like calories through cheesecake: see, for instance, "White Ash," a poem about a lonely hooker with a heart of gold. The note of political optimism goes off, gong-like, in several poems: "Man will yet win/Brother may yet line up with brother." Reading Sandburg's poems, one begins better to understand what Valéry meant when he said that "the optimist is always a bad writer."

Reviewing Sandburg's *Collected Poems* in the September 1951 issue of *Poetry*, William Carlos Williams wrote: "In this massive book covering a period of close to 40 years the poems show no development in the thought, in the technical handling of the material, in the knowledge of the forms, the art of treating the line." Williams said of "Chicago" that Sandburg's "first brilliantly successful poem should have been his last." And he closed: "*The Collected Poems* make a dune-like mass; no matter where you dig into them it is sand."

BY THE time Williams wrote that review, Sandburg was well out of—well above—the poetry wars. He had long before then acquired the status of a national treasure. (His editor, upon the publication of *The People, Yes*, told him that the people "damned near owe you a national holiday.") He was, most famously, the author of a huge biography of Lincoln, a work which had proved an enormous commercial success. "The poets have always understood Lincoln," wrote the historian Henry Steele Commager, "from Whitman to Emerson to Lindsay and Benét, and it is fitting that from the pen of a poet has come the greatest of all Lincoln biographies. One of the great biographies of our literature."

Sandburg's monumental portrait of Lincoln—it runs to more than 4,500 pages and eventually appeared in six volumes—was, from the standpoint of his reputation, a beautiful stroke. The great prairie poet writing the life of the great prairie politician—it was a match made, if not in heaven, then in a publicity office. There were, to be sure, critics. According to Edmund Wilson, in reading it "there are moments when one is tempted to feel that the cruelest thing that has happened to Lincoln since he was shot by Booth has been to fall into the hands of Carl Sandburg." But the effect of the biography on Sandburg's career was to connect him with Lincoln in a way that made him seem not only the repository of all Lincolnesque wisdom but the keeper of the Lincoln flame and chief representative of the tradition of our greatest American. As Sandburg poeticized Lincoln, so this biography seemed, in the public mind, to have Lincolnized Carl Sandburg.

I have not read the six-volume *Abraham Lincoln*, but even in the one-volume edition, which I have read, the work seems to sprawl. It has the characteristic thinness that goes along with Sandburg's penchant for viewing everything at a distance, for making everything he writes about seem legendary, almost mythical. He was more omniscient than even an omniscient narrator is permitted to be. The feeling of falseness that results is not tempered by the heavily empurpled prose:

> He [the young Lincoln] was growing as inevitably as summer corn in Illinois loam. Leaning against the doorpost of a store to which few customers came he was growing, in silence, as corn grows.

Of Lincoln's courtship of Ann Rutledge:

> They were both young, with hope endless, and it could have been he had moments when the sky was to him a sheaf of blue dreams and the rise of the blood-gold red of a full moon in the evening was almost too much to live, see, and remember.

Sandburg developed a style that seems to call for slides to accompany it.

By the time Sandburg finished his Lincoln biography he was receiving between 200 and 400 fan letters a week, which he answered by using variants of thirteen different, rather folksy, form letters. He had more invitations for speaking engagements than he could hope to handle, yet he continued to accept a great many of them. Once, he needed these speaking engagements to keep his family afloat financially. "Without the platform work, of which the guitar and songs are a part," he told the critic Malcolm Cowley, who teased him about appearing before a Junior League audience, "I could not get by for a living while doing the sort of long-time books I am on." Yet as the People's Poet, Lincoln's Boswell, guru, general sage, and television personality, Sandburg also evidently derived genuine pleasure from his public appearances.

They were extraordinary performances. His was, as we nowadays say, a tight act. I caught it one night in the mid-1950's at the University of Illinois, where Sandburg easily filled the school's largest hall. Powerful applause greeted his appearance, thunderous applause his closing. One sensed that one was watching both a historical personage and a performer who was a pro. Sandburg wore a plain black suit and a string tie (if memory serves), and his face—high cheekbones, deep-set eyes—looked sufficiently historical to have come off the carving on the side of a mountain.

Sandburg began by reading a number of poems, offering brief commentaries upon each. He let fly short, haiku-like apothegms of a populist kind. I seem to remember his incanting the line, "Politics is an ass upon which no man has ever rode." And then he picked up his guitar and out came "John Henry" and other brass oldies. When he was done, there could not have been an unsatisfied customer in the house.

The magic was in the voice. Years before that night in Champaign-Urbana, Ben Hecht remembered: "It was a voice of pauses and undercurrents, with a hint of anger always in it, and a lilt of defiance in its quiet tones. It was a voice that made words sound fresh, and clothed the simplest of sentences with mysteries." That voice had become oiled and under even better control over the years. Sandburg worked his audience consummately.

Then there was his hair. Writers with a taste for cliché were not above referring to Sandburg as "the silver-thatched poet." Lank and clean and white, Sandburg's hair was easily the most impressive of his props. Robert Frost once remarked in a letter to a friend that Sandburg "was possibly hours in town and he spent one of those washing his white hair and toughening his expression for his public performance." Another time, Frost reportedly told someone that Sandburg was upstairs fixing his hair, "trying to get it in his eyes." I am reminded of the story of the journalist who was exasperated with Brendan Bracken, Churchill's minister of information. One day he told Bracken off: "Nothing about you is to be believed, nothing is as it seems. Even your hair, which looks so false—it turns out to be real."

What, Sandburg was once asked, was it like to be famous? "It's like a communicable disease," he replied, "nothing can be done about it." Certainly he himself did nothing about it, except to soak it up for what it was worth. Even the uncritical Miss Niven concedes:

> During the last decade of his life, [Sandburg] was a full-time celebrity, and only a part-time writer. Many people clamored for his attention, sought to superimpose his venerable image on television shows, advertisements, causes, prefaces to books, public occasions, motion pictures. His life was a public circus of entertainment and pilgrimages. . . .

THE sententious garrulity that was always part of Sandburg's writing grew worse with age. When his verse came under attack by critics and fellow poets, the People's Poet looked to the people for self-justification. Modern poets, he averred, the sort of poets vaunted by his enemies the New Critics, were anti-democratic, writing not for the people but for each other. "I say to hell with the new poetry," was his view at seventy-five. Poets today "don't want poetry to say what it means. They have symbols and abstractions and a code amongst themselves—sometimes I think it's a series of ear wigglings." His own poetry, he concluded, because it had a wider audience, must have been better.

Sandburg died at the age of eighty-nine, wealthy, revered, easily the most famous living poet in America, and soon to be almost entirely, if not quite forgotten, unread. He had had a tremendous roll of the dice. Now his work is quite as inert as he. As a young man, in 1909, in a column for the Milwaukee *Journal*, Sandburg unconsciously wrote his own epitaph: "America has many businessmen but no poets. The reason for this is that we are a nation of hustlers and no poet can be a hustler." Funny, the things a man, over a long life, can forget.

A Purim Homily

Ruth R. Wisse

WITH one exception, all Jewish holidays relate to the land of Israel, to ancient festivals, Temple rites, and local victories. That exception is Purim, the special holiday of Jews of the Diaspora, which is celebrated one month before Passover. And while Passover has eclipsed Purim in the popular imagination, there is a sense in which the deliverance commemorated by Purim is the more miraculous of the two.

According to the Book of Esther, the Jews of the Persian city of Shushan (Susa) were saved from Haman's plot to kill them through the wile and courage of Mordecai, a Jew who "sat at the palace gate," and his niece Esther, King Ahasuerus's recent replacement for his deposed queen. When Mordecai learned that Haman, the king's chief counselor, planned to exterminate all the Jews of the realm, he pressed Queen Esther into the service of their people, and together they turned the tables on their enemy. In the end, Haman and his sons were hanged on the gallows they had erected for Mordecai, the Jews destroyed those who had been waiting to take over their properties, and the day that was to have marked their execution was transformed from a fast of mourning into a feast of rejoicing.

Small wonder that Purim became, in later Jewish history, the inebriated holiday of a sober people, a day of inversions and uncharacteristically raucous celebration. The custom, instituted in Europe, of mounting Purim plays gave grown men leave to cavort like children; community wits were appointed rabbis for the day, to mock the synagogue service and its leaders. During the traditional Purim reading of the Scroll (*megillah*) of Esther in the synagogue, the congregation raises a hellish din at every mention of the name Haman; some Orthodox synagogues annually install green and red lights to try to control the cacophony. On Purim, one gets the impression that Jewish sanity and discipline hang by a hair.

PURIM is the zaniest holiday of the Jewish calendar because it celebrates the most improbable event in Jewish history—the political victory of the Jews over their self-proclaimed foes. Until the modern period, Jews were so intimately attached to this holiday that whenever families or communities felt they had been similarly spared from destruction, they would institute a Purim-like celebration—complete with special prayers and a special feast—on the anniversary of their rescue.

In the modern period, however, the holiday became politically incorrect, and the forthright satisfaction it takes in the destruction of the enemy became such an acute embarrassment that some Reform congregations banished it from the calendar.

And what about today? Can we really imagine Jews highly placed in government or Jewish "beautiful people" risking their careers, let alone their lives, to plead the cause of the Jews? If a contemporary Mordecai were to gain an edge in the inner circles of government, can one imagine him going about gathering data on the Arab war against Israel—today's equivalent of Haman—and feeding it to the head of his government so as to save his fellow Jews from harm? There are four Jews centrally involved in the making of policy toward Israel in the administration of George Bush—Dennis Ross, Aaron David Miller, Richard Haass, and Daniel Kurtzer, known to some as the Four Jewish Horsemen of the Apocalypse. Is *this* what they have been doing on behalf of the threatened Jewish polity of today?

And Esther? Would a contemporary Jewish woman in so high a position risk everything for the sake of her people? Would she bargain away her "goals" of personal self-fulfillment to help save the Jews from destruction? The more one thinks about it, the more one realizes that although the Book of Esther does not contain the name of God, it may indeed commemorate the most miraculous Jewish event of all.

ONE of the best known and most controversial teachings related to Purim is that of the talmudic sage Rava (Tractate Megillah 7b): a man is obliged to drink so much wine on Purim that he no longer knows whether he is cursing Haman or blessing Mordecai. The Israeli term for the Purim carnival—*Adloyadah*—means, "until he no longer knows," and is taken from this teaching. Like the author of the Book of Esther, the rabbis of the Talmud considered the moral distance between Haman and Mordecai so great that blurring their names became a way of representing true drunkenness, the temporary suspension of judgment in absolute revelry.

Modern Jews do not celebrate Purim to this degree, and for an obvious reason: more and more of them, especially in high places, are unable to distinguish between cursing Haman and blessing Mordecai even when they are stone sober.

RUTH R. WISSE *is professor of Yiddish literature at McGill University in Montreal. Her new book,* If I Am Not for Myself. . . : The Liberal Betrayal of the Jews, *will be published by the Free Press in August.*

The Pansophist

REVOLUTION FROM WITHIN: A BOOK OF SELF-ESTEEM. By GLORIA STEINEM. *Little, Brown. 377 pp. $22.95.*

Reviewed by JOSEPH ADELSON

AS EVERYONE must know by now, this book recounts Gloria Steinem's search for self-esteem, the lessons she learned from that exercise, and her decision to inflict the resulting wisdom on an all-too-willing public. It has been a sensation, jumping immediately to the head of the best-seller lists, there joining several other meretricious women's books, though topping all of them in pretentiousness. The book has also provoked considerable speculation about its meaning for the future of feminism. Is Steinem's turn to "inwardness" a sign of regression? Or does it represent a new and more progressive phase of the movement? *Time* worried this question endlessly in a cover story featuring Steinem's book and Susan Faludi's *Backlash*. It was agreed that women were indeed turning against feminism, but ought not to be held responsible, since they were victims of an "insidious" campaign to discredit the movement.

That explanation itself should tell us that there has not really been much of a shift. Despite all the chatter about looking within, somebody out there is always at fault. *They* are doing it to *us*. A woman seeing this book on my desk asked whether it was true that "Gloria" had sold out "the movement." Have no fear, I replied, the old externalizing mentality is still there, powerful as ever. What is new is some of the jargon, above all the vocabulary of self-esteem. It is everywhere and everything, a universal elixir, the philosopher's stone, a mantra, cause-and-effect, chicken-and-egg, alpha-and-omega, self-esteem *über alles*, self-esteem forever.

In a mind-boggling first chapter, Steinem sets out to show us that problems of self-esteem both permeate and dominate all human activities, including the fate of nations. Barbados is more prosperous than Haiti; self-esteem is both the cause and the effect. Australia is in better shape than Argentina; ditto. Actually, she has caught sight of something here. Economists, she writes, believe that self-esteem plays an important role in national prosperity: true, if by that she means that economic destiny is not solely a function of social and economic realities, that national character and will and values and traditions play a substantial role. But in Steinem's hands these disparate concepts and others are *reduced* to self-esteem, which for her is not a concept at all but a badge of merit to be affixed on people and movements and nations and events and attitudes and anything else she finds pleasing.

In short, anyone expecting coherent discourse may find much of this book unreadable. It rambles from topic to topic, a mishmash of pseudo-profundities, dubious information, and half-baked opinions. To take one example among many, Steinem reports a study showing that at the outset of schooling 80 percent of children have high self-esteem, by the fifth grade the figure is down to 20 percent, and at the end of high school it has fallen to 5 percent. Ergo, "schools cause self-esteem to plunge for almost everyone." Ergo, "we need to unlearn some of our respect for education since it has undermined our respect for ourselves."

Astounded, one jumps immediately to the back of the book for the citation, only to find a reference to someone quoted in a newspaper story. Let that go. It takes only a millisecond more to recognize that however "self-esteem" was defined for the purposes of this study, it could not have been the same measure or the same variable at ages six, ten, and eighteen. In any case, the findings are unique—there is nothing remotely like them in the psychological literature. And, whatever the purported drop in self-esteem may or may not signify, why should *schooling* be singled out as the source of it? Conversely, if school is in fact so destructive, should we not abolish it, and do without? Steinem would no doubt draw back from such a conclusion, and propose instead that we transform our schools so that they nourish self-esteem. But that is exactly what we do now, to disastrous effect. Our students, who lag the world in learning, lead in self-esteem.

As for Gloria Steinem, whatever damage was done to *her* self-esteem in the grades, she has now fully recovered. She is a pansophist, she knows everything, and she is eager to share it all with us. We are instructed here in such matters as craniology, sociobiology, psychological testing, and brain biochemistry. A child of the smug social environmentalism of the 60's and 70's, she cannot quite adjust to the uneasy recognition that she may be behind the curve, that biology and genetics may destroy the dream of perfect equality. So she patronizes Edward O. Wilson, one of the great scientists of our century; criticizes all unpleasant scientific evidence as biased; and ignores the rest. In her final chapter—another mind-boggler—she reveals herself as a direct ideological descendant of William Godwin, the late-18th-century anarchist (husband of Mary Wollstonecraft, father of Mary Shelley) who believed that the perfected mind could achieve literal immortality. Steinem may not be quite all the way there yet, but she is not far behind, arguing that it will soon be possible, by psychological and technical means, to produce radical changes in physiology and personality, including—you guessed it—alternating states of male and female identity.

BUT I ought not give the impression that this book is mostly

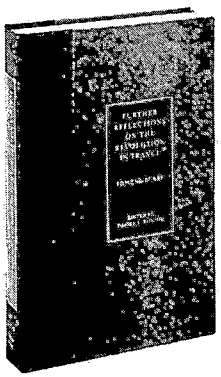
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"about" science or social science. Most of it is devoted to psychological evangelism, nostrums through which we can transform ourselves. The advice ranges from keeping a bedside log to finding just the right self-help group. Two appendices offer a Meditation Guide, and a long list of politically-correct self-help books. We are advised to love nature and to learn from the animals. There is a long discussion of love versus romance, and a chapter on spirituality.

The homilies which fill the book are supplemented by profiles of admirable souls, those who have changed themselves or their worlds by rediscovering the hidden self. Most are unknowns, but among the public figures there is an adoring treatment of Gandhi. It is a pious, feminist account of the man, showing how he gave up a false self and found the true. We hear nothing here about how—as Richard Grenier has pointed out—this friend to women allowed his wife to die rather than let her be treated with the "alien" penicillin (though he accepted Western medicine himself), or about his sleeping with naked teenage girls, or exchanging enemas with them. Nor (leaving these curiosities aside) are we told that Gandhi, like many charismatic politicians, could be vain, callous, selfish, indifferent to others, even cruel. If it is troubling that someone writing about Gandhi could be unaware of these facts about him, even more troubling is the thought that the someone could not deal with them even if aware.

WHILE struggling through this at times unbearable book I was nagged by a feeling of familiarity. Perhaps it was the tone, perhaps the voice. Then the answer came—Gloria Steinem is today's Verena Tarrant, the protagonist of Henry James's *The Bostonians*. A feminist preacher who draws large, enraptured audiences as she travels through the country, Verena Tarrant enchants her listeners by the very simplicity of her doctrine. To Basil Ransom, the infatuated Southern conservative who will ultimately capture her, her message is inane, "full of school-girl phrases, of patches of remembered eloquence, of childish lapses of logic." It is "vague, thin, rambling, a tissue of generalities." He reaches this conclusion after one of Verena's speeches:

> From any serious point of view it was neither worth answering nor worth considering, and Basil Ransom made his reflections on the crazy character of the age in which a performance as that was treated as an intellectual effort, a contribution to a question.

This verdict may serve as our own on Gloria Steinem's book.

Another Country

BENEVOLENCE AND BETRAYAL: FIVE ITALIAN JEWISH FAMILIES UNDER FASCISM. By ALEXANDER STILLE. *Summit Books. 365 pp. $25.00.*

Reviewed by EDWARD ALEXANDER

> They were always hopeful. They used to say: "But the pope . . . the Vatican . . . open city." Here they wouldn't dare touch anyone.
>
> Supported by that high sense of civilization that comes from having grown up in our beautiful Italy, mother of morality and law that from eternal Rome has illuminated the whole world, they refused to believe that the thugs of Hitler would dare repeat the incredible barbarities they had committed in Poland, Germany, Holland, and Belgium.
>
> We were very incredulous. German refugees who had escaped into Italy would take every opportunity to warn Italian Jews about what was happening to Jews in Germany, but we always said, "What happened in Germany can never happen in Italy."

THESE are the voices of three Italian-Jewish survivors interviewed by Alexander Stille for *Benevolence and Betrayal*. And indeed, Italy's Jews had better reasons than those of other European countries, including France and England, to feel safe in their native land. Although Italy did not eliminate the ghetto until 1870, its Jews quickly thereafter achieved a level of acceptance unmatched in other European countries. While mobs of Frenchmen, agitated over the Dreyfus Affair, were marching through cities shouting "*Mort aux Juifs!*," Italian Jews were serving as generals and cabinet ministers, even prime ministers. Not even the advent of Fascism disturbed their complacency, for Mussolini seemed to go out of his way to mock the racial theories of the Nazis. "National pride," he insisted, "has no need of the delirium of race," and in 1934 he called Hitler "a horrible sexual degenerate, a dangerous fool."

These admirable sentiments did not prevent Italy from passing racial laws of its own in 1938-40, or from becoming, in June 1940, Germany's only real European ally in the war. Yet even in war the Italians acted in such a way as to confirm their Jewish citizens in the conviction that they belonged to a civilized national culture. Up until the German occupation of September 1943, Mussolini allowed Jewish relief organizations to receive and assist refugees. More importantly, the Italian army protected Jews in Italian-occupied territory in southern France, Yugoslavia, and Greece from deportation to Nazi death camps. (One of the tragic paradoxes of the war was that the surrender of Italy in September 1943, a triumph for the Allies, was a catastrophe for the Jews, who now found themselves, in Italy and formerly Italian-occupied territories, in the hands of the Germans.)

But the distinction between Italian Fascism and German Nazism, though real, was not sufficient to save the more than 7,000 Italian Jews who were deported to Nazi death camps or killed on Italian soil. Compared with their German allies, the Italians may have been notable for benevolence and rescue; but they also were guilty of sufficient betrayal and persecution to destroy or cripple or poison the lives of the five Jewish families whose stories are powerfully con-

EDWARD ALEXANDER *is professor of English at the University of Washington and the author of, most recently,* Isaac Bashevis Singer: A Study of the Short Fiction.

veyed by Stille. Although his book includes many moving and memorable accounts of the generosity and bravery of non-Jewish Italians, it concludes with a lengthy denunciation (by the Buchenwald survivor Franco Schönheit) of the Italian Fascists who provided German occupiers with the lists of Jewish-community members. "'Even though I returned to Italy,'" he tells Stille, "'I no longer identify myself with the country. It no longer says anything to me.'"

To NO group of Italian Jews had Italy "said" more than to those who idolized Mussolini and nearly all that he represented: "Fatherland, Faith, and Family." Out of a Jewish population of 47,000 in 1938, more than 10,000—that is, one-third of the adults—belonged to the Fascist party. Many of these, perhaps the majority, joined for practical reasons, but a still substantial number found that their Jewish patriarchalism and Piedmontese military tradition blended perfectly with Fascism. Their story is embodied in the career of Ettore Ovazza and his family, the first and the most compelling, tragic, and terrifying episode in Stille's book.

A hero of World War I and an active Fascist, Ovazza saw no contradiction between being president of the Turin Jewish community and genuflecting before Mussolini as if before a god. He wrote of his 1929 audience with Il Duce:

> On hearing my affirmation of the unshakable loyalty of Italian Jews to the Fatherland, His Excellency Mussolini looks me straight in the eye and says with a voice that penetrates straight down to my heart: "I have never doubted it." . . . Such is The Man that Providence has given to Italy.

Such oily sycophancy raises the question of whether the Italian Jews were really as free as they claimed to be. Thus, in search of a still more impressive display of undivided loyalty to the regime, Ovazza proposed to lead a squad of Jewish Fascists to burn down the Florence office of the Zionist newspaper, *Israel.* At this point, a fellow Jewish Fascist issued a fitting rebuke: "To attack other Jews in

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Hitler's Justice
The Courts of the Third Reich
Ingo Müller
Translated by Deborah Lucas Schneider
With an introduction by Detlev Vagts



"Written by a German lawyer, published in Germany four years ago, and now expertly translated into English...*Hitler's Justice* tells an ugly story of moral corruption and professional degradation... Müller's book can in any event help us to see that judges should not be eager enlisters in popular movements of the day, or allow themselves to become so immersed in a professional culture that they are oblivious to the human consequences of their decisions."
—Richard A. Posner, *New Republic*
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such hard times . . . in order to ingratiate ourselves with a regime that has betrayed us [is] to act as slaves, not as free men."

Ovazza's relentless attacks on Italy's small Zionist movement seemed to afford him the protection of powerful friends even as the regime, in deference to its German ally, adopted anti-Semitic racial laws. Stille paints a vivid picture of the warm personal relations between Ovazza and Paolo Orano (rector of the University of Perugia), who in May 1937 published a book called *The Jews in Italy*, which instantly became the bible of Italian Fascist anti-Semitism and the preamble to its racial laws. When Ovazza was recovering from a calamitous automobile accident, this anti-Semitic ideologue inquired after his health every day.

In the end, to be sure, Ovazza's great services to Fascism availed him nothing. His pleas for continued recognition as a privileged Jew were ignored by the Italian bureaucracy; he was betrayed by fellow Italians to the SS; at the conclusion of Yom Kippur in October 1943, he, his wife, and his daughter were summarily shot in the back of the neck by the Germans, who then burned them in a furnace.

ALTHOUGH the tragic irony of the Ovazza story is not equaled by those that follow, the respect and even affection that Stille bestow upon this self-deceived figure sets the tone for the whole book. The only Jews who remain outside the range of his imaginative sympathy are the outright spies, traitors, and informers, such as Pitigrilli (the pen name of Dino Segre, a half-Jew and a writer of salacious and cynical fiction) and Celeste Di Porto ("*La Pantera nera*," or Black Panther), who turned in 50 of her fellow Jews of the Rome ghetto to the Germans; both converted to Catholicism after the war.

Pitigrilli figures prominently in Stille's second story, about the Foa family of Turin and the activities of the anti-Fascist (and, after 1933, largely Jewish) organization, *Giustizia e Libertà*. The interest of the Foa story arises partly from Stille's depiction of wartime underground activities, but partly from the question his account raises of what was Jewish about these Jewish anti-Fascists.

On the one hand, they themselves would ostentatiously affect detachment "from anything smelling of Judaism." But on the other hand, they would conceive their anti-Fascist schemes in study groups meeting on Friday nights and called *Oneg Sciabbath* ("Sabbath Pleasure"). Describing the Foa family Passover seder, Stille remarks that "for these highly integrated, completely Italian citizens, the verses read at Passover . . . seemed a quaint and infinitely distant legend of long-forgotten troubles." It is hard to believe that they were really so obtuse about the resonances of the Festival of Freedom as Stille here suggests. But be that as it may, Vittorio Foa, serving a fifteen-year prison sentence after Pitigrilli betrayed him, wrote as follows to his pregnant sister to allay her doubts about the wisdom of bringing a Jewish child into the Europe of 1937:

> These deterministic ideas lose all meaning in the face of our Jewish family life, which in its unifying and cohesive force survives every assimilation and, against rational argument, continues to see in each new child the blessing of the Lord. If a shadow of doubt had overcome them, in the centuries of infinite suffering, how would they have survived?

Thus did an ostensibly anti-Jewish secularist demonstrate his understanding that there are innumerable sacrednesses in what people call "secularity," and that the Jews continue to be a community of faith.

AFTER recounting the main events in the rise of Fascism and Jewish anti-Fascism in his first two stories, Stille turns in the third to the great roundup in the Rome ghetto of October 16, 1943, which ravaged the Di Veroli family among many others. These shopkeepers, salesclerks, and peddlers had been left relatively unscathed by the 1938 racial laws that devastated the Jewish professional classes; *their* doom came with the wave of anti-Semitism that followed Italy's entry into the war in June 1940. Perhaps more than other Italian Jews, those of Rome were lulled by the illusion that they would be safe. Had they not lived in this city for 2,000 years?

The book's fourth section begins two weeks after the Rome deportations, with the Jews of Genoa preparing for the Germans' next move. Stille's emphasis here is on the cooperation between the Jewish community and the local Catholic Church in hiding and rescuing Jews. In particular he describes the work of DELASEM, *Delegazione Assistenza Emigranti Ebrei* (Committee to Assist Jewish Refugees), and his story confutes the widespread image of Jewish passivity before the Nazi predators. "In places where Jews had the freedom to organize and help themselves, they did so," notes Stille. The key figures here are Massimo Teglio, a Jewish aviator of astonishing ingenuity, bravery, bravado, and humor; Rabbi Riccardo Pacifici, the chief rabbi of Genoa, who would not go into hiding or forsake his duty to the refugees because "with the Torah under my arm, I can go safely anywhere"; and Don Repetto, a Catholic priest who courageously took over the work of DELASEM after the armistice of 1943.

Nowhere is the truism that generalizations about groups tell us nothing about individuals more memorably illustrated than in this chapter. The devotion and love of the Mother Superior of the convent in which the rabbi's wife Wanda took refuge permeate her account, transcribed here, of the Germans' invasion of the sanctuary and capture of their Jewish prey:

> We gave each one the most affectionate sisterly embrace possible; it was a scene to make the stones cry, but those hearts hardened by hatred seemed to feel no pain. . . . Just and Merciful God, have pity on Your chosen people.

THE book's fifth narrative commences in November 1943 and describes the final deportations from Italy and the fate of the Schönheit family in Buchenwald and Ravensbrück. Apart from Rabbi Pacifici, the Schönheits of Fer-

rara are the most religious Jews in Stille's book; and as irony would have it, they were precisely the ones exempted from death by the Germans. Instead, father and son spent eight-and-a-half months at Buchenwald, when conditions there were at their worst. The story of how they survived only because they had each other provides a striking counterpoint to the famous account by Elie Wiesel in *Night* of relations between fathers and sons in Auschwitz. Upon their liberation in 1945, Carlo, who had been the cantor of Ferrara's synagogue, recited Kaddish at the camp's crematorium.

In his epilogue Stille briefly recounts what has happened to the remnant of each family since the war's end. The most telling and distressing segment of this coda concerns Rabbi Pacifici's surviving son Emanuele. His throat today is badly scarred from the removal of one of his vocal cords, and he wears a medical brace under his shirt to replace the stomach muscles destroyed by a bomb. These injuries were not, however, the work of the Germans, at whose hands he endured so much, but of an Arab terrorist who threw a bomb into a Rome synagogue in 1982, killing a small boy and wounding 40 other people. At about the same time, the plaque honoring Rabbi Pacifici in Genoa was defaced by a swastika.

Although Stille keeps a polite distance from Emanuele Pacifici's assertion that there is more anti-Semitism in Italy now than in the Fascist period, evidence of anti-Semitism is not far to seek; Stille has himself reported it in magazine articles in recent years. Demonstrations by Italian leftists against Israel's 1982 incursion into Lebanon or in favor of the *intifada* have taken place not in front of the Israeli embassy but in front of synagogues. In April 1987, the walls of the University of Bologna were adorned with posters urging "Cannibals, Bedouins, Rabbis, Out of Italy!" In November of the same year, a Catholic magazine in Brescia republished excerpts from *The Protocols of the Elders of Zion*, with a preface by a priest who called for continued struggle "against that minority of ultra-powerful Jews who conspire to divide the church of Christ." (As to whether it is Jewish power or Jewish powerlessness that provokes anti-Semitic hatred, one may note that the minority group which once gave Italy all those generals, cabinet ministers, and prime ministers without provoking resentment has now disappeared from Italian public life.)

The strength of this book lies not in any abstract formulations or general truths, whether about Italians, Jews, or human nature. Rather it derives from the voices of human beings, ordinary and extraordinary, as they reach us through deftly handled interviews, letters, and diaries. At its best, *Benevolence and Betrayal* confirms what Primo Levi said about the "sorrowful, cruel, and moving stories" of himself and his fellow captives at Auschwitz. There are, he reported, "hundreds of thousands of [these] stories, all different and all full of a tragic, disturbing necessity." Some of them are told here by Stille.

A Dancer's Homage

Prodigal Son: Dancing for Balanchine in a World of Pain and Magic. By Edward Villella with Larry Kaplan. *Simon & Schuster. 317 pp. $23.00.*

Reviewed by Terry Teachout

Anyone who believes that there are no second acts in American life should consider the story of Edward Villella, the best-known American male dancer of the 60's and 70's. Forced to stop dancing with New York City Ballet (NYCB) at the age of thirty-eight because of a hip injury, Villella has since made a new career for himself as founder and artistic director of the Miami City Ballet, widely regarded as this country's most promising regional company. And he has now written an excellent memoir named, after his most celebrated NYCB role, *Prodigal Son.*

Villella's celebrity stemmed in large part from his appearances during the 60's on such popular television programs as the *Bell Telephone Hour* and the *Ed Sullivan Show,* where his athletic style and frankly masculine stage presence dazzled a generation of TV viewers. But what gave Villella an honored place in the history of dance was not his TV stardom but rather his association with George Balanchine, New York City Ballet's founder and the greatest choreographer of the 20th century. Although *Prodigal Son* tells much of interest about Villella's life as a star, it is at its most compelling when it focuses on his uneasy relationship with Balanchine, who found him inspiring as a dancer but threatening as a person.

Balanchine's own place in dance history was firmly established long before Villella joined NYCB in 1957. Born in St. Petersburg in

Terry Teachout, *whose latest book is* City Limits: Memories of a Small-Town Boy, *writes about dance for the* New Dance Review. *He is currently working on a biography of H.L. Mencken.*

A Dispassionate and Controversial Exploration of the Power of Anti-Semitism

THE JEW ACCUSED

Three Anti-Semitic Affairs
Dreyfus, Beilis, Frank
1894-1915

Albert S. Lindemann

"He is especially good at showing the mixed motives of both the accusers and the defenders. He also deftly portrays the historical background and ideological forces. This account is well written and detailed."
— *Library Journal*

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1904, Balanchine fled the Soviet Union in 1924, auditioned for Sergei Diaghilev, and promptly began to stage dances for Diaghilev's Ballets Russes. With his 1928 ballet *Apollo*, choreographed to a score by Igor Stravinsky, whose *Firebird*, *Petrushka*, and *The Rite of Spring* had already stunned Ballets Russes audiences throughout Europe, Balanchine completed the artistic revolution initiated by Diaghilev's original team of collaborators. In *Apollo*, Balanchine rethought traditional conceptions of choreographic movement and design to create a "neoclassical" dance style (directly analogous to the musical style of Stravinsky's score) in which 19th-century ballet technique was speeded up, stripped of its old-fashioned dramatic rhetoric, and given a radically new look: angular, abstract, unpredictable. Controversial at first, Balanchine's neoclassicism would in time become extremely influential.

Balanchine came to America in 1934, where he founded the School of American Ballet, for many years the chief outlet for the gospel of neoclassicism in dance. He spent the next decade and a half choreographing for Broadway and Hollywood and making now-famous "plotless" ballets like *Serenade*, *Concerto Barocco*, and *Symphony in C* for a variety of companies, many of them short-lived. Balanchine finally found a permanent home in 1948 when New York's City Center invited him to start a resident company of his own, New York City Ballet. During the 50's, most New York-based dance critics and balletomanes gradually came to regard him as the leading choreographer of his time. But this reputation was still provincial. Unlike most dance companies, NYCB rarely toured in America, although it appeared regularly in Europe, usually to great acclaim, from 1950 on. As a result, Balanchine's mature work was infrequently seen outside New York, and comparatively few of his dancers were viewed as "stars" by audiences elsewhere in America.

EDWARD VILLELLA, a graduate of the School of American Ballet, joined NYCB just as Balanchine's genius was beginning to be recognized by a wider American audience. Villella's growing fame contributed to the increased renown of NYCB, as did the company's move to Lincoln Center in 1964, which brought invaluable national publicity (and TV exposure) to Balanchine and his dancers.

But Villella also had a direct effect on Balanchine himself. Balanchine made no secret of the fact that he preferred to work with women dancers: "Women are more flexible. They have more ideal body for ballet for technique, for speed, for fine technique." Villella changed that. "I was able," he writes in *Prodigal Son*,

> to dance fast, move with power, jump high, and do intricate beats. . . . The energy and attack that was essential for this kind of dancing was second nature to me, part of my temperament. And it was what Balanchine wanted: attack, speed, angularity, getting from position to position by passing through, not by landing and posing, waiting and preparing for the next step.

Starting in the early 60's, Balanchine responded to these extraordinary skills with an equally extraordinary series of ballets containing prominent male roles, including *A Midsummer Night's Dream*, *Bugaku*, and *Rubies*, the jazzy central panel of the 1967 triptych *Jewels*. Balanchine's colleague, Jerome Robbins, no less impressed with Villella, gave him the principal male roles in his *Watermill* and *Dances at a Gathering*. And Villella also began to appear in Balanchine's early masterpieces *Apollo* and *Prodigal Son*, immediately establishing himself as a touchstone of perfection in both. But Villella and Balanchine soon found themselves at odds, partly because Villella disapproved of the way in which Balanchine sought to exert total control over the lives of his dancers, partly because an element of sexual competition began to enter into their relationship.

George Balanchine's sexual interest in his women dancers, four of whom he married and an untold number of whom he slept with, is the stuff of dance legend. "There was always a ballerina who inspired him," Villella recalls. "He'd fall in love with her and then usually marry her. . . . Balanchine could clearly make his displeasure felt when some other dancer detracted from the chosen ballerina." Balanchine, adds Villella, kept his other dancers in line by manipulating them psychologically:

> He knew exactly whom you might have gone to lunch with two times in a row, whom you were fooling around with or planning to get involved with, whom a particular dancer was living with, or might be planning to live with.

A rebel by temperament, and unambiguously heterosexual to boot, Villella refused to pander to Balanchine's need "to control whether or not a man had a relationship with one of his women," and as a result their own relations deteriorated. "From time to time," Villella writes, "I wondered if he wasn't just a bit envious of me. After all, he had never had a successful dancing career. Onstage I was a success, and offstage I was young and attractive to women." The situation was made worse by Villella's reluctant decision to stop taking Balanchine's grueling ballet classes, which were aggravating the physical problems that eventually halted his dancing career in 1975:

> Until his dying day I don't think he ever forgave me for not praying at his altar. . . . I wanted to serve, but not to the point of destroying myself.

IN *Prodigal Son*, Villella talks about his one-time mentor with impressive, sometimes painful, candor. That he was able to survive in the self-contained, emotionally draining professional environment created by Balanchine and described so vividly in *Prodigal Son* is proof of his strength of character. That he was *willing* to survive, to put up with the endless nonsense instead of quitting in disgust, is an index of his certainty that Balanchine, for all his failings as a man, was an artist of fundamental integrity:

> He was not a despot or a false god, and it wasn't just a matter of authority or ego. . . . Even when we fought, he never de-

nied me any artistic opportunity. It was as a dancer that he loved me and as a dancer that I received his priceless legacy.

Villella's respect was not misplaced. Balanchine was not the first 20th-century choreographer to do major work, but he was the first to create a lasting body of major work, one now danced not only by his own company but by virtually every company in the world with any claim to seriousness. It is largely because of him that ballet is no longer regarded as, in W.H. Auden's words, "a very, very minor art." To call him, as many do, the Picasso or Stravinsky of ballet may be to understate the case; to compare him to Shakespeare, as Villella does, is to overstate it. But certainly Balanchine was the author of what dancers of the 21st century will regard as their true classical repertory. It is fitting that dozens of books should be written about such a man, and that Edward Villella's forthright and honest memoir should be one of the best so far.

Making Change

MONEY MISCHIEF. By MILTON FRIEDMAN. *Harcourt Brace Jovanovich. 274 pp. $19.95.*

Reviewed by KENNETH SILBER

MILTON FRIEDMAN'S latest book comes at a pivotal moment. Around the globe, monetary systems are being fundamentally restructured. The European Community is moving toward a single currency, expending considerable political capital to achieve that goal. Third-world and post-Communist governments from Argentina to Ukraine are experimenting with a diverse array of reforms.

Yet *Money Mischief,* subtitled "Episodes in Monetary History," is at least as concerned with the past as with the present. Much of the book deals with events of the late 19th and early 20th centuries. For instance, Friedman examines the Coinage Act of 1873, which placed the U.S. dollar on a gold standard and effectively denied a monetary role to silver. Analyzing the consequences of that move, he explores what might have occurred if different policies had been followed. This leads to a broader discussion of the relative virtues of monometallism, in which a currency is linked to either gold or silver, and bimetallism, in which the money is backed by both. Friedman also looks at the significance of the development, late in the last century, of a new technique for extracting gold from low-grade ore. Moving forward several decades, he speculates about the effects of the silver-purchase program initiated by the Roosevelt administration in the early 1930's.

As the book proceeds into more recent monetary history, Friedman compares Chile's establishment of a fixed exchange rate in the late 1970's with Israel's adoption of a similar policy in the mid-1980's. Drawing on a range of examples, he defends his well-known thesis that excessive monetary growth is the crucial factor underlying inflation. The final chapter offers, in broad strokes, a picture of the world's present monetary situation.

THE links between Friedman's discussion of historical events and his analysis of current developments are rather tenuous. The reader who expects to find present-day relevance in the lengthy discussion of bi- versus monometallism, for example, is bound to be disappointed; Friedman himself acknowledges that the issue is primarily of historical interest. Moreover, the pace of current monetary change is such that various late developments—the December 1991 Maastricht summit on a unified European currency, Russia's grappling with the issue of a convertible ruble, Argentina's attempt to fight inflation by linking its currency to the dollar—receive little or no discussion. *Money Mischief* is thus limited as a guide to current policy issues. But as a meditation on the twists and turns of the past, it has much to offer.

The role of chance in monetary history, and the propensity of government actions to yield unintended consequences, are themes common to many of the episodes Friedman recounts. Thus, *Money Mischief* retells the story, familiar from Friedman's earlier work, of how China was affected by the U.S. government's purchases of silver—purchases undertaken by President Franklin D. Roosevelt as a political sop to influential Senators from silver-producing states.

In Friedman's telling, the resulting boost in silver prices led to a general price deflation in China, a nation which, in the early 1930's, was the only populous country still on a silver standard. This hastened the Nationalist government's abandonment of the standard and rendered China more vulnerable to the hyperinflation that resulted from the need to finance the war against Japan and the civil war against the Communists. Friedman convincingly argues that the U.S. silver purchases contributed, at least modestly, to Chiang Kai-shek's downfall—an outcome well beyond the imagining of Roosevelt and other American politicians who wanted to "do something for silver." Indeed, insofar as Asia entered into American calculations, it was assumed that China would benefit from higher silver prices.

Friedman's comparison of Chile and Israel also emphasizes the element of unpredictability. These two nations followed essentially the same policy, that of establishing a fixed exchange rate or "pegging" the local currency to the U.S. dollar. In each case, the purpose was to curtail inflation. Yet the respective actions, taken some six years apart, had drastically different outcomes, due to circumstances well beyond the control of policy-makers in either country.

Chile had the misfortune of establishing a fixed exchange rate in 1979, just prior to the dollar's sharp appreciation against other major currencies. The Chilean peso thus rose against other currencies in tandem with the dollar, damaging the country's exports. Meanwhile, the price of copper, Chile's major export, was declining in world markets, while the price of oil, which Chile imports, was rising. The result was a deep recession, one that would have been far less severe had the peso

KENNETH SILBER, *a new contributor, is a freelance writer specializing in economic and financial subjects.*

been allowed to depreciate against the dollar. In 1982, the currency peg was abandoned.

By contrast, Israel's pegging of the shekel to the dollar occurred in the mid-1980's, just as the dollar was beginning to descend against major currencies. At this time, furthermore, oil prices were in decline. The fixed dollar-shekel rate was kept in place for only thirteen months (after which the shekel was pegged to a basket of currencies), but during that time, it helped bring inflation down from an annual rate of about 500 percent into the low double digits. Without causing a recession, Israel's currency peg helped create a degree of price stability that lasts to this day.

THE issue of pegged exchange rates has taken on increasing importance in the past several years. The European Monetary System (EMS) is essentially an arrangement of flexible pegs, in which national currencies are constrained in the extent to which they can fluctuate against one another. Friedman is an opponent of such currency pegs, believing they represent an unstable middle ground between floating exchange rates and unified currencies (either of which he sees as preferable). In *Money Mischief*, he takes several swipes at the EMS.

Some of this criticism is well-founded. Friedman notes, for example, that pegged exchange-rate systems often come under stress from the divergent domestic agendas of individual nations' central banks. Certainly, such strains were seen in the EMS over the past year, as European central banks were torn between their currency commitments (which required that interest rates be high enough to attract investment) and the need to stabilize domestic economies (which required lower interest rates, to spur economic growth). Friedman also has a point in questioning the extent to which the EMS can be credited with the lower inflation which member countries have enjoyed in recent years; after all, inflation has declined in many non-EMS countries as well.

In one respect, however, Friedman's skepticism toward the EMS is unconvincing. It is unrealistic, he writes, to expect a system of pegged exchange rates to lead to a unified currency. Such a prospect he describes as an "utter mirage," since it would require the elimination or integration of redundant central banks, a politically tricky endeavor. Yet with the Maastricht summit of December 1991, it has become clear that this outcome is now a realistic possibility. For better or worse, most members of the European Community have demonstrated considerable determination to establish a unified currency by the end of the decade.

The single-currency plan may be criticized on various grounds; Friedman himself wrote an op-ed piece in the *Wall Street Journal* shortly after Maastricht, wondering whether it would not be better to let market forces, rather than government policy, establish an eventual unified currency. But *Money Mischief*'s casual dismissal of European monetary union as far-fetched is now out of date.

The next several years will be a fascinating time for observers of monetary systems. There is much to be learned, not only from the European project but also from smaller-scale monetary experiments around the world. One looks forward to further comments from Milton Friedman.

War Diary

THE DE-VALUING OF AMERICA: THE FIGHT FOR OUR CULTURE AND OUR CHILDREN. By WILLIAM J. BENNETT. *Summit Books. 271 pp. $20.00.*

Reviewed by RITA KRAMER

IF IT is true that you can judge a man by his enemies, William J. Bennett's credentials are impressive indeed. As this summing-up of his career and positions reminds us, in a little less than a decade in public life he managed to offend almost everyone worth offending. As chairman of the National Endowment for the Humanities (NEH) in the first term of the Reagan administration, he outraged liberal academics and Left-leaning media figures. As Secretary of Education in Reagan's second term, he went on to incur the wrath of the various politically-correct special-interest groups. And as director of the Office of National Drug Control Policy under George Bush he took on those in Congress, the "helping professions," and the press who might have missed out on earlier opportunities for Bennett-bashing.

This book is Bennett's war diary, consisting of dispatches from the front in the struggle between, on the one hand, the combined forces of Washington's "Beltway" culture, academia, and the media and, on the other hand, mainstream America and its traditional bourgeois values. Topical and episodic, the book casts a backward look over Bennett's various campaigns and reviews the stands he has taken, refuting his critics along the way. What the book is not is a sustained scholarly essay or a coherently fashioned statement of a kind one might expect from Bennett, a trained lawyer and political philosopher and one of the few figures in American public life today who can approach social and political issues from the perspective of an authentic liberal education. Yet while we are waiting for that other book, *The De-Valuing of America* can serve as an interim guide to the perplexed at a time when liberal democracy, increasingly appreciated by the rest of the world, remains relentlessly besieged by too many of those already enjoying its benefits.

As a political memoir, *The De-Valuing of America* tells us a lot about where we have been these last ten years and, sometimes surprisingly, reminds us where we started from and how far we have come. After all, when Bennett assumed his first appointed office at NEH, it was not yet widely recognized that the ideas and ideals expressed in the great works of Western civilization, and the custom and ceremony that have grown up around them, needed defending from the ideologues, whether in Hollywood or at Harvard. Those

RITA KRAMER's *most recent book is* Ed School Follies: The Miseducation of American Teachers *(Free Press).*

were the days before such bellwether mass-market publications as *Newsweek* and even such unimpeachably liberal ones as the *New Republic* had taken off after "political correctness"; and before the formation and spread of alternative faculty organizations like the National Association of Scholars. It is useful to bear this in mind in assessing Bennett's often criticized tendency to speak out when and how he did ("shrill," "controversial," "confrontational," "a loose cannon in a bully pulpit," "an elitist," "a brawler" are some of the kinder epithets his opponents have used to characterize him).

At the NEH, Bennett's was the first clear voice to say out loud that the government was funding projects that were silly, inappropriate, or opposed to the educational aims for which the Endowment had been created. Thus, one of his earliest policy decisions was to withdraw funding from such "educational documentaries" as the unabashedly pro-Sandinista *From the Ashes . . . Nicaragua* and to maintain unequivocally that it was not the business of the government to subsidize, at taxpayer expense, blatantly one-sided anti-American propaganda. The predictable cries of "censorship . . . chilling effect . . . free speech . . . First Amendment" followed. It was the Fort Sumter of what has come to be called the culture wars.

As Secretary of Education from early 1985 to late summer 1988, Bennett prosecuted the culture wars by clashing with the National Education Association and other professional schooling organizations. He saw, and did not hesitate to say, that the vast bureaucracy called into being by legislation ostensibly intended to help schoolchildren was operating more in its own interests than in theirs. He was also one of the first to call attention to the divisiveness with which the democratic culture was being threatened by, of all things, the public school. From a place dedicated to the transmission of a common culture and of the skills necessary to understand and extend it, the public school had become an agency of social change, replacing competition with "cooperative

You deserve a factual look at...

Those "West Bank" Settlements

Are they *really* the "greatest obstacle to peace"

Not too long ago, our Secretary of State James Baker made the astonishing comment that Israeli settlements in Judea/Samaria (the "West Bank") were the greatest obstacle to peace in the Middle East. Could Mr. Baker possibly be right? It's a serious accusation and it deserves examination.

What are the facts?

■ In order to gain perspective, some thumbnail history may be in order. Large numbers of Jews have been living in these territories since biblical times – without interruption. Most of the Arabs living there are in fact relative newcomers. "Palestine" is the entire area now covered by Israel, including Judea/Samaria (the so-called "West Bank") *and* what is now the Kingdom of Jordan. It originally also included the Golan Heights, which later, in an agreement between England and France, were ceded to France, and to Syria as the successor in possession. In 1922, contrary to the requirements of the League of Nations Mandate, the British severed the entire area east of the Jordan River and gave it to the Hashemites as reward for their assistance in World War I. Thus, fully 75% of Palestine, all of which under the Mandate and under the terms of the Balfour Declaration was meant to be a homeland for the Jewish people, was lost for that purpose. Only the area west of the Jordan River was left for Jewish settlement.

■ In 1947, after decades of strife between Arabs and Jews, the British decided that they had enough and announced that they would relinquish the Mandate. The United Nations stepped in and proposed a partition plan under which the country (west of the River) was to be divided into respective Arab and Jewish areas. Jerusalem was to be an internationalized city. The Jews accepted the plan; the Arabs refused it out of hand. In 1948, on the twice truncated territory allotted to them by the United Nations, the Jews declared their independence, and the state of Israel was born. On the same day, six Arab armies invaded the new-born state. In what can be described as an almost biblical miracle, the Jews defeated the six Arab armies. When an armistice was finally secured, however, TransJordan remained in possession of Judea/Samaria (the "West Bank") and the eastern part of Jerusalem; Egypt remained in possession of the Gaza Strip. TransJordan promptly renamed itself Jordan.

■ Once in possession of the "West Bank" and East Jerusalem, the Jordanians promptly proceeded to expel all Jews and systematically to desecrate and to destroy most Jewish sacred places, cemeteries and houses of worship. No Jews, regardless of whether they were Israelis, Americans or citizens of any other country, were allowed into the "West Bank" or East Jerusalem, the locale of the Western Wall, the holiest site in Judaism. In 1967, Abdel Nasser of Egypt, joined by the same array of Arab armies that had tried to destroy Israel in 1948, launched another war against Israel "to drive the Jews into the sea" and into oblivion, once and for all. The Israelis pre-empted and utterly defeated the combined Arab might in the 6-Day War, one of the greatest military victories in history. When the dust of war settled, the Israelis had not only retained their national territory, but had repossessed (not occupied) the territories of Judea/Samaria (the "West Bank"), the eastern part of Jerusalem, the Gaza Strip, the Golan Heights and the vast Sinai Peninsula.

It is clear from this abbreviated history that the Israeli claim to the "West Bank" is at least as strong as that of the Arabs. It's only by dint of constant repetition that the world has come to think of these territories as "occupied Arab land". About 100,000 Jews now live in these territories. And why shouldn't they? Why should the Arab countries and the "West Bank" be the only places in the whole wide world where Jews are not allowed to live? How can 100,000 Jews living among 700,000 Arabs be the "greatest threat to peace"? How can Secretary Baker get so exercised and consider a new settlement of a few mobile homes on some barren Judean hills as the "greatest threat to peace", when he seems to be oblivious and totally unconcerned about the unrelenting hostility of the Arab countries, the de facto incorporation of Lebanon by Syria, the Scuds and chemical weapons still remaining in Iraq, and the relentless and ominous build-up of Syria's missile forces?

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learning" and helping students "feel good about themselves" by doing away with objective measures of achievement and passing everyone along through the system. The result could not be anything but corruption of the system itself, no longer an educational enterprise but increasingly a political one, with social work taking the place of teaching and learning replaced by therapy.

As Secretary, Bennett focused on the abysmal performance of American schoolchildren. He sponsored a series of Department conferences that brought school personnel into contact with educational theorists for their mutual enlightenment, and then issued publications that made clear what worked in education and what did not. To the eternal clamor for more government money to pour into the same dysfunctional system, he answered that no amount of spending would substitute for the indispensable elements of an effective school: strong school-based leadership, high expectations, unequivocal requirements for homework as well as class work, parental involvement—and, most of all, discipline. It was a position that, not surprisingly, won him the bitter enmity of the educational establishment; it also won him the appreciation of principals and teachers and parents.

Bennett went further, talking about moral standards as well as intellectual ones, about what he called the formation of civic character. Apoplexy is a mild word for the reaction to this in the universities and the institutions that train teachers for America's classrooms, more concerned with handing out condoms than with handing on values. The last straw was his advocacy of parental choice among schools as "the linchpin of sound educational reform."

Bennett's criticisms were not limited to what might be called lower education. As Secretary he accused the universities of having abandoned their intellectual authority and of having lost sight of their educational mission and moral purpose. The usual suspects responded with the predictable comments about the irrelevance of the so-called canon based on "the ideas of great white men who are dead." He was also accused of being "religious." Bennett may not have been the first to identify what he called "the academic thought police," but he was certainly the first highly visible public official to attack "the new McCarthyism of the Left." His outspokenness had the effect (in addition to cutting down invitations to deliver commencement addresses) of encouraging others to speak out as well.

Can Bennett be said to have had a profound impact on American schools during his tenure? Perhaps not—but as his book reminds us, he used his influence to frame the terms of the discussion and to create a *climate* of change, thus setting the future direction of federal school-reform programs, including the ambitious plan for American education that has been put forward by the current Secretary, Lamar Alexander.

What effect Bennett had on the national drug scene as director of the Office of National Drug Control Policy is a harder question to answer. Again he made headlines, endorsing capital punishment for major drug dealers as "a morally proportionate response" to what drugs were doing to the young and calling drug legalization "a recipe for a public-policy disaster." Bennett quotes statistics showing a significant drop in the number of drug users in this country between 1985 and 1990, but whether we are seeing a real diminution either in the drug trade or in its wasting effects on human lives is not clear. It *is* clear that his get-tough policy of law enforcement never had enough of a chance to prove its long-run effectiveness.

Bennett is too smart and too experienced to believe that any one policy can solve complex and deep-rooted social problems. The culture as a whole, he writes, cannot be expected to improve "until we get the underlying principles right." As a thoughtful Catholic, a student of the great texts of the Western tradition, and one to whom many Americans look for leadership, he seems admirably suited to address himself to the task of setting those principles forth.

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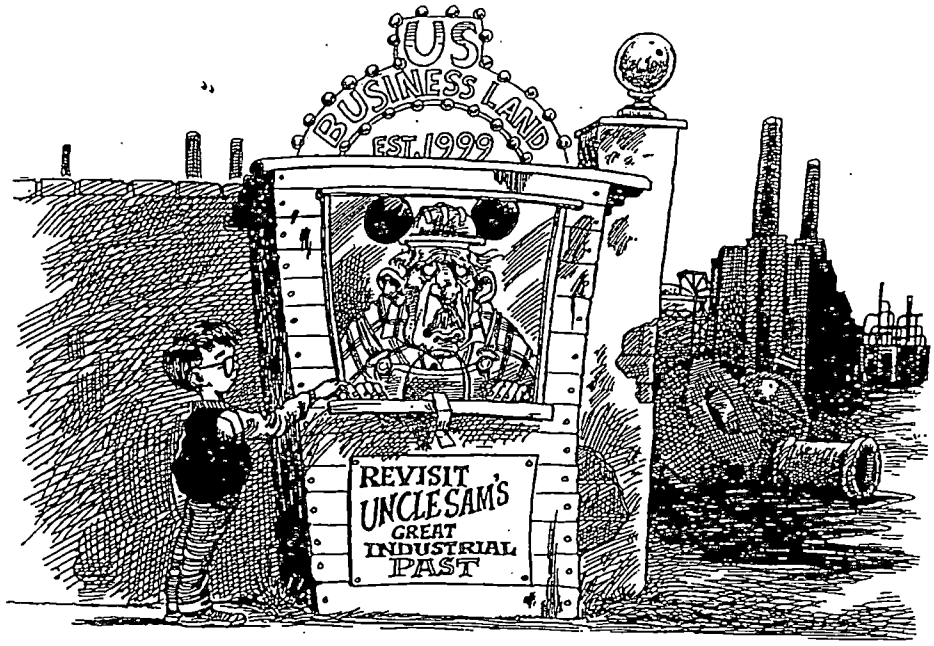
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Can America compete?

Prophets of doom are bewailing the decline and fall of American industry. The biggest threat now facing American companies is that businessmen, and policy-makers in Washington, will believe them

INTROSPECTION and self-doubt have rarely been synonymous with Hollywood. But shortly after George Bush returned from his ill-conceived trip to Japan this month, the "Third Decade" council of the American Film Institute held a private conference. The subject: whether Hollywood, like a complacent Detroit in 1965, is about to lose its hegemony over the world's entertainment industry to hungrier, nimbler foreign rivals. If even the dream merchants of Tinseltown share the nightmare view that America is in inexorable decline, perhaps it really is time for drastic action to save American business?

"Declinism" has been persistent in America ever since the first oil shock in 1973 shook the self-confidence which had characterised the country after the second world war. Since then, the success of Japanese companies in highly visible markets such as consumer electronics and cars, together with a flood of imported products from dozens of other countries, have seemed to add support to those forecasting America's economic decline. In the 1980s doom-mongering became not just the speciality of a few vocal jeremiahs, but positively fashionable.

Now, with recession dragging on longer than expected and an election looming, to say that American business can no longer compete and that Americans have lost their ability to innovate is no longer controversial—it is the conventional wisdom. All five Democrats seeking the presidency have, at one time or another, blamed foreign powers, especially Japan, for at least some of America's decline. And Mr Bush himself now seems to be abandoning his commitment to free trade in favour of the managed variety. There are even strong hints in Washington that the administration may be about to ditch its long-held opposition to the overt interventionism of an "industrial" or "technology" policy.

The problem is that the belief that American business is no longer competitive is wrong. Thousands of American firms, both big and small, remain among the most competitive and innovative in the world. The danger is that remedies designed to cure a supposed decline in competitiveness will actually help bring one about.

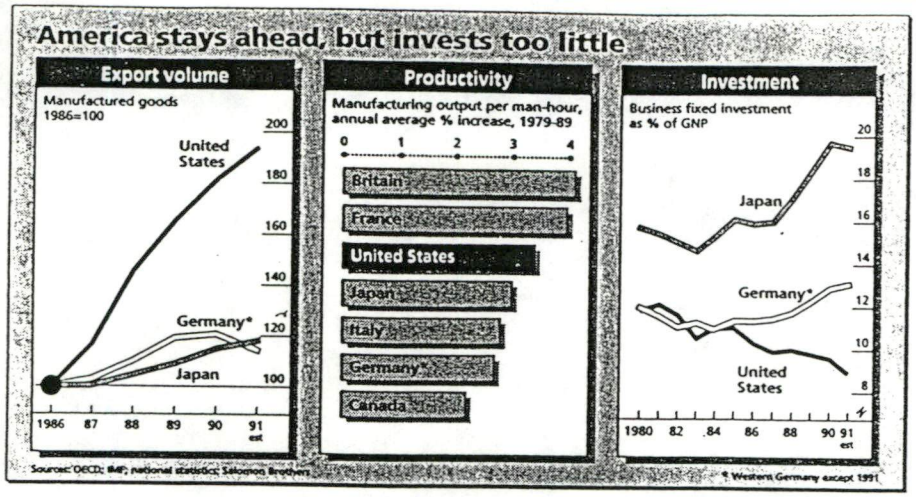
American firms lead in a slew of technology-based industries such as computer software and hardware of all types, microprocessor chips, aerospace, pharmaceuticals, biotechnology, new materials, energy and environmental control. Listing American companies that are world-beaters in many of these fields is easy: General Electric, Microsoft, Apple, Motorola, Cypress Semiconductor, Intel, Cray Computer, Compaq, Exxon, Dow, Merck, Eli Lilly, Bristol-Myers Squibb.

Even the Japanese agree that America remains ahead in many leading high-tech industries. When the Japanese government's Economic Planning Agency surveyed 110 critical technologies in 1991, it concluded that American firms dominated 43 of them, Japanese firms 33, while European and others the remaining 34. Clearly American firms continue to innovate. Whether they will stumble in the future is another matter (see box on next page).

Outside such high-tech industries, it is also possible to identify plenty of world-beating American firms among consumer-goods companies: Procter & Gamble, Philip Morris, and Johnson & Johnson are among the world's best. Walt Disney is another American "brand" that can hold its own against any entertainment company. Time-Warner, squeezed as it is by self-inflicted debts, makes plenty of money exporting Madonna records and re-runs of American soap operas. In fact, American firms dominate the world's entertainment industry, and only a loss of self-confidence looks capable of shaking their grip. American films and television programmes are finding new markets in Eastern Europe and South-East Asia, as well as new media outlets, such as satellite television.

Ironically, nothing proves America's competitive advantage in entertainment more conclusively than Sony's $3.4 billion purchase of Columbia Pictures in 1989 and Matsushita's $6 billion purchase of MCA in 1990. Both firms could have built movie studios from scratch for a fraction of those sums and then challenged Hollywood directly, just as Toyota and Honda took on Detroit. Instead, they tried to buy their way into Hollywood with mountains of cash. America's film makers have always been happy to take anybody's money. They nevertheless remain American.

Service industries are another area in which America has world-class companies, though many services are not internationally traded, making international comparisons difficult. But where they are, such as the fast-food industry, America reigns supreme. There are no European or Japanese fast-



food chains to rival McDonald's, Pizza Hut or Kentucky Fried Chicken.

One big international service industry in which America remains a clear leader is construction engineering—the building of sophisticated plant. Well-trained workforces have made Bechtel, Fluor, Parsons and Jacobs successful around the globe. "Whenever there is an open competition overseas, an American firm tends to win," says Joseph Jacobs, the founder of Jacobs Engineering.

Merely listing America's many successful companies may be missing a genuine average decline, as well as avoiding an important point: some of these firms now import as much as they make at home. The worry about America's loss of competitiveness tends to centre on its trade deficit. In fact, this has shrunk significantly (from $160 billion in 1987 to an estimated $72 billion in 1991). In any case, a trade deficit, by itself, says nothing about a country's "competitiveness". That requires deeper examination.

Start with exports. America's excellent export performance in the past five years hardly suggests that American goods are uncompetitive (see chart). Since 1986 the volume of America's manufactured exports has risen by around 90%, compared with average growth in the rest of the OECD industrialised countries of 25%. Even in 1991, as the world economy slowed sharply, exports of American manufactures rose 7%, compared with an average increase of just 1½% in other OECD countries. This increased America's share of the industrialised world's manufactured exports to an estimated 18% by the end of 1991, up from 14% in 1987, not only restoring America's share to its level in 1980, but also pushing it ahead of Japan's current 17% share.

The star performer was the iron and steel industry: its exports quadrupled in the five years to 1991 in dollar terms. Exports of aircraft, electrical machinery, pharmaceuticals, telecoms equipment and clothing all more than doubled over the same period. Capital goods (ie, machinery and transport equipment) have risen from a third of total exports in the early 1980s to almost a half

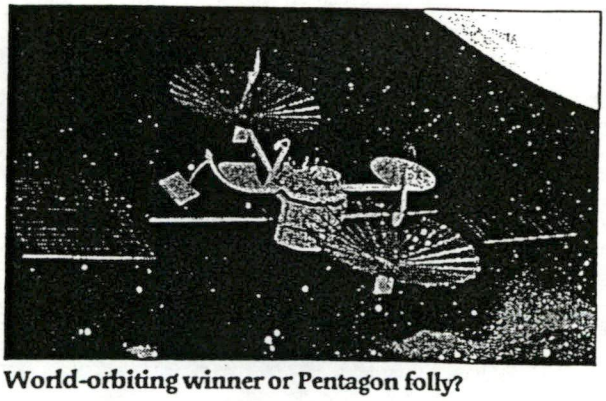
Leading edge, trailing edge

TECHNOLOGICAL prowess is no longer invariably synonymous with good old Yankee know-how. But America remains one of the world's most innovative countries, as can be seen from its success in a wide number of high-technology businesses, from satellites to software. It spends more on science than any other country and its scientists publish more scientific papers than the EC and Japan put together.

Not all science is good science. The impact of a scientific paper can be measured by the number of times it is cited by other researchers in their papers. On this measure of effectiveness, American science still looks good, but it has one serious failing. According to research by the Philadelphia-based Institute for Scientific Information, the impact of American research papers in engineering, technology and applied science fell by 6.9% in the 1980s relative to the global average.

Looking at the products of companies, as opposed to scientists, there are clearly some technologies, such as liquid-crystal displays, where American expertise is not the world's best. That is a fairly new phenomenon. America also suffers some systemic weaknesses, particularly in manufacturing technologies and where process innovation is all-important.

Last year a panel of scientists and engineers from government and industry was assembled by the White House to look at "critical technologies". They found American dominance in a number of fields, notably software and biotechnology. These are both industries based on small companies with low capital costs which feed off each other and the rich pickings of government-financed university research. In other areas, though, the panel found evidence of a familiar problem—the best being the enemy of the good.



World-orbiting winner or Pentagon folly?

The aerospace industry and related military suppliers are good examples of this problem. Take materials. In many of the highest-technology applications, America has an undeniable lead, which is terrific if you want to make aeroplanes that fly into orbit. Lower down the performance scale, the lead shrinks. America may have the best ceramics for building jet engines, though the French have similar capabilities, but the Japanese are the ones using them to build car engines.

A large part of the problem seems to be that high-tech industries accustomed to dealing with the Pentagon become warped by the experience. Aided and abetted by a customer bent on performance at any price, they have become avid practitioners of "technology push" innovation, insulated from the competition that might deflect them towards applications and research with greater economic benefit. American innovators in this sort of high-technology industry try to push back the frontiers, regardless of the practicalities. This is a good way to achieve narrow technical excellence, but it does not help American companies in the race to establish global dominance of broad technological areas. For an aeroplane to fly, its wings need more than a leading edge.

last year (see table).

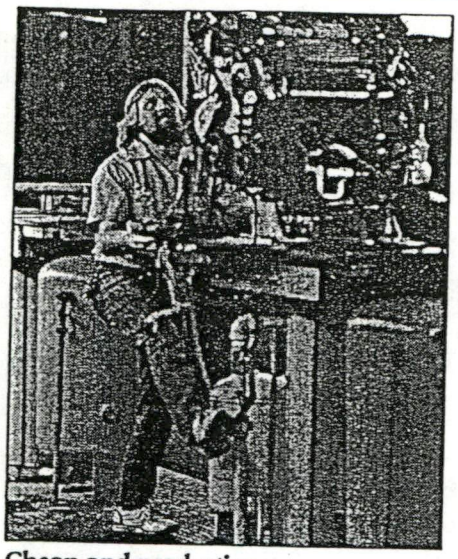
Far from being "uncompetitive" in manufacturing, America is actually one of the industrial world's cheapest producers of many goods. This is partly due to the cheap dollar, which has fallen by half from its 1985 value against the yen and the D-mark. But just as important has been the fact that America has the highest level of productivity of the big OECD economies. Data on absolute productivity are always years out of date, but a study using OECD figures shows that in the mid 1980s America produced amost twice as much for every man-hour worked, across the entire economy, as Japan. One reason for this is Japan's notoriously inefficient services. But even in manufacturing America's output per man-hour was roughly the same as Japan's; it was 50% higher than Germany's.

But, claim the doom-sayers, even if this is true, America's productivity is growing more slowly than that of other countries, so Japan is now pulling ahead and Germany is rapidly closing the gap. False. America's productivity growth for its entire economy (the figures most commonly waved around) has been the slowest of the big industrial economies in each of the past three decades, but productivity is difficult to measure in services, which account for more of America's output than that of other countries. Figures for manufacturing alone tell a different story. America did have slower productivity growth in manufacturing than Japan and Europe in the 1960s and 1970s, but America's productivity spurted in the 1980s, growing by an average of 3.4% a year, faster than the growth in both Japan and Germany.

Not only is America's productivity relatively high, but its labour is also cheap. America's bosses may be taking home the world's fattest pay packets, but American workers are paid less per hour than in most other rich countries. In 1990, average labour costs (including non-wage costs) per hour in manufacturing were $15 in America, compared with $23 in western Germany and $16 in Japan.

So part of the price of America's competitiveness has been paid by factory workers. Real wages per hour have fallen by 13% in America since 1973, compared with increases of 30% or more in Japan and western Germany. Many use these figures as evidence of the falling standard of living in America—and hence the ultimate test of America's falling competitiveness. But fears about falling living standards are exaggerated. Once the figures are adjusted for changes in the number of hours worked and increases in fringe benefits and bonuses, and then adjusted correctly for inflation, real family incomes in America have risen over the past two decades.

More to the point, one reason why real hourly wages have not risen faster has been America's steady stream of immigrants who have been more than willing to take low-paying jobs, as well as women joining the labour force. Employment has jumped by a phenomenal 50% since 1970. The growth in low-wage jobs has dragged the figure for average wages down. However, America's remarkable ability to absorb such a huge influx of new workers is surely evidence of the flexibility and strength of its economy, not a weakness.



Cheap and productive

But what of the future? The biggest reason to doubt whether America can stay so competitive is its low level of investment. Last year capital spending by American businesses accounted for only 9% of the country's GNP, compared with almost 20% in Japan and 13% in Germany. Part of the gap between America and Japan reflects the heavy investment by Japanese firms in labour-saving machinery because of their fears about a labour shortage, now and in the future. American firms, with an ample pool of labour, probably do not need to invest as much to sustain output. Yet that only accounts for part of the gap. American businesses are clearly investing too little. The American government is also investing too little in infrastructure: 1½% of GNP, compared with Japan's 5%.

So Americans should not be complacent. If a shortage of public and private investment continues throughout the 1990s, it could eventually sap the country's economic strength. Americans should also worry about the deterioration in the quality of their elementary schools. America still has one of the best university systems in the world, but basic skills such as reading have declined sharply among shopfloor workers. As the spread of computers encourages companies to devolve more and more responsibility to lower-level workers, declining reading standards could take a heavy toll. Already companies like Motorola and Ford are spending vast sums just teaching their workers to read. Simon & Schuster, a publisher, reckons that there is a growing market in America selling remedial-reading textbooks to employers. The market is already worth $500m a year.

But expressing concern about low investment rates and declining educational standards is not the same as claiming that America can no longer compete. If Americans heed the alarmists' cries, then frantic government efforts to prop up weak industries with trade protection or subsidies will almost certainly be the result.

Such measures would not only provoke retaliation from America's trading partners, they would damage the American economy's flexibility and openness, which have always been its greatest virtues. For example, the best and brightest of other countries have regularly sought to make their fortunes in America. Skilled immigrants from Europe and Asia have played a big part in building many of America's high-tech industries. An estimated one-third of the engineers working in Silicon Valley were born in Asia. Growing numbers of these Chinese, Korean and Indian engineers are now establishing their own firms in California, with the help of money from family and contacts abroad. If such firms succeed, they will help keep America competitive. In any high-tech rivalry with Japan or other East Asian countries, predicts one Wall Street banker, "America will win because our Asians will beat their Asians." There is no reason to be alarmed about that.

Other people's imports

United States exports by type

	% increase 1986-91	$bn 1991*
Iron and steel	322	4.3
Furniture	296	2.1
Clothing	260	3.2
Cigarettes	239	4.4
Toys, games and sports goods	233	2.1
Plastics	144	10.5
General industrial machinery	142	17.1
Paper and paperboard	131	6.0
Pharmaceuticals	126	7.0
Telecoms equipment	122	9.8
Electrical machinery	122	30.2
Aircrafts and parts	118	33.0
Textiles	114	5.5
Scientific machinery	101	16.6
Power-generating machinery	82	16.7
Specialised industrial machinery	80	16.6
Computers	66	25.6
Chemicals	62	15.2
Cars	55	9.7
Vehicle parts	29	12.1
Total exports†	93	420.0

* First ten months at annual rate. † Including other goods.
Source: United States Department of Commerce

Andy: For technology you could use any of these three factoids. Thx

Technology and Global Competitiveness

HIGHLIGHTS

The Global Markets for U.S. Technology

- **During the 1980s, the United States was consistently the leading supplier of high-tech products in the global marketplace.** However, its lead position declined from a 40-percent share in 1980 to a 37-percent share in 1988. Japan and, to a lesser extent, the United Kingdom increased their global market shares during this period. *See p. 136.*

- **The market competitiveness of U.S. high-tech industries varies by industry.** Of the seven industries that form the high-tech grouping, three U.S. industries—those producing scientific instruments, drugs and medicines, and aircraft—gained global market share during the 1980s. Estimates for 1989-90 show only the instruments industry continuing to gain market share. *See p. 137.*

- **Demand for high-tech products in the home markets of all industrialized countries was increasingly met by foreign suppliers during the eighties.** Import penetration of U.S. high-tech markets was deepest in the computer industry. Japan is still the most self-reliant among the major industrialized countries, followed by the United States. *See p. 138.*

- **During the 1980s, the United States maintained a consistent trade surplus in high-tech manufactures and ran consistent deficits in other manufactures.** The size of this surplus is declining, however: The U.S. 1988 trade surplus in high-tech manufactures was half the value of the 1980 trade surplus. *See p. 140.*

Industrial R&D

- **In all industrialized countries, the industrial sector is the leading performer of R&D.** Except for France, the share of national R&D performed in the industrial sector of these countries grew. Japan and West Germany showed the largest shifts to the industrial sector between 1975 and 1988. *See p. 142.*

- **Private industry is the source of 50 percent of all funds spent for R&D in the United States.** In 1988, Japan and West Germany had considerably larger shares of their national R&D coming from private sources, 70 and 63 percent, respectively. *See p. 143.*

- **U.S. expenditures for industrial R&D nearly tripled during the 1980s in current dollars.** However, the rate of growth slowed considerably during 1984-89. In inflation-adjusted dollars, 1989 industrial R&D expenditures declined for the first time since 1975. Estimates for 1990 and 1991 show this decline continuing. *See p. 143.*

- **During the early 1980s, a renewed emphasis on defense spending led Federal funding of industrial R&D to grow at a faster rate than private funding, reversing the pattern set during the two previous decades.** Since 1987, however, the trend has reverted to the earlier pattern, with private financing again outpacing Federal support. *See p. 144.*

- **Company-financed R&D performed outside the United States increased but at a slower pace than that performed domestically during the first half of the 1980s; it increased at a faster rate during the late eighties.** U.S. chemical and transportation industries had the highest levels of R&D performed overseas. *See p. 146.*

Patented Inventions

- **The number of U.S. patents granted to Americans has reversed its decline and has been increasing since 1983.** Foreign patenting trends in the United States generally followed the U.S. trend, although the number of foreign-origin patents granted declined somewhat slower during 1976-83 and increased somewhat faster after 1983. *See p. 147.*

- **Foreign patenting in the United States is highly concentrated by country of origin.** Inventors from the European Community and Japan account for 80 percent of all foreign-origin U.S. patents. Newly industrialized countries, in particular Taiwan and South Korea, dramatically increased their patent activity in the United States during the last half of the 1980s. *See p. 147.*

- **The patenting emphases of U.S. and Japanese inventors are reversed for many technology fields.** Japanese inventors patent primarily in photocopying, photography, dynamic information storage and retrieval, television, and motor vehicles. U.S. inventors tend to be least active in these fields, but emphasize biochemistry, petroleum, and communication devices—the first two of which are least emphasized classes for the Japanese. *See p. 150.*

- **Americans actively patent their inventions around the world.** In 1989, countries in which U.S. inventors received more patents than other foreign inventors included Japan, West Germany, the United Kingdom, Mexico, Brazil, and India. *See p. 150.*

Industrial Use of Technology

- **Seven out of ten U.S. establishments surveyed use at least one advanced technology in their manufacturing operations.** Larger plants and those producing

higher priced products are more likely to use advanced technologies. *See p. 154.*

- **The most commonly used advanced technology in U.S. manufacturing is the numerically controlled machine; this is followed closely by computer-aided design and engineering technology.** *See p. 155.*

Small High-Tech Business

- **High-tech business startups declined sharply in the second half of the 1980s, following tremendous growth during 1975-84.** Companies involved in advanced materials and photonics and optics fields exhibited relative share growth during the latter half of the eighties. *See p. 157.*
- **Over 65 percent of new high-tech companies are located in 10 states.** Yet compared to just 2 years ago, the distribution appears to be leveling off with the top three states—California, Massachusetts, and New York—all experiencing share declines. *See p. 157.*
- **Approximately 11 percent of small high-tech companies are foreign-owned—up from 9 percent 2 years ago.** The United Kingdom is the largest foreign holder of U.S. high-tech companies, followed by Japan and West Germany. *See p. 158.*

Emerging Technologies

- **A U.S. Government assessment of world leadership in 12 emerging technologies ranks the United States as the leader in 5:** artificial intelligence, biotechnology, high-performance computing, medical devices and diagnostics, and sensor technology; the United States trails Europe and Japan in just one area—digital imaging technology. By 2000, however, the United States is expected to have its leadership position challenged in all five technologies. *See p. 160.*

Andy: This is a big & study.

Introduction

Chapter Focus

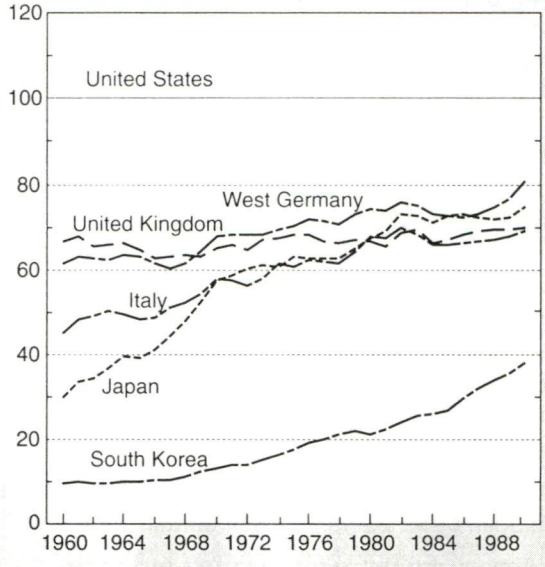
The United States has long been considered a leader in research and development (R&D), technology, and innovation. Standing at the forefront of technology and swiftly incorporating that technology into the country's industrial base contributed to a robust economy that provided Americans an enviable standard of living. (See figure 6-1.)

In the 1980s, however, U.S. leadership of the global economy was challenged as Japan, West Germany, and—more recently—certain newly industrialized countries grew to be equal and increasingly superior competitors in several U.S.-dominated markets. Contributing to the economic success of these nations have been large investments in R&D coupled with the development of an infrastructure that facilitates the incorporation and use of new technologies within their industrial sectors. Competition from the newly industrialized countries is expected to intensify during the 1990s as they increasingly undertake new product development (see Porter and Roessner 1991 and Balk 1991).

The recent U.S. technology policy articulated by the President's Office of Science and Technology Policy emphasizes the connection between a strong science and technology (S&T) base and future economic growth (see OSTP 1990). The development and deployment of new technology within the U.S. industrial sector is seen as "critical" for the United States to prosper in the global competition of the nineties and beyond (see National Critical Technologies Panel 1991). Although there are many other factors that determine a nation's ability to compete in the global marketplace, this chapter focuses on trends in industrial R&D and technology and the market competitiveness of U.S. high-technology products.[1]

[1]As competition in the global marketplace intensifies, the factors influencing a nation's economic competitiveness multiply. Several of these factors include the differing national standards addressing the environment, worker safety, product integrity, and worker compensation. Another such factor of growing concern is the quality of a nation's education system and its ability to train a workforce that can operate the new manufacturing technologies.

Figure 6-1.
Real gross domestic product per capita



See appendix table 6-1.

Science & Engineering Indicators – 1991

IS THE U.S. REALLY ON THE DECLINE AS AN ECONOMIC POWER?

Andy, Ed Dale discusses R&D on pp. 82-83.

YES The U.S. "Has Lost Considerable Ground Over the Past Decade"

Robert R. Nathan

The end of the Cold War. Dramatic and as yet unstable political and economic changes in the Soviet Union and East Europe. Turmoil in the Mideast. The economic integration of Western Europe. Huge amounts of Third-World debt. Failure of industrial countries to make further progress toward lower trade barriers.

This brief inventory of major challenges underscores the need for strong American leadership at a time when signs are spreading of trouble in the U.S. economy and its capacity as a world economic power. There is more to world leadership than economic strength, as events in the Persian Gulf demonstrated, but without a strong and expanding economic base, leadership is difficult to provide. And the United States has lost considerable ground relative to many industrial and industrializing nations over the past decade. It is in danger of failing to mobilize the resources needed to play a constructive role in the pursuit of peace, prosperity and freedom.

Among the signs of a nation in danger of decline as an economic power:

- Persistent budget deficits have set peacetime records.
- The national debt has more than tripled in the last 10 years.
- After more than a half century of trade surpluses, the 1980s brought huge trade deficits.
- From being the largest net creditor nation a decade ago we are now, by unprecedented margins, the world's largest debtor nation.
- Savings rates are inadequate to finance levels of investment essential for vigorous economic growth, let alone finance the federal deficits.
- The savings and loan debacle has lessened confidence in our financial institutions and will cost taxpayers over half a trillion dollars.
- Competitiveness has been weakened and bankruptcies have increased due to diminished antitrust

Continued on next page

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NO The U.S. "Remains the World's Supreme Economic Giant"

Edwin L. Dale Jr.

The question before the house is a good and valid one. Before attempting an answer, however, it is necessary to tackle some rather formidable semantic underbrush which has bedeviled discourse on the matter.

What is the meaning of "economic power" in the context of a nation, and how is it measured? Does it mean large gold reserves or a large gross national product or perhaps per capita GNP? Does being an economic superpower require a favorable balance of trade? Does it have something to do with the domestic budget-deficit or -surplus?

Does it turn on a nation's international debtor-creditor status? Or require a strong currency? Does it have something to do with international competitiveness, whatever that may mean? Is it a function of a nation's productivity? Does it mean being able to push other nations around or induce desirable behavior through foreign aid? Does it involve the international ranking of a nation's big banks, or heavy research and development outlays, or the performance of a nation's students in math and science?

The mere listing should show, at the least, that the definition or measurement of economic power is not a simple matter. Consider a few anomalies:

- Per capita GNP is one important measure of economic power. It reveals standard of living and, indirectly, productivity. But if this were the only measure, then the United Arab Emirates would be at the top of the world economic power table because of the high value of oil production spread over a very small population.
- If possession of natural resources were an important element, Switzerland would be weak and poor. But, in fact, it is widely and correctly recognized as having considerable economic strength.
- The Soviet Union has the world's second largest GNP, very large gold reserves and an ample endowment of natural resources. Yet it would be an absurdity to consider the Soviet Union an economic super-

Continued on page 79

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NO *Continued from page 75*

power. Given its current condition domestically, there is reason to doubt it can be considered an economic power at all.

The fact is, there is no definition of "economic power" nor even a clear concept of what the term means. That is why the discourse on the subject has been so diffuse and confusing. To judge by commentary in the press during much of 1990, for example, the inability of the United States government to come to grips with its budget deficit was a glaring example of economic "weakness." In fact, it was an illustration of a poorly functioning governmental/political process—and may have affected foreign perceptions of the U.S.—but it had little to do with economic strength or weakness.

Those who say the United States is on the skids as an economic power are missing the forest for the trees.

Even if there is no good definition of economic strength, there does exist a set of perceptions which are based more or less on facts and statistics. As we shall see, a nation—and in particular the United States—can display a weakening trend in one or more of the measures cited above while still retaining overwhelming "economic power." To cite an old and useful aphorism, those who say the United States is on the skids as an economic power are missing the forest for the trees.

A technical note is necessary before examining some of the indicators of economic strength. International comparisons are often complicated by the problem of currency exchange rates. At the unadjusted exchange rates of early 1991, for example, Japan or Germany or even a country like Finland may seem to be "richer" on a per capita basis than the U.S. when that is not really the case. This problem can be solved by using an adjusted exchange rate called "purchasing-power parity." It seeks to determine the exchange rate between the dollar and, say, the mark, that makes the price of bread, or a hotel room, or a man's shirt—a broad "market basket" of goods and services—about the same in Germany and the United States. This is indispensable in making meaningful international comparisons. Insofar as possible, what follows in this article will be based on adjusted, or purchasing-power, exchange rates.

A LOOK AT GNP

The most important measure of economic power is the one that common sense would point to—the total output of a nation, its gross national product. Here there is no doubt at all who is number one, and who will stay number one for as far as the eye can see. It is the United States. What is more, by this measure there has been remarkably little erosion of U.S. dominance in the past several decades, despite the very rapid growth of Germany, Japan, France, Italy and others. Using purchasing-power-parity exchange rates, the CIA estimates that the U.S. share of world GNP (including the Soviet Union, China and the former communist bloc) was 29 percent in 1960, 27 percent in 1970, 25 percent in 1980 and 26 percent in 1989. The next largest economies are far behind. In 1989, the Soviet Union was in second place, with 13 percent of world GNP, and Japan was third with 9 percent. Economist Herbert Stein has calculated that even if the differential in growth rates of GNP between Japan and the United States of the last six years were to persist, it would take 189 years before the Japanese economy would be as large as that of the U.S.

This simple matter of size is of great importance. It means, among other things, that the U.S. can field a very large military establishment at a comparatively small cost (about 5.5 percent of GNP in 1990). No other nation can come close to our military power without an enormous burden of taxes or other drains on the standard of living.

As the CIA figures disclose, there has been a small slippage in the U.S. dominance based on size alone—a natural consequence of the growth of the other industrial economies. But the dominance remains so overwhelming that the slippage in relative share can properly be viewed as normal and of little significance. What is more, the huge U.S. GNP of $5.5 trillion is continuing to grow—not as fast as some other countries, but still growing in real terms in all but the occasional recession years. Growth has averaged 2.7 percent a year for the past 20 years. Manufacturing output, in which the U.S. is often alleged to be slipping, grew by 41 percent in the decade of the 1970s and 38 percent in the 1980s and remains by far the world's largest. The U.S. economy remains incomparably the world's largest and is growing.

But size alone is not everything. The U.S. is a big country with a large population, which alone would help account for the size of GNP. An important measure of the strength of an economy is GNP per capita, which is a good proxy for productivity and the standard of living of the people. Here, too—with the exception of the aforementioned aberration of the small oil-producing countries—the U.S. remains in first place by a good margin. United States GNP per capita in 1989 was still a third higher than that of Japan and Germany despite their gains in recent years. Only Canada among the advanced industrial countries comes close to the U.S. in per capita GNP, but it is a small country in population and total GNP.

On a per capita GNP basis, the U.S. lead is indeed slipping. Stein calculates that it will take "only" 33 years for Japan to catch up to the U.S. by this measure if the trend of the past six years continues. This slippage in the U.S. lead is almost entirely because our

productivity performance—the annual improvement in our overall efficiency—has been weak since the early 1970s while that of other nations has been better. Here we begin to get to the heart of the case of the doomsayers that the U.S. is, indeed, "on the skids" as a world economic power. How good is that case?

INTERNATIONAL COMPETITIVENESS

The case, when closely examined, comes down primarily to a cluster of measures or criteria that can be grouped under the general heading "competitiveness." They include the U.S. productivity performance, its foreign trade performance (and consequent international "indebtedness") and its educational performance. These are the very types of criteria cited by Paul Kennedy, the author of *The Rise and Fall of the Great Powers*, in describing the decline of British power starting early this century. In a recent article in the London *Times*, Kennedy referred to the impressive projection of British military power at the time of the Boer War in South Africa and then added: "It was easy to forget the other part of the story—the inadequate educational system, the meager levels of investment, industry's growing uncompetitiveness, the vast trade deficit in manufactured goods. Those weaknesses would one day cause the collapse of British power."

In the present situation, there is something to the argument, centered on competitiveness, that American power is slipping. But whatever conclusions are reached, the basic facts on U.S. economic strength noted above—the forest—are not changed.

Productivity is probably the most important test of all. It determines not only a nation's growth but its living standards. William J. Baumol, Sue Anne Batey Blackman and Edward Wolff, in their recent book entitled *Productivity and American Leadership: The Long View*, note that a lag in Britain's annual productivity improvement, compared with other industrial countries, averaging only about 1 percent but lasting for a century, transformed that country from the undisputed leading economic power to "the third-rate economy that it is today."

Productivity growth in the United States, which was impressive in most of the century before World War II and the early decades after the war, began to slow in the late 1960s and dropped markedly beginning about 1973. Compared to annual productivity growth for the nonfarm economy as a whole of as much as 3 percent in the early postwar period, the figure dropped to 1.1 percent in the 1970s and 1.3 percent in the 1980s.

Despite all the presumed advances in economic knowledge, no one knows exactly why this happened. U.S. fixed nonresidential investment (new machinery and the like) as a share of GNP, while consistently lower than in some other industrial countries such as Japan, has not been weak in the 1970s and 1980s relative to the U.S. investment performance in the earlier postwar period. There are various partial theories for the poorer productivity performance but no comprehensive explanation. In any case, what is not so widely realized is that the same thing was happening in nearly all the other industrial countries. Manufacturing output per-hour-worked in Japan, for example, rose by an average of 10.8 percent a year in the 1960s but less than half that—5.3 percent a year—in the 1980s. Productivity growth in France and Germany was also only about half as rapid in the 1980s as in the 1960s.

What is more, there is a distinction between manufacturing, where productivity can be measured with some degree of accuracy, and the service economy (from health care to banking) where productivity measurement is difficult, to say the least. In manufacturing, U.S. productivity growth rebounded in the 1980s, rising to an average annual improvement of 3.5 percent compared with 2.4 percent in the 1970s.

Real GNP: How Major Nations Stack Up

Gross National Product in billions of 1989 U.S. dollars—

	1960	1970	1980	1989	Gain, 1960-89
United States	2,050	2,986	3,916	5,198	154%
USSR	1,012	1,727	2,257	2,664	163%
Japan	314	848	1,335	1,913	509%
West Germany	390	607	792	943	142%
France	286	492	681	819	186%
United Kingdom	402	533	643	818	103%
Italy	259	452	654	801	209%
Canada	148	248	382	513	247%
China	n.a.	93	190	427	n.a.
Spain	109	221	310	397	264%

Note: GNPs of noncommunist developed countries are converted to U.S. dollars by use of purchasing-power parities to offset distortions caused by currency exchange rates.

Source: CIA

This was due in part no doubt to the impact of much greater foreign competition, which forced both modernization and labor force reduction. In any case, in the manufacturing sector, the U.S. productivity performance in the 1980s remained a little behind that of Japan but was about the same as the average for the leading European countries. This is not the portrait of a serious laggard.

IMPACT OF THE TRADE DEFICIT

The foreign trade story is one of anecdotes, perceptions and some misconceptions, as well as some solid facts and statistics. We all know that foreign producers have taken over more than a quarter of the automobile market; that there is only one remaining U.S.-owned producer of color television sets; that American companies have been completely shut out of other consumer electronic markets, such as that for VCRs; that the "quality" of American goods has declined (at least until some recent improvement). It is also true that the U.S., once the superpower among manufacturing nations, now imports more manufactured goods than it exports, accounting for the bulk of the large overall trade deficit. These are important facts and perceptions. But they are not the whole story. Consider the following:

- The Census Bureau publishes a series on exports and imports of "advanced technology products." In 1988 and 1989, United States exports of these products were about 50 percent higher than imports, with an annual export surplus averaging about $27 billion, and in 1990, the surplus rose to $34 billion. This does not fit very well with the image of the U.S. as falling badly behind in the "high-tech" world of the future. In fact, there are numerous areas, from medical devices and scientific instruments to aircraft, where the U.S. is the undisputed leader.
- Although the total trade balance in manufactured goods is negative, it is now clear that the most important factor in bringing this about was the huge rise in the dollar's exchange rate against other currencies in the first half of the 1980s, which drove up the price of American goods to foreign purchasers. The effects were dramatic. The United States had a surplus in trade in manufactured goods of $19.5 billion in 1975 and $20.3 billion in 1980. During the ensuing five years of almost uninterrupted appreciation of the dollar's exchange rate, trade in manufactured goods swung into deficit, reaching a peak deficit of $137.3 billion in 1986. Then, as the dollar's exchange rate began to decline, exports rose and the trade balance soon improved though not enough to swing back into surplus. By 1990, the deficit had dropped to $90 billion. Exports of manufactured goods have risen 70 percent since 1985, which hardly indicates a weak and non-competitive manufacturing sector. There is no disputing that the trade figures show some fundamental deterioration, apart from the exchange rate, but it is not at all certain that deficits are permanent.
- After briefly losing its lead to Germany, the U.S. is again the world's leading exporter. Total exports in 1990 were nearly $400 billion, which surely suggests that this country's producers must be doing something right.

NO. 1 DEBTOR NATION?

But what of the "fact" that the trade deficits of the past decade have turned the U.S. into the world's largest debtor nation? The first thing to be said is that the term "debtor" has a rather special meaning for the United States. Unlike Brazil or Argentina, which owe their debt not in their own currencies but in dollars, the debts of the U.S. are in its own currency. If a foreigner keeps dollar deposits in a bank in New York, that counts as a U.S. debt. The same is true for foreign decisions to buy U.S. stocks, or Treasury (or private) bonds, or manufacturing companies, or real estate. It is a matter of how the international ledgers are constructed rather than being a debt in the usual sense of the term—something that the United States as a nation has to "repay."

There are numerous areas, from medical devices and scientific instruments to aircraft, where the U.S. is the undisputed leader.

The United States does not go out and borrow money as Brazil does. Instead, foreigners, on their initiative, invest or hold funds here. What has happened is that, as a counterpart to the large trade deficits of the 1980s, total foreign investment in the U.S. has risen faster than U.S. investment abroad, and now has surpassed it. Only in this sense is the United States a "debtor" nation, and it is not something to be greatly concerned about, for several reasons.

- In no sector of the U.S. economy is foreign ownership troublesomely large. In manufacturing, for example, foreign ownership—which, as foreign direct investment is defined, includes companies that are owned as little as 10 percent by foreigners—amounts to about 8.5 percent measured by employment and 12.2 percent measured by sales. Spectacular Japanese acquisitions of such well-known U.S. entities as MCA and Rockefeller Center understandably lead to public bewilderment and concern. However, it is easy to forget that U.S. acquisitions of *foreign* companies led not long ago to a popular and alarmist book by the Frenchman, Jean-Jacques Servan-Schreiber, called *The American Challenge*, which incorrectly predicted American economic dominance of Western Europe. Such alarms are no longer expressed. The U.S. is not in danger of foreign takeover though investments in

both directions will continue.

One sector that has received much attention is U.S. government debt—Treasury bonds and notes and bills. Here foreign ownership is about 18 percent of the debt held by the public. But this fairly high figure simply signifies that foreigners, like some Americans, have chosen to invest rather heavily in risk-free Treasuries. It does not mean that the Treasury needs foreign purchasers to sell its bonds. In fact, foreign purchases of Treasury securities fell off sharply in the first three quarters of 1990—to $3.2 billion from $24.3 billion in the same period of 1989—with no effect at all on the Treasury's ability to borrow money to finance the budget deficit, and no discernible impact on the interest rates at which the securities were sold.

• The "debtor" position of the United States is exaggerated by the way the figures are calculated. This is particularly true of direct investment—the ownership by foreigners of factories, real estate and other non-portfolio investments. The figures are measured in "book value," which reflects the value of the investment when it was made. Since U.S. direct investments abroad are far older on average than foreign investments here, and since the value of the properties increases with time, the value of the U.S. investment is understated.

• There is nothing inherently bad about foreign ownership though there is a "cost" in the form of the annual payment to foreigners of interest, dividends and profits on their investments in the U.S. This cost is now about 3 percent of our national income and is matched by an equal amount of income from U.S. investment abroad. The net balance, positive for many years and now zero, will soon be negative and will continue to worsen slowly as long as the deficit in trade continues. This implies a consequent small drain on the American standard of living. But the Institute of International Economics, in a forthcoming study on "The United States as a Debtor Nation," estimates that even if our international current account deficit (whose largest component is the trade deficit) remains at its present annual level of around $100 billion indefinitely, the net payments to foreigners on their investments would level off at only about one half of 1 percent of U.S. GNP. In short, the burden of being a net "debtor" is not very large and will not become large.

A note is in order here about the dollar—its rise and fall. The dollar is a "hard" currency because it is accepted everywhere in exchange for other currencies. That is, the dollar is fully convertible. Indeed, the dollar is the medium of exchange for much trade and investment between third countries, not involving the United States. It is a true world currency, unlike any other. But though the dollar is "hard," of late it has also been "weak," to use the jargon, because its exchange rate has declined against most of the other leading currencies. The exchange rate can turn on a number of factors, from the trade balance to the level of U.S. interest rates relative to rates in other countries. A weak dollar—a declining exchange rate against other currencies—does not necessarily signify a weak U.S. economy though there is sometimes confusion on this point.

SOME DANGER SIGNS

Education. This is not the place to examine in detail the clearly deplorable situation in much of the United States public school system. The argument that the U.S. is performing poorly in this respect is accepted and the point is granted. If this situation continued long enough, it would eventually weaken the U.S. posture in the world economy, principally through the route of a poorly qualified labor force. But several points are worth noting:

The problem of public school education has serious future implications if not dealt with.

• The condition of American education is not quite as bad as the alarmists have painted it. Several million U.S. young people enter college every year, more than in any other country of the world. Many of them, *mirabile dictu,* are quite literate and some are even competent in math and science. The U.S. higher education system is in many respects the envy of the world. There are strengths in American education as well as weaknesses.

• The nation and its political leadership have become aware of the serious deficiencies in U.S. elementary and secondary education, and quite possibly something will be done about them. The decline in various student-testing measures has, at least, halted, and there are a few signs of modest improvement.

Research. Another measure of what might be called the "intellectual capital" of a nation is its research and development effort. Here again, the U.S. performance is impressive, though by some measures it is no longer number one.

• Total United States R & D expenditures, defense and nondefense, public and private, exceed $100 billion a year. The next largest effort, by this measure, is that of Japan, with about $40 billion.

• As a share of GNP, the total research expenditure of all the leading industrial countries is quite similar, ranging between 2.5 and 3 percent. Japan is a little ahead of the United States by this measure.

• Nondefense R & D again finds the United States far in the lead measured by total annual expenditures, but U.S. outlays are behind Japan and Germany as a share of GNP. In assessing this measure of research and development capability, it is important to remember that not all defense R & D is "wasted" in that there is some spinoff from defense-related re-

search in the civilian economy.

Despite some grumbling in the scientific community, the United States retains an impressive scientific and technological capability. The federal government's outlays for basic research have been growing in real terms. The U.S. continues to win a disproportionate share of Nobel prizes in the scientific disciplines. Granted, U.S. strength in the broadest sense of intellectual capital, measured by indicators such as patents granted to U.S. nationals as well as test scores of high school students, is perhaps not what it used to be. As noted, the problem of public school education has serious future implications if not dealt with. No one can say where the longer-term trends in intellectual capital may lead, but nothing that has occurred to date warrants the conclusion that the United States is in an irreversible decline.

BUDGET DEFICITS: OVERRATED RISK?

Finally, what about the much-lamented large United States budget deficit and the seeming inability of the political system to deal with it? The first thing to be said on this matter is that there is no consensus among economists and other analysts on the nature and seriousness of the problem. For example, Robert Ortner, former Undersecretary of Commerce for Economic Affairs and an economic centrist, has written a book entitled *Voodoo Deficits* in which he argues that the harmful effects of both the budget and foreign trade deficits have been greatly exaggerated.

Others, of course, feel differently. A commonly held view is that the deficit is harmful because its financing, through borrowing by the Treasury, soaks up a sizable portion of private savings in the U.S., which are already low in comparison with other countries; this, in turn, reduces funds available for investment and eventually will adversely affect U.S. productivity and growth. Charles Schultze of the Brookings Institution, a former Director of the Budget and Chairman of the Council of Economic Advisers, likens the effects of the deficit to "creeping senility."

Whichever view is right, nothing that has happened thus far as a consequence of the budget deficit has noticeably impaired the U.S. position as an economic power. Private, fixed nonresidential investment, as a share of GNP, averaged about the same in the high-deficit 1980s as in the 1970s and was actually a little higher than in the 1960s. This was made possible in part by the heavy inflows of foreign capital cited above, but international mobility of capital is a feature of the modern global financial system that is to be welcomed, not lamented.

What's more, the federal budget deficit in the United States steadily declined after 1983, measured as a percent of GNP, until the savings-and-loan fiasco came along. Paying off depositors in insolvent thrift institutions and banks, or paying healthy financial institutions to absorb the insolvent institutions, does not create new purchasing power as does other spending, from social security checks to military procurement. In any event, the huge outlays associated with the savings-and-loan debacle will taper off and give way to modest *inflows* later in this decade as some of the assets acquired by the government are sold. The underlying budget deficit, not counting the deposit insurance outlays, continues to decline gradually as a percent of GNP and is not large by comparison with a number of other industrial countries. The deficit reduction package enacted in late 1990 will further reduce the magnitude of the problem.

A weak dollar does not necessarily signify a weak U.S. economy.

Still, there is no doubt that the apparent budgetary impotence of the U.S. political system has had an impact, at least on perceptions. A *Washington Post* headline in early October 1990, when the budget impasse between the Bush Administration and Congress was the center of attention, captured the presumed sentiment well: "Europe Views U.S. Crisis as Sign of Economic Ills." The lead paragraph stated, somewhat breathlessly, "For Europe's bankers and financiers, the federal budget crisis in Washington appears to be the latest symptom of a deeper disease that some fear could render the United States the sick man of the new world economic order."

A few weeks later the "crisis" was resolved with the budget agreement which, while hardly a triumph of fiscal courage, will reduce the deficit in the years to come. To judge by the *Post*, all was well again. A column proclaimed that the budget agreement has "a potential to reverberate around the world" and "announces quietly to those who will listen that in the best possible way America is back—as a society able to claim that it is finally buckling down to the central business of matching ends and means."

Of course, both viewpoints were exaggerated. The budget problem did not threaten to make the United States a "sick man," and the budget agreement did not signal the start of a new world. Given its low rate of private saving, the U.S. would be better off with a minimal budget deficit or a budget surplus, but beyond that, the issue is not nearly as urgent as the reader of the daily press would conclude.

We return, then, to the question before the house: "Is the United States on the decline as an economic power?" The answer, quite simply, is No. By some measures the U.S. relative standing has worsened or weakened in recent years; a few trends in the society, particularly the public education problem, are potentially menacing. But the United States remains the world's supreme economic giant by a wide margin and is likely to retain that status for as far ahead as it is useful to contemplate. ■

Wash. Post Oct. 22, 1990

Are Nobel Prizes for U.S. Vestiges of 'Golden Age'?

Many See Dominance in Science Nearing End

By Malcolm Gladwell
Washington Post Staff Writer

Last week was a triumphant one for American science.

On Wednesday, U.S.-trained researchers swept the Nobel prizes for physics and chemistry, capping an extraordinary Nobel season in which all but one of the nine academic winners were U.S.-born and all were products of U.S. universities.

But at a time when American science is facing its worst funding crisis since World War II, this year's Nobels were also an occasion for melancholy. As is the Nobel custom, all the awards were for work done 20 and 30 years ago, when American science was at its zenith.

Few feel the work being done today in the sciences will fare as well. Indeed for many the 40-year dominance of the prizes by the United States—during which time 30 of the 65 cited for chemistry were U.S. scientists, as were 61 of the 95 cited in medicine and 47 of the 87 in physics—is nearing an end.

"The period in which my colleagues and I carried out these experiments we refer to as the golden age," said Henry Kendall of the Massachusetts Institute of Technology, who shared this year's physics prize for work done in the late 1960s. "We have long since regarded it as vanished."

"The gloom comes out of looking at Washington and saying this is absurd," said Harvard biologist Walter Gilbert, a 1980 Nobel laureate. "The strength of American science has been due to an enlightened government policy over the past 30 years. That compact has now been destroyed. We no longer have a government that believes it has a responsibility to create new knowledge for the benefit of society."

Scientists are hardly objective on the subject of their own funding needs. The best scientists at the best schools—those who tend to win Nobel prizes—continue to get handsome research grants, and the total allotment for U.S. research continues to rise—albeit not by as much as scientists would like.

Even the most apocalyptic members of the scientific community concede that the size and wealth of the U.S. research establishment continues to dwarf that of the rest of the world.

Still the depth of pessimism among those on whom the country's scientific future depends has opened a serious debate about how well the machinery of U.S. research is now being managed.

What was it about the American system that caused the extraordinary flowering of genius over the past 40 years? And are scientists correct in assuming that that intangible quality is imperiled by funding cutbacks?

The success of the U.S. scientific community in winning awards like the Nobel has its roots in the country's post-war prosperity, which enabled the United States to devote enormous resources to science at a time when its chief competitor—Europe—was rebuilding from the war. After 1957, when the Soviet Union launched the first man-made Earth satellite, a panicky United States sharply increased its funding of science.

The resource-rich United States not only developed its scientific talent but became a magnet for the rest of the world's most creative researchers. Among those who came here as refugees from Hitler's Europe alone were eight Nobel lau-

reates and four who would go on to win prizes. Numerous others have come since: 19 of the 62 U.S. laureates in medicine since the end of World War II, for example, were born elsewhere.

Many scientists also believe that the culture of U.S. academe and the organization of research has lent itself ideally to creative, groundbreaking work.

Where post-graduate education exists in Europe, for example, it tends to be concentrated at research academies, which are run under the direction of senior scientists and receive block grants from the government.

In the United States, by contrast, researchers in a given discipline tend to be scattered at many different institutions. And research grants are made not to institutions but to individuals.

As a result, in the United States researchers tend to be able to pursue their own ideas at a younger age than in Europe, a crucial consideration given that most prize-winning scientists tend to do their best work during their late 20s and early 30s.

In addition, the diversity of the U.S. scientific establishment, with scores of competing institutions and dozens of sources of money, permits the exploration of ideas that would be too far-fetched or risky for a more conservative system. And it is the seemingly far-fetched ideas that often result in award-winning work.

"The real breakthroughs are the things you never expected to find," said Burton Richter, a 1976 physics laureate from Stanford University. "They can't be predicted and they very often start from an idea that no one agrees with."

Many scientists say, however, that the funding crunch imperils the ability of the system to continue to reward the young and the idiosyncratic—that aspect that has proven so attractive to the rest of the world and so adept at encouraging brilliance.

It isn't that scientists aren't getting funded. Overall levels are increasing. But the rate of increase has not kept pace with the explosion in science.

For example, a decade ago the National Institutes of Health deemed 13,000 research ideas worthy of pursuit and funded 90 percent of them—about 11,700. This year a record 22,500 are expected to win approval but the NIH has money for only 20 percent of them, leaving many younger researchers and less popular ideas out in the cold.

"To get funded these days you have to have all 12 people on a [NIH] reviewing committee agree that an idea is a good one," said Robert Root-Bernstein, a physiologist at Michigan State University. "But I bet that if you look back you couldn't find even one of 12 physicists during Einstein's time who thought that his ideas were any good."

"I see us being more and more oriented to stay within the mainstream, to go for the sure bet, the things that we know are going to pay off," said William Brinkley, a biologist at the University of Alabama at Birmingham. "When the money is tight, the risky science is the first to go."

"We have come of age scientifically in the post-war period," said Harvard University physicist Gerald Holton. "But the projections for the future are ominous. The thing to do is not to congratulate ourselves, but to worry about what will happen next."

SMU BACKGROUND INFORMATION

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A SAMPLING OF 1992 SMU GRADUATES

Martina Tkadlec (the T is silent) was 13 years old when her family immigrated to America from Czechoslavakia in 1983. She spoke no English when she arrived, yet by the time she graduated from Richland High School in Fort Worth in 1988, she was at the top of her class. She came to SMU as a President's Scholar, the most prestigious academic scholarship awarded by the University, and received a Jacob K. Javits Scholarship from the U.S. Department of Education. Tkadlec will graduate this May with a triple major in political science, math and German. She will spend the summer in Russia, then go on to study political science at the University of California at Berkley next year. She became a naturalized citizen in February 1990.

"I've always been involved in ministry, but this is the first time I've been ordained," says **Leta Gorham**, who at 56 will be receiving her master of divinity degree from SMU's Perkins School of Theology this May. Gorham taught school in Africa and was a Child Protective Services worker in Texas. When she lost her husband, a Methodist minister, four years ago, she entered grief therapy. With the support of her therapy group and children, she came to realize that she really wasn't too old to "officially" enter the ministry. Gorham is now serving as interim minister at Greenland Hills United Methodist Church in Dallas and will be ordained on June 9.

Barbara Blackwell is a champion in every sense of the word. Excelling at both academics and athletics, she still found time at SMU to tutor low-income students at A.W. Spence Middle School in East Dallas. She led the SMU women's golf team to a Southwest Conference championship this year and was selected as the Southwest Conference Player of the Year. She was also a Southwest Conference All-American three years in a row. With her 3.2 grade point average and her bachelor's degree in radio and television, Blackwell has many options open to her, and she plans to pursue a career in professional golf after graduating this spring.

Todd Reid has been described as quiet and unassuming, and yet for the past two years he has managed a tutoring program at the Trinity River Mission which serves a low income Hispanic neighborhood in West Dallas. Reid, an advertising major, plans to go into the Peace Corps after graduation this spring.

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To Jennifer Grossman	From Jeanne Whitman
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SMU BACKGROUND INFORMATION

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APRIL 1992

SMU CHEMISTRY STUDENTS DEMONSTRATE: "SCIENCE ISN'T SCARY"

Jonathan Burton, a graduating senior from Dallas and president of the Chemistry Society of Southern Methodist University, conceived the idea of taking chemistry experiments into the classroom of local elementary schools to show that science can be fun.

Members of the society perform the experiments, which are aimed at pricking grade school children's curiosity by doing unusual things with everyday items found in the kitchen. They turn ice tea the color of grape juice and vice versa. They also make large soap bubbles, produce nylon threads, perform simple demonstrations with liquid nitrogen and concoct oscillating clock reactions.

Burton and Christ Claypool, a junior from Indiana, received a grant from the American Chemical Society to help pay for supplies

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SMU alumni in government positions include six Texas Congressmen: Jim Chapman, Sam Johnson, Ralph M. Hall, John Bryant, Lamar Smith and Michael A. Andrews.

Roy M. Huffington, U.S. ambassador to Australia, is an SMU graduate and a major donor to the university.

SMU BACKGROUND INFORMATION

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STUDENT EMBARKS ON MISSION TO PROMOTE VOLUNTEER LAW WORK

Bonnie Barksdale of Fort Worth, who is to receive a law degree on May 16, developed a love for pro bono work at SMU that she plans to continue in her professional career.

Having earned a master's degree in social work before applying to law school, Barksdale was attuned to the needs of the indigent and felt a deep responsibility to share her skills with people who were less fortunate.

She spent free time during all three years at SMU doing volunteer legal work through the Student Bar Association's pro bono program and a Dallas professional voluntary organization called Lawyers Against Domestic Violence. This year, she coordinated the student pro bono program and served as vice-chair of the domestic violence group.

Barksdale will begin working at a Dallas law firm in September, but her long-term goal is to get private lawyers more involved in volunteer legal work.

SMU BACKGROUND INFORMATION

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FORMER BIG-LEAGUE PLAYER TRADES FAST PITCH FOR LAW CAREER

An elbow injury that cut short Jonathan Perlman's major-league baseball career opened the door to a second career he had only dreamed about before applying to law school while on the mend in 1989. On May 16, Perlman will receive a law degree from SMU's School of Law, and if he passes the state bar exam during the summer, he will begin work this fall in the business transactions section of the Dallas firm Vinson & Elkins.

"Law school had always been in the back of my mind for some point in the future," says Perlman, who was a pitcher for about 10 years with teams such as the Chicago Cubs, San Francisco Giants and Cleveland Indians.

Perlman grew up in the East Texas town of Carthage and earned a bachelor's degree in finance from Baylor University. He played baseball for Baylor and was a first-round draft pick for the Chicago Cubs when he graduated in 1979.

Since starting law school, Perlman and his wife Dana, also an SMU graduate, expanded their family by having a child. Jonathan Perlman Jr. was born during Perlman's second semester of study.

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LAW GRADUATE CONTINUES FAMILY TRADITION STARTED IN 1948

When Miriam Ackels receives her diploma in the School of Law's "hooding" ceremony on May 16, she will become the ninth member of her immediate family to earn a law degree from SMU. The first was her father, Lawrence E. Ackels Sr., who graduated in 1948.

Miriam grew up in a family of 10 children, seven of whom have followed their father into law careers. One brother's wife also is a lawyer and an SMU graduate. All work in Dallas: her father, four brothers and a sister-in-law at the family firm of Ackels, Ackels & Ackels; one sister at Jackson & Walker; and another sister at Baker & McKenzie. Miriam says she hopes to land a job in public service, possibly as a prosecutor with a district attorney's office.

A graduate of Ursuline Academy in Dallas, Miriam received a bachelor's degree in political science from Spring Hill College in Mobile, Ala., in 1987. She then worked as a personal/legal assistant in federal appeals court Judge Irving Goldberg's office for about two years before enrolling in law school.

"I think [so many of us going into law] has a lot to do with the way we were raised," Miriam says. "We're very service-oriented, and we like to work with people ... We're all real vocal, and our parents encouraged us to be advocates."

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May 4, 1992

NEW WORLD AWAITS LAWYERS FROM FORMER SOVIET UNION

DALLAS (SMU) -- At about the time school was starting in August 1991, the republics that belonged to the Soviet Union were voting for independence after 74 years of Communist rule. It was arguably both the best and worst time for two lawyers from the Ukraine and Latvia to be away from their jobs and families, beginning a one-year program to earn master of laws degrees in comparative and international law from SMU.

Nine months later, Iouri Demkiv of the Ukraine and Aris Libans of Latvia are about to receive their international law degrees and return to countries where political and economic conditions still are very unsettled. It is a time of both uncertainty and excitement.

Demkiv, who was an assistant professor of law at Lviv University, plans to return to his position. He will continue teaching constitutional law and international public law and hopes eventually to become involved in government work and consulting.

The picture is somewhat murkier for Aris Libans, who had been chief executive of Consulting Law Office No. 1 in Riga, Latvia, before he left to study at SMU. His law office was the largest in the capital city, with more than 50 attorneys on staff. Libans is unsure whether he will be able to resume his duties as a defense lawyer in criminal cases. He may engage in another legal area, such as international law.

SMU has been a leader in international law since the 1950s, graduating more than 700 international lawyers from about 65 countries. Many of the graduates have become leading civil servants, academics and practicing lawyers in their home countries. The law school has two overseas alumni groups -- one for the Far East in Taipei and one for Europe in Zurich. This year's graduating class is expected to include 48 graduates from about 17 nations.

The Master of Laws Degree in comparative and international laws gives non U.S. trained lawyers an opportunity to acquire knowledge of the United States legal system as well as international and comparative law. The program is designed to help foreign lawyers analyze legal systems in their own nations and develop new legal approaches and solutions. It also provides a comparative background to facilitate future dealings they or their clients may have with American interests. The students attend SMU for one academic year and complete a minimum of 24 credit hours of courses.

- 30 -

rich getting rich
L.A.: all people asian viner
cities are criminals
(Bennett) - 2
foreign criticism

Decentralize of
local control

Maybe you've heard that American manufacturing is on the decline. Wrong again. Manufacturing has been the strongest sector of our economy, growing faster than any other manufacturing sector in the world. We are the most efficient producer of -- ((I hope you're taking notes here)) -- mining, oil and gas drilling, utilities, transportation, communication, agriculture, forestry, fisheries, hotels, restaurants, construction, scientific instruments, airplanes, paper, stone, clay, glass products, textiles....

I will spare you the rest. ((One guy out there looked terrified that I might be ready to give a quiz.)) My point should be clear, and I think it's indisputable: America is a rising nation, its opportunities -- your opportunities -- limitless.

despair that nothing can be done
A false picture of the world makes better copy - it makes not effective action

Declinism may be grounded in fantasy, but it is still dangerous. In public policy, the belief in American decline manifests itself as isolationism and protectionism. And there's usually a lot of chutzpah thrown in -- a lot of tough talk about "America First" and "protecting our own." But nobody should be fooled by the patriotic bluster: protectionism is based on fear -- fear that America can't rise to the challenges posed by a global economy. The danger is that, for all our undeniable strengths, this fear of the future could be a self-fulfilling prophesy. If America turned inward, the result would be fewer jobs, less enterprise, a lower standard of living.

Let me give you an example - protectionism - stop trade

The economic success I've talked about -- the jobs that have been created -- is increasingly dependent on our performance abroad. If we are to succeed at home, we must lead abroad. America is the world's leading exporter -- $422 billion worth last year alone. The export boom of the last few years has created more than 2 million jobs.

The declinists would have us ignore such facts. My answer is: No. For three years my administration has pursued a policy of open and free trade, by encouraging other nations to bring down their trade barriers. [Successes -- particularly with Japan; exports to Japan increasing x times faster than imports from Japan.] Challenge ahead [Uruguay Round, success means $17,000 for each for American family; NAFTA, Enterprise for the Americas, what they mean for Texas.]

Beyond the economics, there are reasons to believe that America's leadership will continue. [Strength of our colleges and universities, religiousness of the people, voluntarism rates, work ethic, all of which bespeak a people with great strengths.]

So I confess to being optimistic about this country you are inheriting. But I understand, too, that we are not without our problems -- a few alarming trends that if left unchecked will indeed threaten our world preeminence. Leadership is not inevitable; it is a matter of will. And the will must not come from government alone, though government has a crucial role to play.

Our economic success wasn't hatched in some committee room on Capitol Hill or around a conference table in the White House. It was determined on the shop floor, in the board room, in the classroom, where free men and women weighed the options and made their own decisions. America is the most prosperous nation today because it is the freest. And freedom must underlie our approach in dealing with our problems today.

Health reform.

Legal reform.

Education reform. Choice. I see by the year 2000 a nation of students, and I ask you to look at commencement not as an end to your education but as the beginning of a new phase of it.

I am confident of these reforms, because they build on the American principles of personal liberty and its corollary, personal responsibility. One of this century's great apostles of personal liberty, Freddie von Hayek, once said: "The value of freedom rests on the opportunities its provides for unforeseen and unpredictable actions." So I do not pretend to know the shape of the next century -- just as Barbara and I, when we packed the Studebaker, could never have known that our children would grow up in a world of fax machines and [some technological miracle]. Freedom, in a country as large and various as ours, has its own purposes.

But I do know this: whatever the shape of the next century, it will be shaped by America, by what you and I do today, and by

Bernice Newton

what you and your children do tomorrow. That is a great responsibility, but not a burden.

(Ferguson/Grossman)
May 8, 1992
Outline
SMU

PRESIDENTIAL REMARKS: SMU COMMENCEMENT
DALLAS, TEXAS
MAY 16, 1992

[Acknowledgments, local jokes]

I am delighted to be in Texas for a commencement, which I know is an exciting time for you and your parents. ~~I know the feeling.~~ The day after my own commencement was the day I headed for Texas. Barbara and I packed up our '47 Studebaker and I headed out to Odessa, to try my hand at the oil business.

I had many reasons for going west, but the advice from one family friend tilted the balance. "What you need to do is head out to Texas," he told me. "That's the place for ambitious young people these days."

This was a few years after the war -- what seems like a lifetime ago -- and his advice was some of the best I've ever had. I believe that what he said then still holds true, not only for Texas but for all of America. This is the place where ambition, energy, enthusiasm and hard work are still rewarded, where young people can still feel confidence in their dreams.

Those of us fresh from World War II couldn't have known what lay ahead for ourselves or our country. We had just vanquished international fascism in a terrible war, but we faced a long hard and equally perilous struggle against international communism. We had survived a worldwide depression, but we also were entering the greatest period of prosperity the world had ever seen.

America seemed limitless in those days after the war, when I graduated from college. This afternoon I want to make the case that today's America, the country you are about to lead, holds the same limitless opportunities it held for me, and for your parents.

personalize. What this means for you is jobs, prosperity, but also a great responsibility of world leadership and the chance to leave for your children a world even better than the one you're about to enter....

In making this case, I realize that I'm not taking the fashionable view. Among the pundits and the pontificators -- even among some professors, I hate to say -- the current wisdom portrays an America in decline, its energy dissipated, its opportunities exhausted. You students of history will recall that declinism, as some call it, isn't new, even to Americans. As our western frontier filled up at the close of the 19th century, worries about decline and national exhaustion were everywhere. Even that great America-booster Walt Whitman succumbed, worrying that shortly his country might "prove the most tremendous failure in history." My own generation sometimes felt doubt, too. I well recall the pessimism about American leadership that set in after the Soviets launched Sputnik in the late 1950s.

We now know those pessimists were wrong. Pessimists usually are -- at least when they talk about America. But there's something particularly ironic about the declinism we're seeing today, for it comes at a moment of triumph that few countries in

history have been privileged to enjoy. A seemingly implacable adversary, an empire deeply hostile to all Americans cherish, has collapsed. Meanwhile, in its a dozen countries dedicated to our values, our principles and looking to us for leadership.

In the face of this near universal vindication, declinism is more than just unappealing and ungracious; it is also inaccurate. The simple fact is, America is not just the world's only military superpower; it is not just the world's political leader. It is also the greatest economic power in history, and it is likely to remain so.

Let me debunk a few myths here.

Perhaps you've heard that American growth is slowing down over the long-term. Wrong. Our growth rate over the last two decades exceeds America's historical average.

Perhaps you've heard the American worker is unproductive. Wrong again. The American worker is the most productive in the industrial world -- 30 percent more productive than his Japanese counterpart. That's why, with one-twentieth of the world's population, we produce one-fourth of the world's goods and services.

Maybe you've heard the American worker is unskilled. Wrong. [fact: college-educated workforce.]

Maybe you've heard that America is being bought up by foreign investors. Wrong. [investment rates.] real small 3% of assets held by

Maybe you've heard that our standard of living no longer measures up. Wrong. [purchasing power study.]

The Larger Context

Throughout Europe, most people agree they want no more socialism, but they can't agree on what should take its place.

EUROPE'S IDEOLOGICAL BLINDERS

By Michael Novak



From Munich to Budapest to London, all three of which I recently visited, socialism is guttering, yet "capitalism" is still a dirty word. Many European socialists are cautiously dipping their toes into arguments in favor of capitalism, but the battle of ideas is far from over.

In Budapest, everyone agrees that communism sucked the nation's capital stock dry and left behind a shell. Entering the stairwells of magnificent old apartment buildings, a visitor encounters dirty stairs, falling plaster, peeling paint and splotches from leaky plumbing. No capital repairs (let alone improvements) have been made in 42 years. In the light of socialist talk about community, it is ironic that common rooms such as stairwells are in worse repair than private quarters; in the latter, individual taste and care are evident.

Hungarians want no more socialism. But the moral and intellectual arguments for an alternative are still unknown to them.

An American consultant, for example, recently led a select group of executives from one of the best firms in Hungary through a cost-benefit analysis of the firm's newest venture. The venture had no realistic chances of success. A U.S. businessman would have canceled it without much thought. But when the computer projected huge prospective losses, the Hungarians protested that the facts must be wrong. "But you supplied them," the consultant said. All facts were checked, all calculations rerun: the same loss. But still none of the Hungarian businessmen could bring themselves to say, "We must cancel this project."

During my days in Munich, that prosperous Bavarian city was preparing both for the annual Oktoberfest and for German unification. It has come as something of a shock to the West Germans to see how backward—how un-German—the habits of the East Germans have become. Like the Hungarians, the East Germans want more out of life than socialism can deliver, but they don't understand the rules of a system that can deliver it.

One West German worker complained bitterly to me about East German workers. "They aren't used to working, just to showing up," he said. "All they want, right away, is a television set, a car, a VCR—even without working for it."

In London, the Labour Party's new policy document, *Looking to the Future*, as the *Times* puts it, marks "the surrender of Labour's belief in old-style nationalisation, central control and punitive taxation of the rich, its acknowledgement of the need for wealth creation and the role of the market." Nevertheless, socialist theory dies hard. The Labour program is redistributive and interventionist. It restrengthens the labor unions and is dead set against Britain's nuclear deterrent (despite the threat that nations such as Iraq or Iran might soon have nuclear capabilities).

Most Britons have come to see that wealth can be depleted as well as created, and wealth creation is on the lips of almost all. Labour now responds by appealing to "supply-side socialism," as an alternative to Thatcher's "popular capitalism."

In practice, however, most Britons still hold the view that inheriting wealth is morally quite respectable (indeed, the acme of respectability), whereas actually creating new wealth is rather grubby. This sentiment has a long history. Kenneth Adams of the Christian Industrial Fellowship (who may have done more than any other individual in the U.K. to get wealth creation on the public agenda) recalls how Matthew Arnold branded wealth creators "philistines."

In *Culture and Anarchy* (1869) Arnold wrote nastily of Cornell University: "The university of Mr. Ezra Cornell seems to rest on a misconception of what culture truly is, and to be calculated to produce miners or engineers or architects, not sweetness and light."

In the same vein, two well-known pollsters recently reported that 81% of the British favor a society in which "caring for others" is more highly regarded, while only 12% favor a society in which "wealth creation" is more highly regarded. The pollsters wrongly conclude from this that the British are more "socialist" than "Thatcherist." They fail to see that this choice is confused. One choice, wealth creation, refers to means; the other, caring, to ends. Any people of Jewish, Christian and humanist background would believe, as Adam Smith wrote in *The Theory of Moral Sentiments* (1759), that "to feel much for others and little for ourselves, constitutes the perfection of human nature."

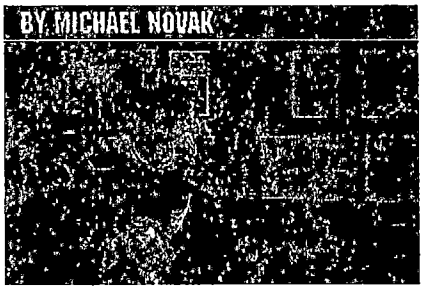
For Smith, the whole point of wealth creation is to bring forth a society in which human sympathy thrives. Socialism has proven itself inferior to the task, yet former socialists in Hungary, Germany and Britain are having a hard time envisioning the system that can get them where they want to go. ■

Philosopher, journalist and ex-U.S. ambassador Michael Novak directs social and political studies at the American Enterprise Institute in Washington, D.C. His book The Spirit of Democratic Capitalism *has been widely translated around the world.*

As 1992 grows closer, European unity looks less and less a competitive threat to the U.S.

Europe's coming decline

BY MICHAEL NOVAK



Michael Novak holds the George Frederick Jewett chair in religion and public policy at the American Enterprise Institute in Washington, D.C. His book *The Spirit of Democratic Capitalism* has been widely translated around the world.

WHEN SOME YEARS AGO I first set foot in Moscow, I felt my fears of Soviet power sliding away. Compared even with Third World capitals, Moscow seemed a dreary, backward place. In a different but telling way, impressions from a recent trip to Europe dissolved whatever fears I had of Europe 1992.

For something funny has happened to Europe on the way to 1992. True enough, Chancellor Kohl is still declaring, "The 1990s will be the decade of Europe, not Japan. This is Europe's hour." But some of the fizz has gone out of the bottle; and the future doesn't look so good.

Partly, the Gulf war is responsible. It revealed disunity in foreign policy among the members of the European Community. It demonstrated that "the Community" is anything but a community. Europeans talk a lot about solidarity but don't actually show much. A continent that doesn't know when it faces a security threat to one of its most vital resources—as with Saddam Hussein's invasion of Kuwait—is not entitled to unlimited optimism.

My impressions during a recent two-week swing through France, Italy, Switzerland and Liechtenstein are that some pretty shrewd people there are worrying quietly about European decline, rather than renaissance, after 1992. Socialism may have been vanquished in Eastern Europe, but the magnetic fields that pulled good minds into the illusions of socialism—"equality," "security" and "solidarity"—still hum and buzz in Western Europe.

Indeed, influential elites in Western Europe seem quite allergic to competition, individual initiative, risk and consumers' choice. They think decisions reached merely by markets are vulgar; they prefer decisions that are "guided"—by elites, of course.

Naturally, much of the momentum for European unity springs from this political class—the very class that will run the new bureaucracies of the Community. Whole new career lines, not won through elections, are springing up like rows of wheat. For example, one alluring feature of the union consists of the savings to be gained from common standards for products, services and economic practices. But this entails planning, decisions, new regulatory functions—i.e., glory days for bureaucrats.

Some industrialists who were salivating several years ago at the prospect of cheaper costs and larger markets through the removal of customs barriers and tariffs are drawing back because of two major worries. One is that a united Europe may mean immense new power for a centralized European superstate. Jacques Delors of France has predicted that in ten years 80% of the fiscal and social legislation in Europe will be made in Brussels.

The second worry is that shifts in standards, markets and (above all) competitive pressures will kill hitherto protected national firms.

Already, heavily subsidized European firms are wilting in the heat of competition in computers, semiconductors and automobiles, among other products. Thus, some European industrialists are being whipsawed by contrary fears: first, that European union will mean excessive stifling of the free market by bureaucrats in Brussels; second, that it won't, i.e., that the free market really will be free, and they will not be able to compete.

Proportionally, of all the workers in the entire world, European labor may be the most protected, highly paid and Christmas-treed with goodies. Japanese workers produce a car in half the time it takes European workers; and are able to change a product line much faster. European farmers are even more highly subsidized, coddled, protected. There are fewer and fewer of them, but they still produce mountains of unneeded food.

Both workers and farmers, for understandable reasons, given Europe's unstable 20th-century history, want security, equality, protection, not competition and risk.

Feeding these desires are the Social Democrats, who are passionate about political liberty but not about economic liberty. And even the Christian Democrats (supposedly entrepreneurial) court economic liberty timidly. The ideologies of Europe suddenly seem out of date.

Thus, as an inventor of new technologies, a cheaper producer, a swifter competitor, Europe is no dire threat. Despite various forms of European excellence, the sclerosis inflicted by the passion for security stiffens the joints of invention.

In products of exquisite taste and styling, European producers will probably always offer special pleasures to those who love the best. The world honors Europeans for living well, more than for working well.

In sum, perennial European fears about the "vulgarity" of markets and the old European statism suggest an unequal battle today between lovers of liberty and lovers of leviathan. Europe 1992 is shaping up as an unequal race between the statists and the free marketeers, with the former at this stage edging slowly ahead. ■

American Enterprise Institute for Public Policy Research

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The Larger Context

While all too many Americans moan about our nation's "decline," people in Eastern Europe seek to emulate us.

WHAT BECAME OF THE UGLY AMERICAN?

By Michael Novak



We'll just have to get used to it. The world no longer regards us as "ugly Americans." In Central Europe and in Central America—even in the U.S.S.R.—ordinary people and even intellectuals seem to want a system like ours. Suddenly, they seem to love all things American.

Professor Paul Kennedy of Yale, in his theory of "imperial overstretch," could not have been more wrong in predicting American decline. He aimed at the U.S. and hit the U.S.S.R.

Like Kennedy, all the declinists are wrong. But they have unforgivably damaged our national morale, especially among the impressionable young in our colleges and universities. It's wrong to steal hope for the future from the young, and to deprive them of the sense of belonging to a noble national experiment—the most universally attractive of our era.

Nonetheless—though it is morally wrong and factually wrong—one can understand why leaders of the political left talk of decline. The voters have overwhelmingly rejected their prescriptions in three consecutive presidential campaigns. No wonder they think America is in decline: Their view of the world is in decline, and by 1989 everyone knew it.

For examples of the newfound regard abroad for things American, consider:

- Czechoslovakia urgently requests English grammars, dictionaries and American teachers of English. In Poland and Hungary the demand for copies of *The Federalist Papers* is insatiable. Mikhail Gorbachev has spoken proudly of imitating the American presidential system (without, alas, its checks and balances).
- Extravagant praise for American ideals and institutions has reached us from democratic leaders in Russia, Hungary, Poland, Czechoslovakia and even Latin America.

Recalling World Wars I and II in his address before a joint session of the U.S. Congress, Vaclav Havel, Czechoslovakia's new president, thanked the U.S. for having "contributed to the salvation of us Europeans for a third time," this time from the U.S.S.R. "You have helped us to survive until today." Of the U.S., he said: "It became the most powerful nation on earth, and it understood the responsibility that flowed from this."

- At the beginning of 1989 there were two superpowers. In hardly more than the blink of an eye, the Soviet bloc lost six of its military allies: Poland, Czechoslovakia, Hungary, East Germany, Romania and Bulgaria. Only one superpower is still standing, more unchallenged in its might than ever. (This represents American decline!)
- The "golden age" of the U.S., say the declinists, was the 1950s. At that time, in current dollars the U.S. GNP was $1.6 trillion. Today it is $5.5 trillion. (That is decline!)
- Japan and West Germany, they say, are surpassing us. But the Japanese economy is only 40% of ours, the German only 20%. The per capita GNP of Japan and West Germany (even before reunification) is 75% of ours. Who would wish to exchange our continent-size resources for Germany's or Japan's?
- Declining U.S. influence? Would the U.S.S.R. have left Afghanistan, without the "equalizer" afforded the guerrillas by U.S.-supplied Stingers? Would the Iran-Iraq war have come to a conclusion if the U.S. had not unilaterally risked the U.S. Navy to pacify the Persian Gulf? Could a settlement in Namibia have been reached, absent U.S. leadership? Whenever there is talk of peace in the Middle East, all eyes turn toward Washington. In Panama and Nicaragua there are new democracies, because of U.S. fortitude. Which part of the world does not feel U.S. influence today?
- And consider other evidence on the positive side. No other nation has absorbed so many nationalities and religions. No other is as nearly as ours a "planetary people," embracing within itself virtually all the cultures of the world. No other has had as long an experience with federalism, and that peculiar mix of local with national government, for which most of the pluralistic world now struggles.

Our founders called our system *novus ordo seclorum*, the new order of the ages, and dared to hope that, one day, all nations would repair to its wisdom. They did not speak of American rights, but of natural rights. To have seen 1989 would have filled them with joy.

A democratic republic built on checks and balances and respectful of individual rights; an innovative and free capitalist economy; and an open and pluralistic culture—the influence of American ideas has never been greater around the world than in this age of instantaneous and universal communications.

And yet all around at home, in the universities, in the media, we hear pessimistic talk of American decline. If this is decline, I can't wait to see progress. ■

Philosopher, journalist and ex-U.S. ambassador Michael Novak directs social and political studies at the American Enterprise Institute in Washington, D.C. Among his recent books are Taking Glasnost Seriously *and* Free Persons and the Common Good.

The Larger Context

The left gleefully cites Kevin Phillips as a conservative who damns Reaganism. Phillips is as conservative as Jesse Jackson—and his facts are wrong.

A HANGING JUDGE

By Michael Novak



Kevin Phillips, a self-described conservative, has delighted the "class warfare" left with a nasty attack on Reagan in a new book, *The Politics of Rich and Poor.* The left loves conservatives who hate.

Phillips wants a knightly Democrat to saddle up and rescue the nation from Republicans, whose whole raison d'être, he says, is to concentrate wealth. He regrets that the best Democrat he can find so far is Jesse Jackson.

Phillips claims to abhor plutocracy. He also claims to be a populist. However, he seems to know as little about populism as about our people's resistance to envy.

Two distinctive characteristics of populism in America, according to historian Richard Hofstadter, are its "paranoid style" and its passionate envy. Phillips imagines that the American people are burning with envy. Believing this, populists usually lose. Envy doesn't inspire.

Phillips' vision of American history is that the "concentration of wealth was the fulcrum on which the most basic political questions pivoted, a dividing line deeper than region, race or sex." And that "the distribution of American wealth has depended significantly on *who controlled the federal government, for what policies, and in behalf of which constituencies.*" (His italics.) Phrases such as "Darwinism," "natural selection," "the survival of the fittest" and "class war" occur scores of times in his 200 pages.

Phillips harks back to the days of Richard Nixon, whom he honors as a "cloth-coat" Republican, but is frantic to destroy the reputation of the Reagan Administration. He was sad in 1988 that "few orators or demagogues had [yet] begun blaming the rich." He sees the 1990s as tinder waiting to explode.

Phillips' juiciest quotes come from leftist critics of Reaganomics throughout the 1980s—Jim Hightower, Lester Thurow, Robert Kuttner, etc. Phillips never greets anti-Reagan tirades with skepticism or demands an objective look at all the relevant numbers. He is a hanging judge.

Phillips constructs three arguments, supported by three rickety tables to which he keeps turning:

1. The income gap dividing the top fifth of the population from the lowest fifth is greater in the U.S. than in seven other Western industrialized nations. If you check the real source of these numbers in the World Bank annual reports (not the *Los Angeles Times*, which Phillips cites), you will find a printed caution: These figures are from different years between 1978 and 1980 (before Reagan) and are derived from different methods of measurement. If they were not highly unreliable, they would indict Nixon and Democrats.

Worse still, Phillips should not compare the U.S. with small, ethnically homogeneous nations such as Sweden, Denmark and the Netherlands but with continental Europe as a whole, from Portugal, Spain and Greece northward. That continental spread would more closely approximate U.S. ethnic and geographical diversity. After all, inequality in Minnesota is about the same as in Sweden.

2. Inequality between these two income quintiles in the U.S. is growing. Here Phillips overlooks two absolutely crucial points: The data he uses are pretax (not affected by tax cuts), and they exclude all noncash redistributions designed to help the poor. Moreover, he fails to note that the characteristics of those in the bottom quintile have been changing since 1960. Most are now female householders, either elderly or, if young, mostly unemployed. In the top fifth most householders are highly educated and earn professional salaries: Increasingly, their households double these advantages by having two (or even three) incomes. Such demographic changes are deeper than politics.

Moreover, from 1981 to 1988 an upward push in incomes raised cutoff points in each quintile (in constant dollars). True, the share received by the bottom fifth went down, but its cutoff point rose from $14,209 to $15,102.

3. The share of wealth held by the wealthiest 0.5% of households rose sharply between 1965 and 1983. Phillips here overlooks a key fact. The Reagan tax cuts didn't take effect until after the cited study. Second, he misreports that his chart stems from "data furnished by the Federal Reserve Board." Actually, the professor from Michigan commissioned to do the study by the Joint Economic Committee merely sampled Federal Reserve data. After having made a $1 trillion error in the committee's first published report, which had to be withdrawn ("We handle billions daily," said one congressman, "but talking trillions is real money"), in their corrected version the authors show no significant statistical difference between the two major studies, 1965 (25.4%) and 1983 (26.9%).

Kevin Phillips huffs and puffs, trying to spread hate of the rich. He is neither a convincing hater nor a convincing economic Marxist. ■

Philosopher, journalist and ex-U.S. ambassador Michael Novak directs social and political studies at the American Enterprise Institute in Washington, D.C. His book The Spirit of Democratic Capitalism *has been widely translated around the world.*

Brady at Press Club

Draft
March 20, 1992

ADDRESS TO THE AMERICAN BUSINESS CONFERENCE
April 7, 1992

Introduction

Four years ago, I said: "America is not a[bout] decline. America is a rising nation."

There is great uncertainty today. There are people who fear that our nation's best days are past -- that the American century is almost over. But they are wrong.

America is a nation and a people with tremendous strengths. An industrial manufacturing base that is second to none. Expanding exports. Global leadership in science and technology. The best system of university and higher education in the world. People with the ambition, resiliency and determination to conquer whatever the world throws at them. And America is an idea: That freedom enables ordinary men and women to rise up and make better lives for themselves and their children.

This country has just undergone a painful economic recession. This recession has lasted longer, and cut deeper, than any of the economic experts -- including my own -- ever predicted. It has caused pain and worry for many families.

But it is ending. We are going to beat it. And we are going to come out of it stronger, and even more competitive.

In recent months, as we struggled to bring this recession to an end, some have suggested that America move away from the principles that have guided us for the last decade:

-- Away from economic growth, and toward dividing up an ever smaller economic pie.

-- Away from low taxes, and toward a "fairer," tax system . . . we've heard that before.

-- Away from free enterprise, and toward an industrial policy where government bureaucrats make decisions for American companies that are now made by our businessmen and women.

-- Away from free trade and open markets, and toward protectionism and managed trade.

-- Away from international leadership, and toward America First.

The world has changed a lot in the four decades since Barbara and I packed up the kids in our station wagon, and

drove to Odessa Texas to get into the oil business. Back then, my partners and I sold oil and drilling services in an American market. We didn't look overseas. Our thinking and our customer list stopped at the water's edge.

Today, the world -- and America -- are very different. American businesses sell worldwide. Some of our best customers are in Europe, Asia, and now Latin America and Mexico. Our exports are booming -- up over 80 percent in the last five years. One in ten manufacturing jobs is based on foreign investment in a U.S. factory, and American companies have invested heavily overseas. Am comps invest heavily overseas, and foreign investors likewise find Am a welcome place to invest

These changes are sometimes hard to comprehend. But understanding and dealing with them is important for our future.

Today, I'd like to talk about our future as a nation:

-- About changes that are turning the world into one vast competitive marketplace;

-- About trade agreements that can open up new opportunities and new markets for American companies and workers; and

-- About the ways that we can make sure that America stays a "rising nation" -- ways that we can strengthen our companies and workers to compete in the global marketplace.

Trade and Jobs

There are those who believe that American involvement in the world undermines our domestic prosperity.

But let me tell you. The world doesn't work that way. The "peace dividend" that some Members of Congress are so eager to get their hands on will go up in smoke if Russia and Eastern Europe fall apart. The Atlantic and Pacific oceans are no protection against Sadaam Hussein or some other nut with a nuclear weapon.

But closing our borders and isolationism are also unworkable for good, sound business reasons. Today, our country's economic prosperity depends on its ability to buy, sell, and compete in international markets. Staying engaged in the world is not "charity" or a "burden"; it is part of our livelihood and our future.

-- Trade creates jobs.

-- Competing in international markets -- staying on top of the latest developments in technology and manufacturing -- creates jobs.

-- Opening foreign markets, and keeping our market open to the best foreign products and ideas, creates jobs and raises our standard of living.

Since 1945, global trade has exploded from $40 billion to over $3 trillion. Global tariff barriers have been reduced sharply in successive rounds of GATT negotiations. The average tariff in industrialized countries has been cut over 60 percent to under 6 percent. Like other forms of de-regulation, cutting tariffs frees up trade flows and provides entrepreneurs with opportunities to create new markets.

The dramatic expansion of trade reflects the continuing advance of technology, which has revolutionized communications and the movement of goods and capital. Today, ideas and products move so rapidly that national borders are becoming almost meaningless.

Closing down, turning to protectionism and "managed trade" would mean jeopardizing jobs in cities, towns, and farms across America. It means accepting decline and stagnation for our children and grandchildren, not growth and opportunity.

You've all heard the joke that if you lay all the economists in the world end-to-end, you still can't get them to reach a conclusion. But economists have agreed on one proposition for over two-hundred years: International trade is a win-win proposition that benefits both parties.

Some people argue that the foreigners are clobbering us. That we are losing in international competition. Let me share some figures with you:

-- The United States is the world's leading exporter, with 1991 exports of $422 billion.

-- American exports have increased by over 80 percent over the last five years. Our exports to Canada have increased by 51 percent; our exports to Japan have increased even more, [82] percent; to Europe by 84 percent; and exports to Mexico are up by an amazing 130 percent.

-- As always, America's strength is its dynamic high-technology sector. U.S. exports of advanced technology products have increased from $62 billion in 1987 to $100 billion in 1991. Capital goods

account for 40 percent of our exports, up from __ percent twenty years ago.

Nevertheless, the doom and gloom set says that America is de-industrializing. That we are losing jobs. Here are the facts:

-- The export boom has created over 2.2 million new American jobs since 1986. Nearly 7.5 million American jobs are tied to exports.

-- Manufacturing accounted for 21.1 percent of U.S. GNP in 1980. This figure rose to 23.3 percent in 1990 -- as large as a share as at any time since World War II.

-- The productivity of the American manufacturing sector rose at a 3.8 percent rate during the 1980s, far above the 1.4 percent growth rate of the 1970s. Our workers are far and away the most productive in the world; and I challenge anyone -- in Japan, Germany, anywhere -- to prove otherwise.

In times of economic uncertainty, there is always fear that hard times will never end; that our nation is on a permanent downward spiral.

There are important challenges ahead. There are things that this nation can do better, and government policies that we can change for the better. But we should not fear the world. And we should not fear ourselves or our capacity to deal with change.

Trade Initiatives

My Administration is working on four initiatives to expand American trade and open new markets for our products.

The Uruguay Round. My principal trade objective is successfully finishing the Uruguay Round of multilateral trade negotiations. I am convinced that America's prosperity depends on a strong multilateral trading system that guarantees access to markets worldwide. The United States would be the clear loser in a system of exclusionary regional trading blocs that closes off our access to growth markets in Europe and Asia.

Let me be clear about how I define "success." The Uruguay Round is not going to result in another agreement that papers over our differences on farm subsidies. There have been a string of such agreements. Instead, Carla Hills and her negotiating team are seeking a package that:

-- Sets agricultural reform firmly in place, and sharply reduces farm subsidies and protection from current levels;

-- Strengthens global protection of intellectual property rights, particularly in developing countries;

-- Extends GATT rules to the trade in services and investment; and

-- Strengthens GATT as an institution, so that it can effectively police the continued expansion of global trade, and prevent any recurrence of the beggar-thy-neighbor trade policies that caused the Great Depression.

A strong GATT agreement can increase world output by over $5 trillion over the next decade. The U.S. share of that growth could amount to $1.2 trillion, or $17,000 for each American family.

The draft agreement proposed by GATT Director-General Dunkel provides an appropriate basis for finishing the Uruguay Round. The text is not perfect. It requires everyone to make sacrifices. But it provides a comprehensive roadmap of

necessary reforms to the global trading system. We have come too far, and worked too hard, to turn back now.

The North American Free Trade Agreement.

In 1990, President Salinas, Prime Minister Mulroney, and I launched historic negotiations aimed at creating a North American Free Trade Agreement. Canada and Mexico are our first and third largest trading partners respectively. Since Mexico joined GATT in 1986 and embarked on economic reforms, U.S. exports have jumped from $12 billion in 1986 to $28 billion in 1990, or almost twice as fast as the increase in our overall exports.

A NAFTA would create over 360,000 American jobs. It could increase our trade with Mexico by $10 billion. It would create competitive efficiencies and economies of scale that will help American companies compete in world markets.

But a NAFTA is about more than economic gain. The U.S. relationship with Mexico goes well beyond trade. Our countries are bound together by the people, culture, families, and two-thousand mile long border that we share. President Salinas is a bold and imaginative leader, who is not bound by the past. I am committed to working with him to forge a new U.S.-Mexico relationship based on free trade and mutual respect.

Enterprise for the Americas. There is a quiet revolution underway in Latin America. These revolutions have not gotten anywhere near the publicity of the changes in Eastern Europe or the Soviet Union. But they are just as important.

-- Across Latin America, democratic governments have been elected. The old dictatorships and military juntas have fallen.

-- The old Third World ideologies of state control and import substitution are being abandoned. In their place is a newfound faith in open trade, private enterprise, and markets. These reforms have created hope in place of despair, growth in place of economic stagnation and poverty

My Enterprise for the Americas initiative is aimed at opening markets, expanding investment flows, reducing official debt, and strengthening the environment. We are not seeking to impose our ideas on Latin America. Instead, our program is designed to complement and support economic reforms that Latin Americans have chosen to implement for themselves.

Latin America is a natural market for U.S. goods. As the region fell into a spiraling debt crisis and economic

stagnation, U.S. exports also stagnated, contributing to our trade deficits. And, as Latin America comes back, our trade is coming back. Last year, U.S. exports rose by [15] percent, the highest growth rate of any region.

Let me be clear. Our interest in expanding our trade with Mexico, Canada, and Latin America does not represent any weakening of my commitment to a strong multilateral trading system. Our regional strategies are designed to complement GATT and the multilateral trading system by creating zones of even freer trade and investment, generating greater growth and opportunity for all nations.

Japan and Asia

In times of economic uncertainty, there is often a temptation to seek scapegoats, to blame foreigners or outsiders for economic problems. The rhetoric has escalated in the United States and Japan in recent weeks. Nationalistic finger-pointing may be a form of politics that transcends national borders, but it is wrong.

In this difficult period, both the U.S. and Japan must reach back to the time-honored virtues of reason, understanding, and negotiation. I am committed to seeing that the U.S.-Japan alliance remains the cornerstone of

American interests in Asia. I am equally committed to seeing that U.S. concerns about free and fair access to the Japanese market are addressed constructively, that American companies and products get a fair shake in Japan, and that barriers to our trade and investment are removed.

During the last three years, we have made progress. We have negotiated agreements to open up markets for American lumber products, satellites, supercomputers, semiconductors, steel, construction, and amorphous metals. In 1990, Prime Minister Kaifu and I concluded an historic Structural Impediments Initiative that commits both countries to removing underlying barriers to trade and investment. During my trip to Tokyo in December, we reached new agreements to open markets for American cars, auto parts, glass, paper, and computers.

Contrary to what some say, these agreements are producing results. Our exports to Japan have increased by [82] percent over the last five years. Despite Japan's traditional resistance to imported manufactures, our industrial exports to Japan are up by 120 percent. And despite claims that negotiating with Japan is futile, objective studies show that market-opening trade agreements do work. Exports in sectors covered by trade agreements increased by 275 percent or almost four times faster than overall U.S. exports to Japan.

The greatest threat is to the U.S. and Japan is the extremists on either side. Instead, we must look to the fundamental realities that shape U.S.-Japan relations; the interests and values that we share; and the ties that we have worked so hard to build. I am convinced that we can build a win-win trading relationship that gives American products free and fair access to the Japanese market, and allows bilateral trade to continue to grow and expand. I am convinced that Prime Minister Miyazawa and the leaders of Japanese business and industry share my commitment to opening markets, reinvigorating the Structural Impediments Initiatives, and putting U.S.-Japan trade relations on a stable, fair, and lasting foundation.

U.S. Reform

Americans have always been a restless people. We are ambitious. We are not afraid of change. We always look for ways to make things better.

America is a strong nation. The American worker can compete head-to-head with anyone. But we can do better.

I have talked a lot about the trade agreements that Carla Hills and her team at USTR are negotiating.

But in a global economy, trade policy means more than trade agreements. It means giving American business and American workers the tools and working capital they need to succeed in a fiercely competitive global market.

I have sent proposals to the Congress that are designed to help our companies and workers compete:

-- To lower the cost of capital, so our companies have money to build new plants and equipment and develop new products.

-- To get our legal system under control, before our companies are destroyed by useless litigation and incredible legal fees.

-- To cut health care costs, and reduce the burden on families and companies.

-- To reform our school system, so American children get a world-class education.

Those of us in government have a basic responsibility to the American people, who honored us by electing us to public office, and sending us to represent them in Washington, D.C. We owe it to them to make their lives better. To lay the

foundations of future prosperity for their children and grandchildren.

And so, I say to my friends in the Congress: This is not the time for excuses, partisan bickering, or political one-upmanship. The American people are sick of government as usual. It is time to act, and act responsibly to safeguard our nation's future.

Conclusion

The world has changed in many ways since Barbara and I first set out together for West Texas.

Today, America stands on the verge of a new era that holds out unparalleled hope for peace and prosperity. We are witnessing the triumph of freedom. Political freedom that dignifies men and women. Economic freedom that creates the wealth of nations.

America set these forces in motion. Men and women from cities and towns across America fought and sacrificed at Belleau Wood, the Normany Beaches, Chosin Resevoir, Khe Sanh, and Kuwait, to hold back the onslaught of totalitarianism. Fifty years ago, in the midst of world war, Americans, bipartisan, of many different views, conceived the idea of a

world trading system build on the principle of non-discrimination and the rule of law, and saw that it could be a lasting force for global peace and prosperity.

We have always been a nation and a people that put principle before privilege. We don't fear change. We don't shirk responsibility.

Let us take up the challenge of building a just, stable, and enduring peace, so that America never again need send armies abroad or fear nuclear attack. Let us turn from building armaments to exploring the outer reaches of space and the outer frontiers of science. Let us take up the challenge of negotiating trade treaties, instead of nuclear weapons treaties.

I am confident that our nation can meet these challenges. Our Constitution and our political and economic freedoms have carried us for over two hundred years, as countless empires, nations, and rulers have vanished into the history books. As Americans, we share certain fundamental beliefs and values. Let us, in the words of Isaiah, "mount up with wings like eagles . . . run and not be weary . . ." Let us take up together the challenge of ensuring that America stays a "rising nation."

The Seven Fat Years

AND HOW TO DO IT AGAIN

Robert L. Bartley



THE FREE PRESS
A Division of Macmillan, Inc.
New York

Maxwell Macmillan Canada
Toronto

Maxwell Macmillan International
New York Oxford Singapore Sydney

Preface

In the 1990s the United States faces history's most magnificent opportunity. It surveys the world as the sole superpower. It provides the capstone and epitome of mankind's most successful economic system. It dominates technology at a time of breathtaking technological advance. Its political traditions embody the aspirations of peoples everywhere. Its opportunity is not to conquer the world but to free it, to lead it into a new era of freedom, cooperation and prosperity.

The United States *can* do this. In what should become the future's prelude, it just did.

In the years just before 1982, democratic capitalism was in retreat. Its economic order seemed unhinged, wracked by bewildering inflation, stagnant productivity and finally a deep recession. The diplomatic and military initiative lay with Communist totalitarianism, which proclaimed inevitable ideological victory and could send crowds into European streets to protest efforts to offset its own shiny new missiles and tanks. Economic confusions and a sense of futility sapped the morale of the Western people; leaders talked of "malaise" in America and "Europessimism" across the Atlantic.

In a remarkably short time, all of this has been totally reversed. Today mankind affirms democratic capitalism as its role model.

The First World forged this transformation with a series of related decisions—economic, military, diplomatic, moral. Some of them, such as the containment policy that changed Soviet society through patience rather than conquest, reach back two generations. But the keystone in so suddenly changing the world was the economic recovery that began in the United States as 1983 dawned. The trough of the

recession was reached in November 1982; the expansion lasted through July 1990. From 1983 to 1990, we enjoyed Seven Fat Years.

"We" being the developed world, for the recovery that began in the United States was also the spark that lifted despond from Europe and contributed to the explosive economic growth of Asia. The recovery engendered the confidence for steadfast diplomacy, the wherewithal for military rearmament and the morale for initiatives such as the federation of Europe, the revival of Mexico and the taming of Iraq. None of this would have been likely, and much of it not even possible, without the Seven Fat Years.

If the United States accomplished this once, it can do it again. Except only, Americans do not understand *what* they did or *how* they did it.

Much of the American elite, indeed, seems to have persuaded itself that the Seven Fat Years were a failure and that their nation has declined. Wallowing neurotically in arcane and ill-understood statistics, a gaggle of declinists denies a reality evident to everyone else in the world. The rest of the world, though understandably nervous about a hesitant and unpredictable giant, knows in the end that only America can lead.

To reap its opportunity, American society needs above all to draw the lessons of its own success. The economic crisis of the 1970s was overcome by policies put into place at great effort and pain between 1978 and 1983. The specific steps were tight monetary policy, embodied in Paul Volcker, and incentive tax cuts, embodied in Ronald Reagan. But there was also a broad social movement fully evident as early as 1978, not only a "tax revolt" but a change in American feelings and understandings, a reassertion of American optimism and creativity.

The new policies and new mind-set unleashed the Seven Fat Years, a wave of sustained growth and a dynamic outburst of entrepreneurial creativity. As the nation drew away from these policies and lost its grip on this mind-set, the surging prosperity was interrupted; the string of fat years ended. But there need not be seven lean years. We only need to understand the policies that did work, and to apply and adapt them to the 1990s and the new century.

The danger lies in prosperity's discontents. American economic history is a story of booms fading into resentment. It is not so much a business cycle as a cycle of public sentiment, alternating between times of optimism and times of pessimism. Between, if you must, decades of greed and, if you will, decades of envy. One phase started

in 1969 and ended in 1978; the risk is that the phase that started then has ended as the 1990s dawn. The declinist prophesy, if believed, could be self-fulfilling. If the nation allows itself to slip back to the failed policies and crabbed attitudes that led to crisis, it will stumble economically and wither spiritually. The United States will have forsaken the birthright of history.

• • •

I understand the history of the Seven Fat Years, of course, from my own perspective. In directing the editorial pages of *The Wall Street Journal* during the 1980s, I was a prominent advocate of the economic policy conducted by the Reagan administration. Even before there was a Reagan administration, indeed, I supervised the editorials and published the articles expounding what came to be called "supply-side economics." This movement was accurately and sympathetically described from inside the Reagan administration by Martin Anderson:

> When an idea's time has come, whether it's a new one or an old one polished up a bit, it's apt to occur to a lot of people at about the same time. Robert Mundell, Arthur Laffer, Paul Craig Roberts, Robert Bartley and Jude Wanniski all played important roles in spreading the essential idea that tax rates matter, that they can and do affect economic growth. There were others who also helped, writing and arguing the case—Jack Kemp, Norman Ture, Bruce Bartlett, Irving Kristol, Steven Entin, and Alan Reynolds. All together there were probably about a dozen people who propelled the effect of tax rates into a major plank of economic policy. All but Kemp were intellectuals, and Kemp was very close to being a politico-intellectual. They were like a many-linked chain. Perhaps the chain would have held without any one of them, or two of them, but we know it would not have been without all of them.[1]

Other commentators are less sympathetic. When they write that economic policy in the 1980s was captured by "a small band of ideologues," they mean my friends and myself. As a standard economics text, *Macroeconomics* by Rudiger Dornbusch and Stanley Fischer, puts it: "*Supply-side economics* became the fad of the early 1980s, promising an easy way out of the economic mess of the time by cutting taxes. But supply-side economics overpromised, and there was no easy way out."[2] In my own view, the lessons of the 1980s are misunderstood partly because what were called the supply-side pol-

icies have been widely caricatured and widely misunderstood. Beyond the catchy "Laffer curve," something intellectually important was happening.

We would understand better if the label "supply-side" were retired. It could be replaced by "the new classical economics," which while no one was looking became dominant among the younger generation of academic economists. "Classical" means before Keynes. It means that the "Keynesian revolution" was a detour, that the economic apparatus America's leadership generation learned back in college is now obsolete. The people Martin Anderson named did not see supply-side economics as something new on the face of the earth. As Art Laffer wrote at the time, "Supply-side economics is little more than a new label for standard neoclassical economics."[3]

Anyone who doubts my account of the evolution of academic economics should read "A Quick Refresher Course in Macroeconomics" by N. Gregory Mankiw of Harvard, an article reprinted in pamphlet form by the National Bureau of Economic Research. Mankiw ponders "the great disparity between academic and applied macroeconomics." Understandings of macroeconomics have undergone a "radical change" in the academy, he notes, but popular understandings "have not substantially changed." The old Keynesian formulas still dominate "discussions of economic policy in the press and among policy makers."[4]

The Keynesian universe collapsed with the "stagflation" of the 1970s. In policy terms, its proudest achievement was the "Phillips curve," which purported to depict a trade-off between unemployment and inflation. The cure for unemployment was a little more inflation, and the cure for inflation was a little more unemployment. When we experienced escalating inflation and escalating unemployment simultaneously in the 1970s the Phillips curve fell. It took along its graduate-school cousin the IS-LM model (the convoluted details of which are now of only historical interest), the conceit that "econometricians" can program an economy into computers, and the rest of an intellectual house of cards.

By 1990, Professor Mankiw writes, "The IS-LM model rarely finds its way into scholarly journals; some economists view the model as a relic of a bygone age and no longer bother to teach it. The large-scale macroeconometric models are mentioned only occasionally at academic conferences, often with derision."[5] The economists who have made their reputations in the last 20 years talk instead of "rational expectations" and look back beyond Keynes to Alfred Marshall, David

Ricardo and Jean-Baptiste Say. The new classical economists would not agree with everything that carried the "supply-side" label, of course, but the years in which it was starting to become a popular phenomenon were the same years when the academic journals carried the landmark new classical articles.

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To reap its opportunity, the leadership generation of the 1990s will have to relearn some economics. To meet the challenge we, by which I mean the literate public for which journalists write, need to do some work. We can no longer delegate economics to the "experts" and their computers. We can start, indeed, by understanding that an economy is a living, breathing animal with political and social dimensions. The advanced mathematics of contemporary economics surely has much to contribute in the right hands, but the nontechnical observer and the policymaker will do better to seek understanding through history.

What follows is the history of the Seven Fat Years as I understood it. Those who have advocated a policy have an obligation to defend or confess, to give the public the benefit of their own perspective in discerning what happened, what works and what does not. This personal emphasis will inevitably overemphasize the role of *The Wall Street Journal*, but sometimes a more personalized account can communicate in ways that an academic exposition cannot. While I hope the account will prove useful to the historical record, it is not intended as exhaustive. It is the experience as I lived it.

The economic history that follows, also, is directed at the problems of the 1990s. It is only incidentally a defense of Ronald Reagan or Paul Volcker or supply-side economics. It is intended to highlight recent experience as it bears on the problems of the 1990s, most of which have their roots in the crisis of the 1970s and the antidotes of the 1980s. It is intended, too, to show what was not done, what needs to be done next to fulfill the current decade's opportunity.

For if today the United States stands athwart the world, so it did at the end of World War II. The American society of that era proved itself capable of leadership and statesmanship; it led the world in creating institutions that last to this day. On today's record, NATO is a historic triumph. If the United Nations faltered, it can now perhaps be redeemed. The Marshall Plan helped reequip Europe's human capital. The Bretton Woods international monetary system and the

General Agreement on Tariffs and Trade set an international economic policy that led to an amazing burst of economic growth throughout the world.

"The years 1950 to 1973 were a 'golden age,' " writes Professor Angus Maddison in his OECD study of our century.[6] With the dismantling of trade barriers, new opportunities for cross-border investment and the development of international institutions and aid, he writes, "The golden age saw a growth of GDP and GDP per capita on an unprecedented scale in all parts of the world economy, a rapid growth of world trade, a reopening of world capital markets and the possibilities for international migration."

My grandest hope is that the United States can find similar creativity in the 1990s. We need to understand our history and our times, to hone our economics, to shake our pessimism and decide what we want to do. If only we try, we can not merely have another Seven Fat Years, but lead a new golden age.

THE PARADOX OF THE EIGHTIES

1

The Man from Mars

In July 1990, the Seven Fat Years ended. An economic expansion of record peacetime duration ground to a close.

That summer, too, the Man from Mars landed in Kankakee and began to watch television programs, browse in bookstores and listen in on daily chatter. The shopping malls were air-conditioned; the parking lots were filled with cars shipped from far-off Japan; the movie house offered a choice of five attractions; what used to be record shops sold "music videos" by Madonna and Milli Vanilli; and kids in the mall wore $100 sneakers.

Yet everywhere he heard and read of economic decline. Everyone talked of "excesses." Best-selling books mocked recent history, depicting the follies of tycoons, elaborating on the poor sinking into deeper misery and bemoaning the decline of the nation. The impending recession was the start, everyone seemed to assume, of the collapse the Cassandras had predicted throughout the 92 months of economic expansion.

No one could see any economic statistic except the "deficit," a kind of black hole into which vanished the savings of all America and maybe the world. The corner savings and loan has somehow mutated into the eggplant that ate Kankakee, Tampa and Los Angeles. America had become a "debtor nation" and was declining as previous empires had. Whole companies had been financed on "junk." The financial genius of the preceding decade was headed for jail, and the huge financial firm built around him was bankrupt.

Most curiously of all, in all this the Man from Mars sensed a peculiar satisfaction. The country was leaving behind a "decade of greed." The time had come to atone our sins, his most fashionable

interlocutors seemed to feel. Seven lean years would be good for us. It was as if part of the American soul *wanted* a recession. This was our nervous breakdown; we had earned it, and we were going to enjoy it.

Disoriented by the disjunction between the affluence he saw and the poor-mouthing he heard, the Man from Mars pulled out his hand-held Databoy, and started to query for some statistics.

ECONOMIC GROWTH?, he punched. In 1990, the Databoy screen said, the gross national product of America was 31 percent above 1982 in real, inflation-adjusted terms. During the Seven Fat Years, America had grown by nearly a third. At the beginning of the period, the German economy was about a third of America's; in its years of "excess" the American economic machine had in effect built a whole new West Germany.

LIVING STANDARDS?, the Man from Mars punched. Inevitably the economic expansion had affected individual Americans. The Databoy exhibited the best measure of standard of living, something economists called real disposable income per capita. As expansion ended in 1990, this was 18 percent above 1982. Over the Seven Fat Years, that is, the standard of living of the American people grew by nearly a fifth. At least, the Man from Mars thought, this explains the $100 sneakers.

HOW?, he punched, pressing for elaboration. The growth happened because the expansion was a long one, he learned, and powers of compound interest do wonders in a long run of uninterrupted growth. The Databoy said the expansion started at an economic trough in the final quarter of 1982 and reached its peak in the third quarter of 1990. Over this time, real gross national product grew by 32 percent.

DEINDUSTRIALIZATION?, the Man from Mars punched, picking something he'd heard. He found that manufacturing production grew even faster than GNP, rising by 48 percent over the expansion. And despite the deficit black hole, gross private investment grew by 32 percent, in line with GNP. And just as a demographic surge reached working age, enough jobs were created to boost civilian employment by 19.5 percent. Between 1982 and 1990, the U.S. economy added 18.4 million jobs.

PRODUCTIVITY?, he continued. During all that "excess," nonfarm productivity, the output of an hour of American labor, grew by 10.6 percent, though it had previously been stagnant for a decade. And while the interlocutors bemoaned "noncompetitive" industries, exports to the rest of the world grew by 92.6 percent.[1]

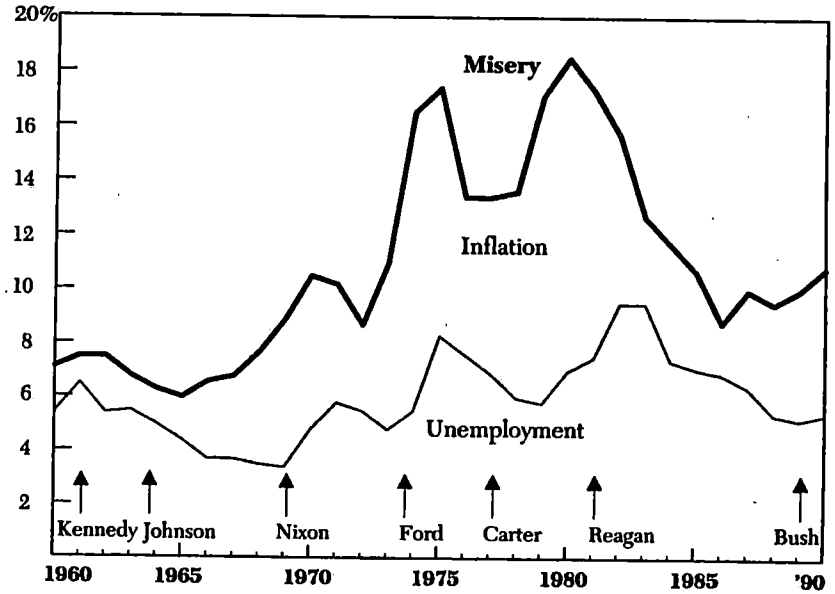
GREED, he typed, DECADE OF? No statistics on greed, the Databoy replied, reference CHARITY? Here he found that the 1980s were a remarkably generous decade, with charitable giving growing at 5.1 percent a year, compared with a rate of 3.5 percent over the previous 25 years. Giving increased faster than jewelry purchases, beauty parlor and health club spending and consumer debt.[2]

TAX REVENUES? This time the Man from Mars was sure he'd find a catch, having heard again and again of "irresponsible" tax cuts. The Databoy replied that between fiscal years 1980 and 1990, federal government receipts grew by 99 percent, against GNP growth of 102 percent. From the low point in 1983 to the high point in 1989, the figures showed, tax receipts actually grew faster than GNP.

CHART, U.S. ECONOMY, the Man from Mars punched into the Databoy, CRUDE. It told him that as the expansion began, the crudest measure of economic progress was something called a "misery index," offered by the late Arthur Okun, the Brookings Institution economist. It was simply the sum of the inflation rate and unemployment rate. The data base offered up a chart. It showed that the misery index had been at a peak when the Seven Fat Years started, and declined until they came to an end.

FIGURE 1–1

The Misery Index

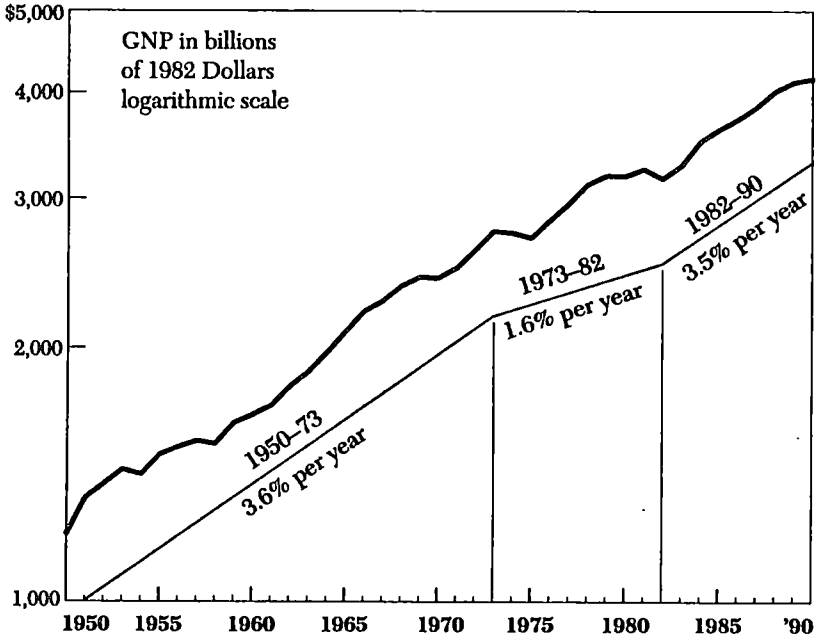


For sources and notes see Notes for Figures and Tables.

Taking one glance at the misery index, the Man from Mars punched, CHART, U.S. ECONOMY, INFLECTION POINTS. Yes, it told him, there had been a discontinuity in the growth path of the U.S. economy, but it had come before the years of "excess." From World War II until 1973, real economic growth averaged 3.6 percent a year. After 1973 the economy staggered, growing only 1.6 percent a year over the next nine years. But after 1982, growth returned, hitting a 3.5 percent path through 1990. From the beginning of 1983 through the end of 1989, growth hit 3.8 percent—The Seven Fat Years.

FIGURE 1–2

GNP Growth



SEE FOOTNOTE, the Databoy screen flashed, INFLECTION POINTS. There is a convention among economists to measure different economic periods peak-to-peak or trough-to-trough. By their nature, inflection points measure peak-to-trough or trough-to-peak. The usual convention is "fair," but doesn't help much with the issue of what causes peaks and what causes troughs. Sometimes inflection points will help show when things changed.

Yes, the Man from Mars thought, to glance at these charts, something changed in 1973 and in 1983. While I know little about the

partisan and ideological battles of Earthlings, something caused a flattening and something caused a revival. It probably takes a while to work out policies, and anyway economists talk of lags, so maybe the crucial times were a year or two before the chart's inflection points.

Marking this thought as something to return to, the Man from Mars punched, U.S. ECONOMY, RELATIVE POSITION? The United States, it told him, was the wealthiest society on earth, indeed the wealthiest society in the history of mankind.

SEE FOOTNOTE, the Databoy instructed, PURCHASING POWER PARITY. It's hard to compare the wealth of different societies on earth, he learned, because they all measure things in different monies. And these yardsticks keep changing size in relation to each other—and unfortunately, experience seems to show, not in line with any underlying economic fundamentals. Comparisons require something called Purchasing Power Parity, the exchange rate at which two currencies would each buy the same basket of goods. Fortunately, this figure is churned out in tedious work by something called the OECD, or Organisation for Economic Co-operation and Development.

Since about 1985, it turns out, market exchange rates for the dollar have been far below PPP rates, so that comparisons built on current exchange rates show America falling behind. But adjusting the comparisons to PPP, as economists agree must be done in comparing standards of living, makes the picture entirely different.

In a typical comparison using 1988 figures and contemporary exchange rates, the United States ranked only ninth in the world in gross domestic product per capita—behind Switzerland, Japan and the Scandinavian countries, for example. But if you use PPP exchange rates, the American standard of living is far above its main competitors. With the United States at 100, Canada rates 92.5 and Switzerland 87.0. Then come the Scandinavian nations and some small nations, in 1988 including Kuwait. West Germany rates tenth at 78.6, and Japan 12th at 71.5. Other developed nations trail. In short, the American standard of living is about 40 percent above that in Japan and most of Europe.[3]

This is confirmed by physical measures. Americans own an automobile, for example, for every 1.8 persons. Iceland has two people for each car, while Canada, New Zealand and West Germany have 2.2. France has 2.5, the United Kingdom 2.8 and Japan 4.2. Similarly, there are 1.2 Americans per television set, compared to 1.7 in Japan and 2.4 in Germany. The United States is also one of the world's great underdeveloped countries, with 26.3 persons per square mile, com-

pared to 102.1 in France, 233.8 in the United Kingdom, 246.1 in West Germany, 324.5 in Japan, and 395.8 in the Netherlands. In terms of gross economic power, the United States economy was 70 percent larger than the second-place Japanese economy even at exchange rates current in 1988.

MILITARY POWER?, the Man from Mars queried, wondering if he had wandered into a Sybaris sinking in its own luxury and threatened by poorer but more vigorous rivals. Instead, he learned that a two-generation military rival had collapsed at a stroke, leaving the United States as the world's sole superpower. Shortly into his visit, he witnessed its warriors decimate the world's fifth-largest army in 100 hours of ground combat and at the cost of 124 Americans lost in action.

See, the computer instucted, related items:

IDEOLOGICAL POWER? The American ideas of democratic pluralism and market economies were spreading throughout South America, Eastern Europe and even Africa. America remains the favored destination of the world's refugees and immigrants.

TECHNOLOGICAL POWER? Despite challenges from the industrious Japanese, America still dominates scientific innovation. Its university system is unparalleled. While it educates many foreign nationals, many of them stay in the United States. Many transnational corporations, even if based in Germany or Switzerland, locate their research divisions in New Jersey or North Carolina. Japanese auto companies open design labs in Los Angeles. Above all, the United States utterly dominates the single capstone technology of the era, which despite the plethora of earth languages is in every country called "software."

The Man from Mars, by now at wits' end to understand, wants only the outcome. PROSPECTS?, he queries. The Databoy turns terse: Limitless. Theirs to grasp, and theirs to drop.

• • •

As the Man from Mars' computer suggests, today we live in one of the great, exciting moments in mankind's economic history. Not since the Industrial Revolution has technological advance been so breathtaking, or more pregnant with changes in the way mankind lives and thinks of itself.

More breathtaking now, probably, than even then. James Watt's steam engine pales beside what our generation has already seen: the splitting of the atom, the decoding of the gene, and the invention of

the transistor and the computers it spawned. These are not only magnificent leaps of the technological imagination, they are potential precursors of unimaginable economic advance. Atomic power, unless cold fusion turns out to be real after all, has perhaps not realized what we thought of as its potential. The first fruits of biotechnology are just now entering the markets. But already the transistor and the rest are changing the world.

For we live every day with the electronic revolution. As the First Industrial Revolution changed an agricultural economy into an industrial economy, a Second Industrial Revolution is changing an industrial economy into a service economy. More specifically, into an information economy, in which the predominant activity is collecting, processing and communicating information. We are headed toward a world in which everyone on the globe is in instant communication with everyone else, and this evolution is changing world society in a myriad of ways.

Economically, the web of instant communication has stitched the world into a web of increasing interdependence. In fact, throughout this century the world economy has been more interdependent than anyone realized; the Great Depression, for example, was preeminently a world event, and its origins lie in disturbances in the international economy. But today, with 24-hour financial markets spanning the globe, and with the transnational corporations of the United States, Japan and Europe becoming nearly indistinguishable, economic interdependence is hard to miss.

This too has an effect on governments. In an interdependent world the costs of autarky are enormous, in the case of developed countries practically intolerable. A government simply cannot afford economic policies that are too far out of step with other nations. In François Mitterand's first year as prime minister of France, we saw a dedicated socialist experiment, starting with nationalization of banks. But as the franc plunged, the external costs were too great; within a year socialism had to be abandoned for market-oriented policies like those of other nations. Similarly, even the United States found that it could not maintain a stoutly proclaimed policy of benign neglect of the dollar.

The global information network renders almost instant verdicts on changes in government policy. We are moving toward a world ruled not by politicians but by markets. National governments will evolve toward something like state governments today: Each will have its own industrial development program to show why it has the best

business and investment climate. The real competition will not be between nations, but between their various regions, and between different world-spanning corporations.[4]

For the individual citizen, this world will be, at least should be, a liberating one. It is the onslaught of the information age that already has liberated Eastern Europe and spread democratic currents through the Soviet Union, Latin America and more recently even Africa. Orwell, in *1984*, saw information technology as an instrument of Big Brother. We're now seeing clearly that it is quite the opposite. A censor can tell what books are being brought through customs, but he'll never be able to keep track of all the computer disks. Big Brother can of course build a society without computers, but that society will not be able to compete in the modern world. China can still suppress students in Tiananmen Square, but the whole world will instantly know and express its outrage. I doubt that the suppression, already exacting high costs on Chinese development, can be often repeated.

Likewise in the economic sphere. As instant information and instant markets erode the power of governments, so too they erode the power of corporate chieftains and labor bosses. We can now all watch the poor chairman of Exxon writhing because of an oil spill in Alaska. Many chief executives find themselves displaced, albeit with golden parachutes. Under the force of industrial competition and information on wages and working conditions, labor unions find their private-sector membership declining. But the individual entrepreneur, the guy with the good idea, is likely to find easier access to capital and markets.

Our century has been a beastly one, with two world wars and the rise of modern totalitarianism an epoch of suffering. But as we move toward its end we can see that era setting before our eyes. The pieces are falling into place for a new era of material advance and individual freedom. The whole world can participate and contribute to the dawning age. But its epitome, the font of both its technological breakthroughs and its political inspiration, lies preeminently in the United States of America.

• • •

Yet in the midst of these achievements and opportunities, the fashionable talk in America has been of decay and decline.

As the 1980s opened, decline of America, indeed decline of the

West was a theme of conservatives, expressed most notably but far from solely by Jean-François Revel.[5] The conservatives looked at a United States falling behind in the military competition with the Soviet Sparta, wracked by inflation and stagnant productivity at home, manipulated by Soviet campaigns like the one against the neutron bomb, preoccupied with hostages held by a primitive cleric and unable even to fly six helicopters across the desert. They worried that the American-led West lacked the will to use its superior economic resources even to defend itself.

But these fears faded as Ronald Reagan started to fill the military spare-parts bins, frankly labeled the Soviet Union an "evil empire," invaded Grenada, bombed Libya and revived the option of missile defense. The turning point was 1983, when the West withstood a determined Soviet campaign, including street demonstrations in Europe and the suspension of arms negotiations, to stop the deployment of Pershing missiles in Europe. M. Revel continued to worry, but the changing world eroded decline as a theme of the right.

Only, lo and behold, to see it become a theme of the left. While there are earlier precursors, the theme came to its fruition with Paul Kennedy's *The Rise and Fall of the Great Powers*. In 1988, as voters were rewarding a platform of "read my lips" and Willie Horton, book buyers were handsomely rewarding Professor Kennedy's thesis of "imperial overstretch." The filling of the spare parts bins and the reassertion of American military power abroad was not the cure for decline, it was the cause of decline. It was decline itself.

Though it topped the lists for 24 weeks, *The Rise and Fall of the Great Powers* was no doubt an example of the contemporary phenomenon of the unread best-seller. Few readers could have been interested in his view of the Habsburgs or Ming China, and Professor Kennedy covered the predicament of the United States on pages 514–35. But in op-ed pages and seminar rooms these pages triggered a national debate that centered squarely on the economy. Excessive military spending undermined the economy, the critique went, and the slackening economy could not support the military commitments. And the United States was in "relative decline," still first in importance but with a shrinking lead. Professor Kennedy sounded a common theme, "the only way the United States can pay its way in the world is by importing ever-larger sums of capital, which has transformed it from being the world's largest creditor to the world's largest debtor nation *in the space of a few years.*"[6] In the ensuing debate,

few even mentioned the other logically consistent interpretation of the capital flows—that the world's investors found the United States the most promising place to put their money.

The left naturally found great appeal in this double-barreled critique of the Reagan administration: The evident economic prosperity was marred by hidden flaws, and the root of the flaws lay in the military build-up. The fat years are only a dream— *Our Long National Daydream* in the title of Sidney Blumenthal's book on the 1980s, or in the title of Haynes Johnson's book on the period, *Sleepwalking Through History.*

Eventually we would awake, the wish seemed to be, and through the mists Camelot would reappear. As Democratic vice-presidential nominee Lloyd Bentsen put it in his acceptance speech, "My friends, America has just passed through the ultimate epoch of illusion: An eight-year coma in which slogans were confused with solutions, and rhetoric passed for reality; a time when America tried to borrow its way to prosperity and became the largest debtor nation in the history of mankind. . . . At long last, the epoch of illusion is drawing to a close. America is ready for the honest, proven, hands-on, real-world leadership of Michael Dukakis."[7]

The voters seemed to have different ideas about the status of their nation and their recent experience. The decline discussion among the elites only haltingly permeated public opinion. In February of 1989, the CBS/New York Times poll found that 48 percent of respondents either strongly agreed or somewhat agreed with the assertion that the U.S. is in decline as a world power. By March of 1991, after the Gulf War, this figure plunged to 22 percent. (After the Gulf victory, Professor Kennedy wrote that this is just what you would expect from a declining power.[8]) The polls generally find that Japan is a formidable economic competitor, but tend to rate their own economy at least among the best.[9]

Among the elites, however, the liberal prophets of decline did find allies on the right. Not least, they could count on rhetorical support from the likes of Motorola and Chrysler, transnational corporations headquartered in the United States, who found they couldn't keep up with Sony and Toyota, transnational corporations headquartered in Japan. They were understandably eager to blame their predicament on anything but the shortcomings of their own management. They and their labor union allies belabored the trade deficit and debtor nation in their campaign to erect walls athwart history's march to an integrated world economy.

Then too, there was a species of financial conservative that found debt worse than taxes. This preference is far from self-evident, as will be explored in later chapters. Bond traders and central bankers have a natural tendency to focus on the supply and demand for credit (to whatever extent it can be measured). And though growing corporations add debt every year as a matter of course, the executives running them were taught in their childhood to judge government finance solely by whether current income matches current outgo. And some conservatives who correctly identify government spending as the true issue take a worse-the-better attitude, hoping that high immediate taxes will force their treasured confrontation with the welfare state.

So the liberal declinists were joined by a chorus of financial-market conservatives predicting an imminent collapse. *The Great Depression of 1990* by Ravi Batra, inspired by an Indian swami, became a best-seller in 1988. My colleague Alfred L. Malabre, Jr. contributed *Beyond Our Means: How America's Long Years of Debt, Deficits and Reckless Borrowing Threaten to Overwhelm Us* (1987) and *Within our Means: The Struggle for Economic Recovery After a Reckless Decade* (1991). Investment banker and one-time commerce secretary Peter G. Peterson exercised the same theme with his prodigious energy, culminating in a 1987 *Atlantic* article, "The Morning After."[10] Then too, the critique of American business as short-sighted found an initially surprising resonance among those running American business. Corporate CEOs chaffed under the discipline of their stock price, and all the more under the threat of takeovers.

Given these various roots of support, it is perhaps not surprising that the notion of decline proved surprisingly resilient in the face of both self-evident prosperity and intellectual refutation. I thought the matter had been laid to rest in *The Wall Street Journal* by May 1988, when RAND Corporation sage Charles Wolf took his usual beady aim: Yes, the U.S. share of world product had declined from 45 percent in 1950, "a manifestly atypical year." But against the mid-1960s or 1938, the U.S. share remained at 22 percent to 24 percent. "Japan's central-government debt is a larger fraction of its GNP than is that of the U.S., while the foreign indebtedness of the U.S. has been grossly overestimated in the official statistics." Somehow statist politics and economics had spread internationally in the 1960s and 1970s, while market economies and democracy had advanced in the 1980s. "The rhetoric of decline is wrong because it portrays a past that wasn't, a present that isn't and a future that probably won't be."[11]

There followed similar refutations from assorted centrist scholars. Economist Francis Bator of Harvard wrote in *Foreign Affairs*, for example, "The air is full of warnings against overestimating America's economic strength. The more likely error, I think, is the opposite."[12] Samuel Huntington and Joseph S. Nye, both also of Harvard, set out to make the case for maintaining American leadership.[13] By 1990, Mr. Nye had published *Bound to Lead: The Changing Nature of American Power*.[14]

My colleague Karen Elliot House spent months interviewing hundreds of leaders around the world, finding *they* didn't think America was threatened by decline. Jean François-Poncet, a former foreign minister of France, told her, "It's hard to take seriously that a nation has deep problems if they can be fixed with a 50-cent-a-gallon gasoline tax." Seizaburo Sato, a sometime adviser to the Japanese prime minister, recalled Henry Luce. "The 20th century was the American century," he said, "And the 21st century will be the American century."[15]

Yet the decline thesis not only remained steady, it infected even those who supported—even those who made—the policies that created the Seven Fat Years. David Stockman, by 1990 a business partner of Mr. Peterson, had jumped ship as early as 1981, in his famous comments to *Atlantic* author William Greider. Kevin Phillips, a self-styled conservative, albeit one who had made a career of criticizing office-holding conservatives, authored *The Politics of Rich and Poor*. His thesis that in the fat years the rich prospered at the expense of the poor found an appetite that created another best-seller.[16]

Most amazing of all, consider Richard Darman, who under President Bush held the same post Mr. Stockman had in 1981.

Mr. Darman had stuck with Ronald Reagan through the end, and indeed had been point man on the 1986 tax legislation slashing the top marginal tax rate to 28 percent. Mr. Darman had the option of celebrating his accomplishments. Instead, in a remarkable address to the Washington Press Club in July of 1989, he chose to castigate the "cultural now-nowism" of American society. "Now-nowism is a shorthand label for our collective shortsightedness, our obsession with the here and now, our reluctance adequately to address the future."

"Like the spoiled fifties' child in the recently revived commercial, we seem on the verge of a collective now-nowscream: 'I want my Maypo! I want it now!' " The deficit, Mr. Darman elaborated, is one

symptom. Interest payments had doubled as a percentage of the federal budget, to 15 percent in 1990 from 7.5 percent in 1960. Transfer payments had also doubled, to 50 percent of the budget from 25 percent. "Some of our most creative and energetic private sector talents are motivated to invent paper transactions that merely reward financial manipulators rather than expand private productive capacity. And in the world of fast-moving deals, institutions responsible for longer-term investment feel obligated to chase near-term financial plays."

Mr. Darman had some useful and instructive things to say about the tax code's bias against investment, and about the need to consider all future obligations of the government, not merely the recorded deficit. During the question period he was asked, "In faulting now-nowism of recent years, does a lot of blame belong on a failure of leadership from the Reagan administration in which you served?" He stammered that at least President Reagan helped the nation regain some of its confidence, and "it's got to be looked at over a much longer time period than merely one administration, to the extent that you buy the argument in the first place that there is this more fundamental cultural problem."[17]

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What accounts for the mood of pessimism in what would seem so promising an age? In particular, as the Seven Fat Years ended, you can sense a change in mood, in economic ebullience, in the willingness to take risks on which economic progress depends.

Why should the nay-sayers, held at bay through the Seven Fat Years, suddenly gain the upper hand?

A great part of the answer is that progress is unsettling, as rapid change always is. Looking back over history, indeed, ages of economic advance have often been ages of pessimism. In particular, history's all-time champion economic pessimist, Thomas Malthus, published his first essay on population in 1798; this was 29 years after James Watt's first patent in connection with the steam engine.

The First Industrial Revolution, in other words, was the venue for Malthus's gloomy theorizing. He was explaining why economic progress was impossible just as mankind was taking the greatest economic leap in history.

Not surprisingly, the Malthus paradox attracted the attention of Joseph A. Schumpeter, our century's greatest economic historian and

one of its greatest economists. One chapter in his massive *History of Economic Analysis* relates how ancient societies were worried about overpopulation, but that after about 1600 this changed completely. The prevailing attitude was "increasing population was the most important symptom of wealth; it was the chief cause of wealth; it was wealth itself."

"It is quite a problem to explain why the opposite attitude," Schumpeter wrote, "should have asserted itself among economists from the middle of the eighteenth century on. Why was it that economists took fright at a scarecrow!" The pessimism associated with Malthus did not develop despite the progress of the Industrial Revolution, Schumpeter concluded. It developed because of the progress.

Rapid progress means rapid change, and rapid change is unsettling. Long-run progress causes short-run problems. Schumpeter wrote, "in the Industrial Revolution of the last decades of the eighteenth century, these short-run vicissitudes grew more serious than they had been before, precisely because the pace of economic development quickened."[18]

To be fair, this is not to say the short-run problems were imaginary. In the short run, technological advance destroyed agricultural jobs faster than it created manufacturing jobs, especially since guilds and the like created bottlenecks. A type of mass unemployment arose that had been unknown in the Middle Ages, and with it came urban slums, gin mills and great social debates over the poor laws. Malthus's pessimism was echoed a few decades later by Dickens. But we now know that during the lives of both men, humankind was rapidly building wealth.

If we are currently experiencing a Second Industrial Revolution, then, it is not surprising to hear Malthus's themes echoing through our public discourse. Overpopulation, the exhaustion of resources, are indeed the common coin of our discourse. From the primitive technology of a wooden sailing ship, the earth's forces look overwhelming. Now that we have the technological prowess to put men on the moon, the earth looks like a tiny jewel set against a vast blackness—a fragile flower puny beside our own powers.

Nor is it surprising, if progress is limited by man's capacity to absorb rapid change, that a decade of progress should dissolve into pessimism. Indeed, you can find this kind of cycle in American economic history. In the last 100 years, we have seen four decades of rapid progress: the gay 1890s, the roaring 1920s, the go-go 1960s and the greedy 1980s. Each of the earlier ones dissolved into the kind of

acrimony we are now starting to taste. Each was in its way derided as a "decade of greed."

The 1890s were the decade in which we became a continental nation. The frontier was closed; five great transcontinental railroads had been slashed through the Rocky Mountains. Today, these monumental achievements are taken for granted; what we remember are the "Robber Barons."

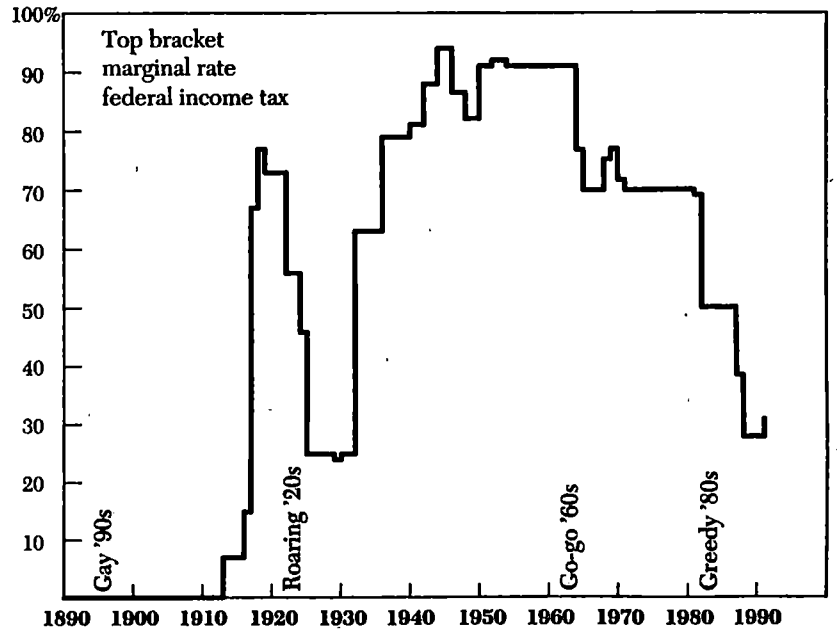
In the 1920s, we forged the continent into an integrated economy. We still honor Henry Ford and Thomas Edison, but Franklin Roosevelt derided Edison's disciple Samuel Insull with the phrase "the Insulls and the Ishmaels." Today's conventional wisdom still holds that the Great Depression was caused, not by the Smoot-Hawley Tariff, but by the "excesses" of the fat years that came before.

The 1960s dissolved into a different kind of acrimony, centered on the nation's role in the world. But it had an economic component as well. For like the 1890s, the 1920s and now perhaps the 1980s, the 1960s ended with a definite break in the direction of tax policy.

The level of the income tax, indeed, is a good index of the beginning and end of the boom decades. Booms come when it is low, but

FIGURE 1–3

Marginal Tax Rates



generate social pressures to tax "greed." The contemporary income tax has its roots in the 1890s; the income tax passed in 1894 was overturned by the Supreme Court in 1895. It was finally reinstated by the 16th Amendment in 1913.

During World War I, the top marginal rate of income tax reached 77 percent, along with excess profits taxes on corporations and so on. With the end of the war it dropped to 73 percent, and during the 1920s, Treasury Secretary Andrew Mellon was point man in cutting the rate progressively, to 24 percent in 1929. The Twenties roared.

Then, starting with the Smoot-Hawley Tariff, taxes started to rise. Hoover boosted the top rate to 63 percent in 1932, and Franklin Roosevelt had it up to 79 percent before the war began. In the last years of the war, the top rate was a record 94 percent, and with some wiggles it was still 91 percent when John F. Kennedy was elected president. The Kennedy tax cuts, passed after the martyred president's death, cut the top rate to 70 percent. The 1960s expansion ensued.

As the Johnson presidency wound down, Treasury Secretary Henry Fowler wanted to leave a bit early, and Joseph W. Barr served as Treasury Secretary for 30 days under a recess appointment. On January 19, 1969, Secretary Barr testified before the Joint Economic Committee, and predicted a "taxpayer revolt," though not one based on "the level or amount of taxes." The revolt, he predicted "will come not from the poor, but from the tens of millions of middle-class families and individuals with incomes of $7,000 to $20,000." Such citizens are "angered," he said, because of wealthy persons who "pay little or no Federal income taxes."[19]

In 1967, Secretary Barr reported, there were 155 tax returns reporting incomes above $200,000 and no federal tax liabilities. Indeed, he added, 21 persons had avoided all taxes despite incomes of a million dollars. Secretary Barr, he told me himself in 1978, did not realize what he was starting. It remained true that the top 5 percent of taxpayers paid some 40 percent of the income tax, twice their share of all income. No matter, U.S. tax policy spent the next decade chasing Joe Barr's 21 millionaires, with "minimum taxes" and "alternative minimum taxes" of various colors and shapes.

If Joe Barr's 1969 testimony was one turning-point between eras of taxation, the next was the Steiger amendment in 1978. The minimum taxes had raised the capital gains tax to nearly 50 percent, and Congressman Bill Steiger succeeded in cutting it back to the old rate in the face of the threat of a presidential veto. Barr had set a mood that

lasted until Steiger, and Steiger set a mood that lasted through the Seven Fat Years. The question now is what mood will prevail in the 1990s and beyond.

For there seems to be something of a cycle, of boom and bust, of optimism and pessimism, of tax cuts and tax boosts. No doubt the cycle expresses some deep social and even psychological roots, and as we shall see, economic policy itself has many facets, fiscal and monetary, foreign and domestic. But a simple proxy for the cycle seems to be the top tax rate. The rate started up with Joe Barr, and the result was stagflation. It started down with Bill Steiger, and in due course Seven Fat Years ensued.

The fat years ended with the recession that started in 1990. The Bush administration initially told itself that the problem was a temporary result of the Persian Gulf war and the shock from the spike in oil prices. But a year after the rout of Saddam Hussein, the economy was still faltering. It became increasingly obvious that something more had happened.

The war, indeed, had obscured the course of economic policy. The National Bureau of Economic Research officially dated the peak of the expansion as July, just before the August 2 invasion of Kuwait. But the real plunge did not come until October and November, well after the rise in oil prices. The October plunge corresponded with the budget deal between the President and Congressional leaders, announced on September 30. Initially defeated in Congress but quickly put back together, the agreement excluded the capital gains cut the president had sought, and instead raised the top marginal tax rate, both explicitly and still further through gimmicks with deductions and exemptions.

The agreement, in short, committed a classic fiscal blunder, boosting taxes as the economy entered a recession. The policy was the result of agreement between the administration and congressional leaders, a consensus among the Remocrats and Depublicans, as we christened them at the Journal. The initial economic downturn in July, for that matter, came just after the president recanted his "read-my-lips" pledge of no new taxes. The October deal was struck in the name of fighting the deficit, of course, and the deficit promptly soared as the economy sank.

It became evident, too, that something had changed in the nation's mood, something that reached beyond the mechanics of the economy. Entrepreneurial vigor turned feeble, consumer confidence turned sour, bankers talked of a "regulatory credit crunch," with bank

examiners overly strict and bankers too frightened to lend. The economy suffered a lack of what John Maynard Keynes had called "animal spirits." The development had various roots: the psychological toll of the 1987 stock market crash, the prosecution of prominent Wall Street figures and the bankruptcy of Drexel Burnham Lambert, the collapse of much of the savings and loan industry and passage of an ill-designed remedy. But a decisive turning-point came late in 1989, over the issue of the capital gains tax.

The administration had proposed to reduce the tax. It had been boosted as part of the 1986 tax package, and during the 1988 election President Bush campaigned on reducing it. With this election mandate, his proposal passed the House and was obviously favored by a majority of the Senate. But Senate Majority leader George Mitchell turned it back single-handedly with a series of parliamentary maneuvers; the votes of 51 senators were not enough to turn back the filibuster he ultimately mounted. Mitchell won, with his "fairness" issue and his filibuster, and then went on to dominate the tax debate in succeeding years.

The economy of the 1990s, and much that depends on the economy, will turn on whether the Mitchell capital gains victory marks another turning point, like the Steiger amendment or the Barr testimony. Has it ushered in a new era of rising tax rates and other policies that suppress economic vigor? As the concluding chapters of this book elaborate, the tumult of the fat years has taken a psychological toll; perhaps the social fabric cannot stand too much change, too much success. It seems that prosperity may bring discontents, real and imagined, that in turn consume the prosperity.

In the new decade, then, the United States will pass a crossroads; one way or another it will resolve the paradox of the 1980s. During the last decade America overcame an economic crisis and led the global economy back to the path of prosperity. During the Seven Fat Years, its historic foreign policy won resoundingly and its political ideas became the model for the world. It stands as the richest nation in history. Its technology beckons with the economic and political promise of a Second Industrial Revolution. Given all this, its economy has an inevitable momentum.

As the 1990s dawned, though, the economic thrust was momentarily checked by curious political and psychological forces. In the midst of success, American elites were infatuated with failure. Economic progress was denied and its lessons derided. Any setback was exaggerated and even celebrated. As the decade progresses the economy will repeatedly strain at the reins of pessimism, and bids ultimately to prevail as economic forces shaped the First Industrial Revolution. But for the 1990s there is a danger. Over the short run of a decade or so, a kind of pessimism can become self-realizing.

The original "seven fat years" were described in the Book of Genesis. The pharaoh had dreamed of seven fat cows coming from the Nile and grazing on the marsh, and seven lean cows coming after to devour them, though remaining as gaunt as ever. He dreamed too of seven withered ears of grain sprouting from seven fat ears. Joseph, sold into Egypt by his brothers, prophesied seven fat years followed by seven years of famine. The pharaoh made him overlord of all Egypt.

Through the fat years, Joseph gathered the food Egypt produced, storing it in the cities under authority of the pharaoh, accumulating grain "in great abundance, like the sand of the sea, until he ceased to measure it, for it could not be measured."[20] When famine arrived, he consented to sell from this hoard. His brothers came to buy, and ultimately he brought his family out of Canaan into Egypt. He also sold to the people of Egypt, in return first for all their money, then all their cattle, then their land and finally themselves. Once he had made slaves of them, "from one end of Egypt to the other," he gave them seed to sow.[21] The next king, Exodus tells us, "did not know Joseph," and persecuted his kin until Moses led them away.[22]

Joseph, of course, saw his prophecy vindicated. The seven fat years were indeed followed by seven lean years. Genesis does not say why. Perhaps for seven years the Nile failed. Then again, perhaps the advent of the lean years had something to do with what Genesis does describe, Joseph's confiscatory tax policy.

NYT 5/3 pg. 6 "Week in Review"

Ideas & Trends



Cars and VCR's Aren't Necessarily The First Domino

By SYLVIA NASAR

MUST commerce among nations always be a dog eat dog fight for absolute advantage? Economic Darwinians fear that America's loss of leadership in a few key industries is the beginning of an irreversible decline in competitiveness. A more sanguine school, which holds that industrialized economies will ultimately converge, maintains that Japan and Germany will catch up with the United States, but not surpass it.

As it turns out, reality isn't unfolding quite according to either script, some economists say. While the level of output per employee in Japan and Germany and the United States has converged since the 1950's, productivity in individual industries has begun to diverge.

Instead of catching up across the board, countries seem to be specializing in the things they do best. While Japan and Germany have surged ahead in some industries, the United States has widened its lead in others and stayed ahead, if by a narrower margin, in still others.

"If you lose one industry, there's no sign you'll lose them all," said Edward N. Wolff, an economist at New York University. "Just because Japan has taken over consumer electronics does not mean that Japan will triumph in mainframe computers or medical instruments."

A book by Professor Wolff and David Dollar, a colleague at the World Bank, called "Competitiveness, Convergence and International Specialization" will be published by M.I.T. Press this fall.

That pattern of specialization, which started to emerge after the early 1970's, said Dale W. Jorgenson, an economist at Harvard University, suggests that the United States still stands to gain from expanded world trade, but that it continues to face the possibility that trade conflicts will develop too.

"We can take some of their markets and they can take ours," said Professor Jorgenson. "So we will have to stamp out little moves toward protectionism and make sure our trading partners do too."

Productivity is a handy measure of an industry's competitive muscle. Industries with high levels of labor productivity tend to export a lot. "If you're the most efficient country in the world in making planes, you tend to dominate world aircraft trade," Professor Wolff said. "High productivity reflects how much investment you've poured into an industry as well as how sophisticated the technology you have."

'First Among Equals'

For 25 years after World War II, the overall level of productivity among industrialized countries did converge. Productivity grew faster in Germany and Japan than in the United States during the 1950's, 1960's and early 1970's. "The U.S. was once the dominant economy," said Professor Wolff. "Now it's the first among equals."

Using output per worker as a yardstick for productivity, the United States is about 45 percent more efficient than either Germany or Japan, which are roughly equal.

Of course, using that measure instead of output per hour understates Germany's efficiency and overstates Japan's because German workers put in fewer hours on the job than Americans while their Japanese counterparts put in more.

"Many parts of Japanese businesses operate below United States standards," said Mr. Jorgenson. "Japan has world class factories in many industries, but getting things to and out of the factory is incredibly inefficient." Wholesaling, retailing and company departments like transportation and billing use methods that in the United States are considered archaic, he said. "The best example is

Who's the Most Ef

Productivity of each country, meas
of dollars worth of goods each wo
Based on gross domestic product
numbers from 1988, the most rece
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✔ Most efficient

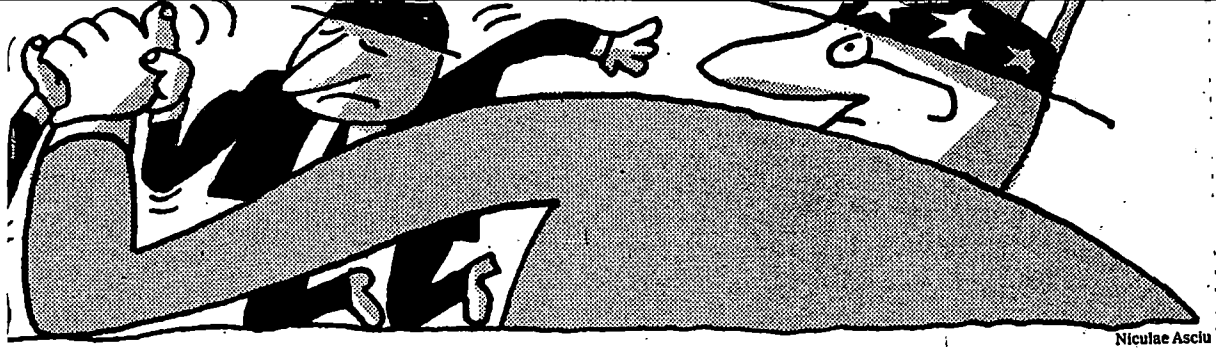
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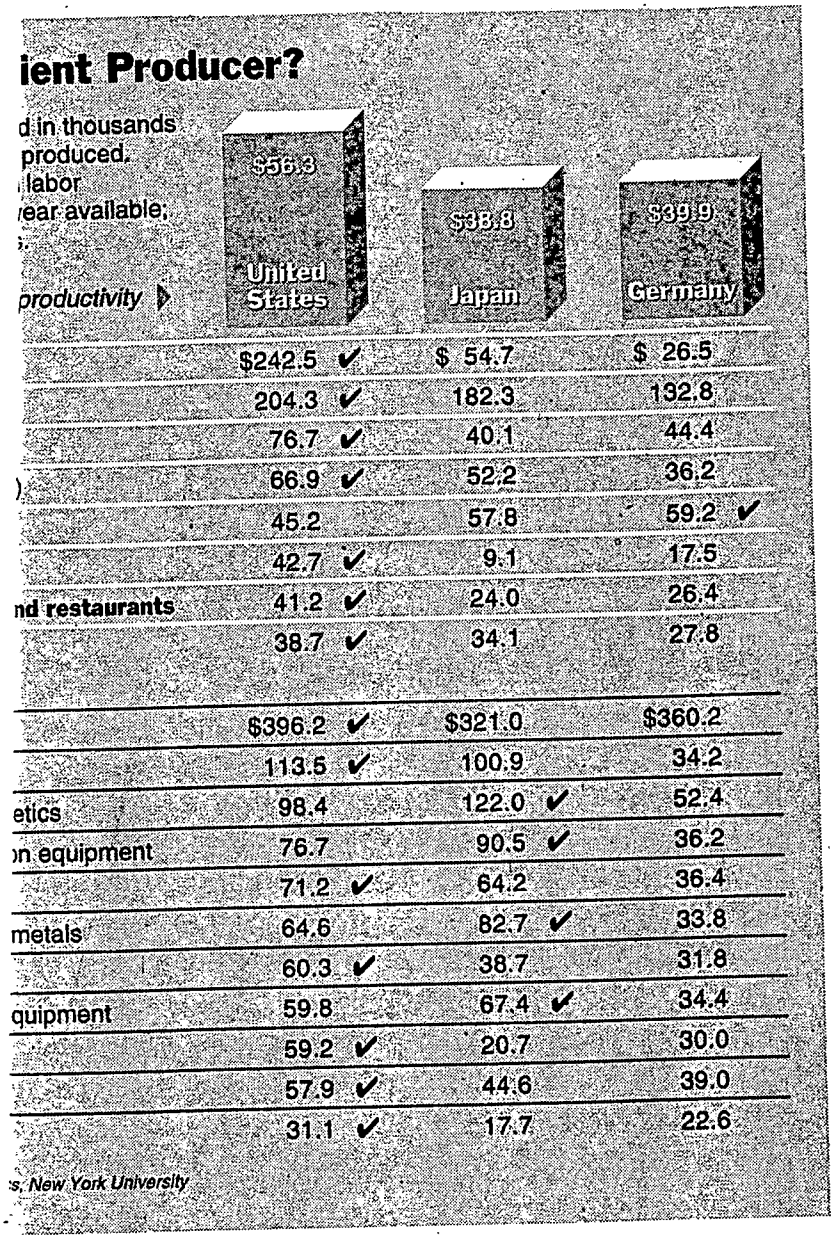
Areas in manufacturing:

Petroleum and coal refining
Machinery, except electrical
Chemicals, plastics and other syr
Cars, planes and other transporta
Paper, printing and publishing
Steel, aluminum, copper and oth
Scientific instruments
Electric machinery and electronic
Food, beverages, tobacco
Stone, clay and glass products
Textiles

Source: Edward N. Wolff, professor of econor



Niculae Asciu



Narita Airport — logistically speaking, it's Idlewild 30 years ago."

But ever since the early 1970's, the gap in overall productivity has narrowed far more slowly. Why? After the first oil shock in 1973, Japan's overall productivity growth rate fell from 10 to 3 percent a year. United States productivity growth fell also, but only by 1 percentage point.

The fact that Japan was no longer catching up in overall productivity was masked, said Professor Jorgenson, by the vast appreciation of the dollar in the early 1980's. Even as Japan's domestic economy slowed, its exports exploded and the United States lost overseas markets and saw a flood of imports.

In any case, the United States and its main rivals have specialized in different industries. German bankers, it seems, are the world's most efficient. Small wonder. The United States has more than 12,000 banks, the Germans a dozen or two. Meanwhile, America's high-tech farms boast productivity 4 times as high as Japan's and 2.5 times as high as Germany's. Japan's electronics industry is twice as productive as Germany's and slightly ahead of United States electronics companies.

America's lead is actually growing in perhaps one-third of its industries including agriculture, wood products and food processing, which is really a clutch of industries that churn out everything from cigarettes to cereal to Coca-Cola.

Japan surged ahead in cars and trucks and, despite resurgent American competitiveness in steel and semiconductors, in metals and consumer electronics.

And in lots of industries, the United States is hanging on to its lead. That includes building materials, heavy machinery, computers.

Germany Slowing Down

Suprisingly, the United States widened its lead over Germany during the 1980's, not only in overall productivity but in most manufacturing industries. Mr. Wolff attributes that reversal from earlier decades to the fact that German industry didn't face the same cold blast of world competition spurred by a too-strong dollar that woke American manufacturers to the need to boost efficiency.

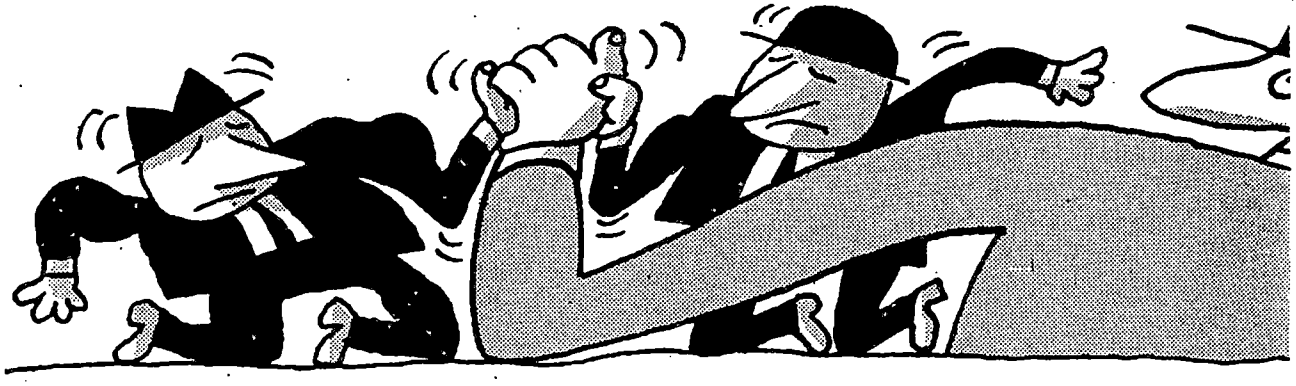
A second reason, perhaps more unexpected, is that the United States invested more in manufacturing than Germany did in the 1980's.

Mr. Wolff is convinced that countries specialize and achieve leadership in those industries where they invest heavily in new plant and equipment. Investment not only gives each worker more equipment to work with but it also puts the latest technology in his or her hands.

And research and development is just as important.

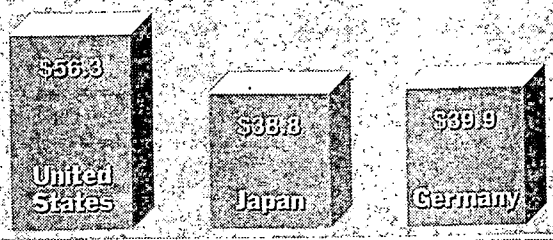
"The U.S. is still the leader in aircraft because of heavy R. & D. spending, some of which came via the Pentagon," said Professor Wolff. "Likewise, medical equipment research is heavily subsidized by the National Institutes of Health."

In the 1950's and 1960's Japan and Germany mainly caught up by imitating United States technology. But Americans should take note that, since the 1970's, new investment has played the primary role.



Who's the Most Efficient Producer?

Productivity of each country, measured in thousands of dollars worth of goods each worker produced. Based on gross domestic product and labor numbers from 1988, the most recent year available; calculations are shown in 1991 dollars.



✔ Most efficient

Total productivity ▶

	United States	Japan	Germany
Mining and oil and gas drilling	$242.5 ✔	$ 54.7	$ 26.5
Utilities	204.3 ✔	182.3	132.8
Transportation and communication	76.7 ✔	40.1	44.4
Manufacturing (see breakdown below)	66.9 ✔	52.2	36.2
Finance, insurance and real estate	45.2	57.8	59.2 ✔
Agriculture, forestry and fisheries	42.7 ✔	9.1	17.5
Wholesale and retail sales, hotels and restaurants	41.2 ✔	24.0	26.4
Construction	38.7 ✔	34.1	27.8
Areas in manufacturing:			
Petroleum and coal refining	$396.2 ✔	$321.0	$360.2
Machinery, except electrical	113.5 ✔	100.9	34.2
Chemicals, plastics and other synthetics	98.4	122.0 ✔	52.4
Cars, planes and other transportation equipment	76.7	90.5 ✔	36.2
Paper, printing and publishing	71.2 ✔	64.2	36.4
Steel, aluminum, copper and other metals	64.6	82.7 ✔	33.8
Scientific instruments	60.3 ✔	38.7	31.8
Electric machinery and electronic equipment	59.8	67.4 ✔	34.4
Food, beverages, tobacco	59.2 ✔	20.7	30.0
Stone, clay and glass products	57.9 ✔	44.6	39.0
Textiles	31.1 ✔	17.7	22.6

Source: Edward N. Wolff, professor of economics, New York University

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