Originally Processed With FOIA(s): **FOIA Number:**
S

FOIA MARKER

This is not a textual record. This is used as an administrative marker by the George Bush Presidential Library Staff.

Record Group/Collection: George H.W. Bush Presidential Records
Collection/Office of Origin: Speechwriting, White House Office of
Series: Davis, Mark, Files
Subseries: Subject File, 1989-1991

OA/ID Number: 13870
Folder ID Number: 13870-008

Folder Title:
Foreign Policy-Europe, ca. 1989-90 [1]

Stack:	Row:	Section:	Shelf:	Position:
G	19	2	6	3

WHEN YOU ARE OLD

William Butler Yeats

When you are old and grey and full of sleep,
And nodding by the fire, take down this book,
And slowly read, and dream of the soft look
Your eyes had once, and of their shadows deep;

How many loved your moments of glad grace,
And loved your beauty with love false or true;
But one man loved the pilgrim soul in you,
And loved the sorrows of your changing face.

And bending down beside the glowing bars,
Murmur, a little sadly, how love fled
And paced upon the mountains overhead
And hid his face amid a crowd of stars.

THE IRON CURTAIN

Winston S. Churchill

From Stettin to the Baltic to Trieste in the Adriatic, an iron curtain has descended across the Continent. Behind that line lie all the capitals of the ancient states of central and eastern Europe. Warsaw, Berlin, Prague, Vienna, Budapest, Belgrade, Bucharest and Sofia, all of these famous cities and the populations around them lie in what I might call the Soviet Sphere, and all are subject, in one form or another, not only to Soviet influence but to very high and in some cases increasing measure of control from Moscow.

Police governments are pervading from Moscow. But Athens alone, with its immortal glories, is free to decide its future at an election under British, American and French observation. . . .

This is certainly not the liberated Europe we fought to build up. Nor is it one which contains the essentials of permanent peace.

The safety of the world requires a unity in Europe from which no nation should be permanently outcast.

(From the address at Fulton, Mo., March 5, 1946)

Gallipoli Journal

Echo of Long-Ago Battles Stirs Sleeping Peninsula

By CLYDE HABERMAN
Special to The New York Times

GALLIPOLI, Turkey, March 21 — The problem with today's youngsters, Feridun Kanten said, echoing a lament that probably began when Adam and Eve were having trouble with their kids, is that they want everything easy.

Take the cannery that he runs, Mr. Kanten said.

His family has been canning sardines in Gallipoli for six decades, as have nearly a dozen other families that form the economic backbone of this small port on the north side of the Dardanelles strait, in European Turkey, 180 miles southwest of Istanbul.

But are young people interested in the backbreaking work of loading and unloading, packing and unpacking? Hah, said Mr. Kanten, who at the age of 35 has not quite reached the far side of young himself.

"They want to make money quickly," he complained. "They're getting lazy." When he was a boy, he told a visitor, "we could hardly afford to buy shoes." Life was even worse for his grandmother, who used to tell horrible tales of how "small rivers ran red with blood."

The Stories Live On

Of course, that was a long time ago, when Gallipoli was synonymous with death and despair. Those stories still are passed on here, Mr. Kanten said — even, he added, among the good-for-nothing you know who.

To Turks, Gallipoli is known as Gelibolu. A bit farther south on this slender peninsula of fertile farmland and mahogany hills, was fought one of the epic campaigns of the First World War

In 1915 British naval forces tried to force their way through the Dardanelles strait and capture Istanbul, then called Constantinople, the hope being to knock out Ottoman Turkey, which was fighting on Germany's side. It did not work out that way.

By March of that year, the Allies had suffered heavy naval losses on the strait. So it was decided, starting on April 25, to send in British, French, Australian and New Zealand troops to try to secure the peninsula. For the Allies, Gallipoli was a monument to poor planning and inept coordination.

Churchill's Reputation Hurt

In January 1916, with nearly 50,000 of their soldiers dead — nearly the number of American dead in the Vietnam War — the Allies evacuated their beachheads. Turkey's death toll was much higher, estimated at up to 250,000, but the campaign was nonetheless a glorious, if fleeting, victory before ultimate defeat in 1918 and then the collapse of the Ottoman Empire five years later.

Gallipoli made some reputations and tarnished others. Winston Churchill, as First Lord of the Admiralty, conceived the original plan to push a naval force through the strait, and was forced out of the Cabinet after its failure. But the campaign also saw the ascension of the Turkish military commander, Mustafa Kemal, who as Ataturk went on to become father of the modern Turkish republic. And Australia and New Zealand got their first true sense of nationhood here.

These shores are so important to all three countries that they, along with Britain, are sending their Government leaders and contingents of Gallipoli veterans for commemorative ceremonies on April 25. The unfaded soldiers are well in their 90's — a few may even be over 100 — and they may find the beachheads as arduous now as then. Just in case, physicians will be on hand.

Seventy-five years later, army garrisons still stud the lightly populated peninsula — Turkey's advance guard facing Greece, only dagger eyes away. Sedat Ozkaya, a local journalist, says the military presence has made an industrial backwater of Gallipoli. What company, he asks, would want to set up business in a potential combat zone? Others are not so sure that the army should be blamed, but they, too, admit that their peninsula is not about to turn the industrial world on its ear.

Clear Waters, Clean Air

Then again, it does not necessarily want to, they say. Instead of factories, Gallipoli's 20,000 residents have enviably clear waters and air so clean it seems almost scrubbed.

This healthy environment, along with the war monuments strewn across the peninsula's southern and western shores, have encouraged a steady increase in visitors, says Mehmet Irdesel, a local historian and tourism official. Tourism, Mr. Irdesel suggests, may overtake sardines one day in economic importance. Perhaps 100,000 travelers, both Turks and foreigners, pass through each year, he says.

Many of the visitors are Australians and New Zealanders who cannot imagine coming to Turkey without making a pilgrimage to Gallipoli.

"It may seem peculiar to go on like this about a defeat," said Verna Connelly, of Queensland, Australia, the other day as she and a group of friends walked in the quiet of a small cemetery at Ari Burnu, a landing beach for Allied soldiers now called Anzac Cove. "But it was a big thing for Australians and New Zealanders. It brought them together, taking such a pounding."

Where she stepped lay dozens of graves of Australian soldiers, young men with names like Hancock, Combley and Rawlings, far from home on a grassy knoll facing the wind-tossed Aegean Sea. Nearby was a simple granite monument, bearing words, in English, attributed to Ataturk in 1934.

"There is no difference between the Johnnies and the Mehmets to us where they lie side by side in this country of ours," he said, addressing the mothers of the fallen Allied soldiers. "Your sons are now lying in our bosom and are in peace. After having lost their lives on this land, they have become our sons as well."

The New York Times/Clyde Haberman

Turks in the port town of Gallipoli still talk about the disastrous 1915 Allied invasion of the peninsula along the Dardanelles strait. Ceremonies marking the 75th anniversary of the campaign are planned for April 25. Residents gathered recently at a market to buy sardines, the town's primary product.

The New York Times/March 26, 1990

To Turks, Gallipoli is known as Gelibolu, scene of an epic campaign of World War I.

Photo Copy Preservation

NOTES ON THE UNITED STATES

Latin America's intellectuals and artists have long been known for their leftist, even Marxist, sympathies. Few today emulate the late Chilean poet Pablo Neruda, who remained loyal to Moscow even after the horrors of the Stalin era. But Colombia's Gabriel García Márquez, Argentina's Julio Cortazar, and others have ritually denounced Washington's *imperialismo* while singing the praises of Fidel Castro. Mexico's Octavio Paz is one of the exceptions. The widely read poet-essayist and former diplomat first learned to distrust communism when he supported the anti-Franco cause in the Spanish Civil War. And it was not long after Cuba's 1959 revolution that Paz voiced disenchantment with Castro's new workers' state. Paz, a self-described democratic socialist, is no cheerleader for the *Yanquis*. Here, however, he offers them an unusual view of their place in history.

by Octavio Paz

Faced with the concrete reality of the United States, the first, natural reaction of any visitor is utter amazement.

Few have gone beyond that initial shock of surprise—admiration mingled at times with revulsion—to realize the immense originality of that country. One of those few, and the first of them, was Alexis de Tocqueville. His reflections, set down in *Democracy in America* (1835), are still as pertinent as ever. He foresaw the future greatness of the American Union and the nature of the conflict that has lain at its heart ever since its birth, a conflict to which it owes, at one and the same time, both its great successes and its great setbacks: the opposition between freedom and equality, the individual and democracy, local freedoms and federal centralism.

Henry Adams's vision, though less broad, was perhaps more profound: Deep within American society he saw an opposition between the Dynamo, which transforms the world but

Peaceable Kingdom *(1834) by Edward Hicks*.

reduces it to uniform series, and the Virgin, the natural and spiritual energy that irrigates and illuminates the human soul and thus produces the range and variety of our works. Tocqueville and Adams saw, clearly and sharply, what was going to happen; we, today, see what is happening.

When I speak of America's originality, I am not referring to the familiar contrasts—great wealth and extreme privation, the cheapest vulgarity and the purest beauty, greed and altruism, active pursuit of goals and the passivity of the drug addict or the frenetic violence of the drunkard, proud freedom and the docility of the herd, intellectual exactitude and the fuzzy delirium of the nut case, prudishness and license—but, rather, to the *historical novelty* that the United States represents.

Nothing in our human past has been comparable to this reality that is made up of violent clashes and glaring contrasts, and is, if I may use the expression, full of itself. Full and empty. What lies behind this tremendous variety of products and goods flaunted before the eyes of the world with a sort of shamelessness born of generosity?

A wealth that is fascinating—that is to say, deceptive.

I am not thinking of the injustices and inequalities of Amer-

ican society. Though they are many, they are fewer and less grave than our own, than those of most nations. I say "deceptive" wealth not because it is unreal but because I ask myself whether a society can live trapped within the confines of the circle of production and consumption, work and pleasure.

There are those who will say that this situation is not unique, but common, rather, to all industrial countries. That is true, but in the United States, since it is the nation that has gone the farthest along this path and is thus the perfect expression of modernity, the situation has reached its extreme limit.

●

I repeat my question: What lies behind this wealth? I cannot answer; I find nothing, there is nothing. I explain myself: All institutions in America—its technology, its science, its energy, its education—are a means, a *way toward*. Freedom, democracy, work, inventive genius, perseverance, fulfillment of promises and obligations: Everything is *useful*, everything a means to attain—what? Happiness in this life, salvation in the life beyond, the good, the truth, wisdom, love? Ultimate ends, those that really count because they give meaning to our lives, are not visible on the horizon of the United States. They exist, that is certain, but they appertain to the private domain.

Questions and answers as to life and its meaning, death and the life beyond, traditionally taken over by Church and State, have heretofore always been matters in the public domain. The great historical novelty of the United States lies in its attempt to return them to the private domain, the private life of each and every citizen. What the Protestant Reformation achieved in the sphere of beliefs, the American Union has achieved in the secular sphere.

American society, unlike all other societies we know of, was founded in order that its citizens might realize their private ends in peace and freedom, on the theory that the common good lies not in a collective or metahistorical end but in the harmonious coexistence of individual ends. Can nations live without common beliefs and without a metahistorical ideology?

In the past, the acts and deeds of each people were nour-

Octavio Paz,72, is a poet, essayist, and former diplomat. Born in Mexico City, he attended the National University of Mexico. He is the author of numerous books of poetry and prose, including The Labyrinth of Solitude *(1950). This essay is excerpted from* One Earth, Four or Five Worlds *(1985). English translation copyright © 1985 and published by Harcourt Brace Jovanovich, Inc. Copyright © 1983 by Octavio Paz. Copyright © 1983 by Editorial Seix Barral, S.A., Barcelona.*

ished and justified by a metahistory; in other words, by a common end that lay above individuals and had to do with values that were, or were presumed to be, transcendent. Americans naturally share beliefs, values, and ideas: freedom, democracy, justice, work, and so on. But all such concepts are a means, something *for* this or that. The ultimate ends of their acts and thoughts lie not in the public domain but in the private. The American Union was the very first historical attempt to give back to the individual what the State had stolen from the person in the beginning.

I do not mean by that that the American State is the only liberal State: Its founding was inspired by the examples of Holland, England, and the philosophy of the 18th century. But the American nation, and not only the State, is different from others precisely because it was founded on these ideas and principles. Unlike what happened elsewhere, the United States Constitution does not modify or change a prior situation (in its case, the monarchical regime with its hereditary classes, estates, and special jurisdictions); it institutes, rather, a new society. It marks an absolute beginning.

It has frequently been said that in liberal democratic societies, especially in the United States, the power of individuals and groups, above all of capitalist enterprises but also of workers' bureaucracies and other sectors, has grown without restraint, to the point where State domination has been replaced by that of special interests. The criticism is a fair one. It must be added, however, that while this reality seriously distorts the original design, it does not nullify it altogether. The founding principle is still alive. Proof of that can be found in the fact that it continues to inspire the movements of self-criticism and reform that periodically shake the United States. All of these have represented themselves as a return to the country's origins.

●

The great historical originality of the American nation, and also the root of its contradiction, lies in the very act by which it was founded. The United States was founded in order that its citizens might live, among themselves and by themselves, free at last of the weight of history. It was a construct aimed against history and its disasters, oriented toward the future, that *terra incognita* with which it has identified itself.

The cult of the future fits naturally within the American design and is, so to speak, its condition and its result. American society was founded by an act of abolition of the past. Its citizens, unlike Englishmen or Japanese, Germans or Chinese,

Mexicans or Portuguese, are not the offspring of but the beginning of a tradition. Instead of carrying on a past, they inaugurate a new time. The act (and the document) of foundation—a canceling-out of the past and a beginning of something different—has been repeated throughout its history.

But the United States is not in the future, a region that does not exist; it is here and now, among all the rest of us, in the midst of history. It is an empire, and its slightest movements shake the whole world. It would like to be outside the world but it is in the world—it *is* the world. Hence the contradiction of contemporary American society: Being at once an empire and a democracy is the result of another, deeper contradiction, having been founded against history yet being itself history.

●

The United States has undergone a period of doubt and disorientation. If it has not lost faith in its institutions—Watergate was an admirable proof of this—it no longer believes as fervently as it once did in the destiny of the nation. The present state of mind of the American people is in all likelihood the consequence of two phenomena that used to be opposites but, as frequently happens in history, have now become conjoined. The first is the sense of guilt that the Vietnam War aroused in many minds; the second is the waning of the puritan ethic and the waxing of the hedonism of abundance.

The sense of guilt, coupled with the humiliation of defeat, has reinforced the traditional isolationism, which has always regarded American democracy as an island of virtue in the sea of perversities that is world history. Hedonism, for its part, takes no notice of the outside world or, along with it, of history. Isolationism and hedonism coincide in one respect: They are both antihistorical. Both are expressions of a conflict present in American society since the war with Mexico in 1847, but not fully apparent until this century: The United States is a democracy and at the same time an empire.

A peculiar empire, I must add, for it does not wholly fit the classic definition of one. It is something quite distinct from the Roman, Spanish, Portuguese, and British empires.

Standing bewildered in the face of its dual historical nature, the United States does not know which way to turn today. The dilemma is a fateful one. If it chooses a truly imperial destiny, it will cease to be a democracy and will thereby lose its reason for being a nation. But how to renounce power without being immediately destroyed by its rival, the Russian Empire?

It will be objected that Great Britain, too, was both a democracy and an empire. The contemporary situation is very different, however: Great Britain's imperial rule was exclusively colonial and exercised overseas; moreover, in its European and American policy it sought not hegemony but a balance of power. But the policy of the balance of powers belongs to another stage in history; neither Great Britain nor any other great European power was forced to confront a State such as the Soviet Union, whose imperialist expansion is inextricably linked to a universal orthodoxy. The Russian Bureaucratic State not only aspires to world domination but is a militant orthodoxy that does not tolerate other ideologies or systems of government.

If, instead of comparing the international situation that confronts the United States today with that prevailing in Europe during the second half of the last century, we think of Rome in the last days of the Republic, the comparison shows American democracy to be in an even more unfavorable position.

The political difficulties of the Romans of the first century B.C. were primarily internal in nature, and this partially explains the ferocity of the struggles among the various factions: Rome had already achieved domination over all the known world, and its only rival—the Parthian Empire—was a power on the defensive. Moreover, and most important, none of the powers that had fought the Romans sought to further a universalist ideology.

●

By contrast, the contradictions of American foreign policy—a result of the controversies among groups and parties as well as of the inability of the nation's leaders to formulate a long-term overall plan—exist side by side with an aggressive empire that embraces a universalist ideology. To make matters still worse, the Western alliance is made up of countries whose interests and politics are not always identical with those of the United States.

The expansion of the American republic has been the natural, and in some ways fatal, consequence—if I may so put it—of its economic and social development; Roman expansion grew out of the deliberate action of the senatorial oligarchy and its generals over a period of more than two centuries. The foreign policy of Rome is an outstanding example of coherence, singleness of purpose, perseverance, skill, tenacity, and prudence—precisely the virtues that we find lacking in Americans. Tocqueville was the first to see where the fault lay:

> With regard to the conduct of the external affairs of society, democratic governments appear to me to be decid-

> edly inferior to the others.... Foreign policy requires the use of almost none of the qualities that characterize democracy, and on the other hand calls for the development of almost all those which democracy lacks by its very nature.... Democracy would find it most difficult to coordinate all the details of a great undertaking, draw up a plan in advance, and stubbornly follow it to the end despite all obstacles. It has little aptitude for preparing its means in secret and patiently awaiting the results.

American democracy is religious in origin and extends back to the communities of Protestant dissenters who settled in the country during the 17th century. Religious preoccupations were later transformed into political ideas steeped in republicanism, democracy, and individualism, but the original religious tone never disappeared from the public conscience.

In the United States, religion, morality, and politics have been inseparable. This is the major difference between European liberalism, which is almost always secular and anticlerical, and the American variety. Among Americans, democratic ideas have a religious foundation, in some instances implicit and in others (the majority) explicit. These ideas served to justify the attempt, unique in history, to constitute a nation as a *covenant* in the face of, and even against, historical necessity or history as fate. In the United States the social contract was not a fiction but a reality, and it was entered into in order *not* to repeat European history. This is the origin of American isolationism: the attempt to establish a society that would escape the vicissitudes that European peoples had suffered. American expansion, up until the war with Mexico, was aimed at colonizing empty spaces (Indian peoples were always regarded as *nature*) and that space more empty still, the future.

If they could, Americans would lock themselves up inside their country and turn away from the world, except to trade with it and visit it. The American utopia—in which, as in all utopias, monstrous features abound—is an interweaving of three dreams: those of the ascetic, the merchant, and the explorer. Three individualists. Hence three American traits: Their reluctance to confront the outside world; their inability to understand it; and their lack of skill in manipulating it. Americans are citizens of an empire, surrounded by some nations that are allies and by others out to destroy it, yet Americans would rather be left alone: The outside world is evil, history is perdition.

America is the opposite of Russia, another religious country but one that identifies religion with the Church and finds the confusion between ideology and party legitimate. The communist State—as was quite evident during the last war—is not only the successor of the tsarist State but its continuer. The notion of a social contract or "covenant" has never held an important place within the political history of Russia, or within the tsarist or Bolshevik tradition. Nor has the idea of religion as something belonging to the sphere of heartfelt individual belief; to the Russians, religion and politics appertain not to the sphere of private conscience but to the public sphere. Americans have endeavored, and are endeavoring, to construct a world of their very own, a world outside of this world; the Russians have endeavored, and are endeavoring, to dominate this world in order to convert it.

The basic contradiction of the United States has an effect on the very foundations of the nation. Hence our reflections on the United States and its present predicament lead to the question: Will it be able to resolve the contradiction between empire and democracy? At stake are its life and its identity.

Though it is impossible to answer this question, it is possible to venture a comment.

The sense of guilt can be transformed, can lead directly to the beginnings of political salvation. Hedonism, on the other hand, leads only to surrender, ruin, defeat. It is, admittedly, true that after Vietnam and Watergate we have been witness to a sort of masochistic orgy and seen many intellectuals, clergymen, and journalists rend their garments and beat their breasts as signs of contrition. These self-accusations, as a general rule, were not and are not false, but their tone was and is frequently hysterical (as when a journalist, writing in the *New York Times*, held American policy in Indochina responsible for the subsequent atrocities committed by the Khmer Rouge and the Vietnamese).

Yet this sense of guilt, besides being a compensation that maintains a psychic equilibrium, carries moral weight: It stems from a searching conscience and the recognition that a wrong has been committed. Hence it can become a sense of responsibility, the one and only antidote against the intoxication of hubris, for individuals as for empires. On the other hand, it is more difficult to transform the hedonism of modern masses into a moral force. It is not blind illusion, however, to place our trust in the ethical and religious foundations of America: They are a living source whose flow has been obstructed but not yet en-

tirely dammed.

The foreign policy of the United States has followed a zigzag, erratic course, frequently contradictory and at times beyond all understanding. Its principal defect, its basic inconsistency, is attributable not to the failings of American leaders, which are many, but to its being a policy more sensitive to domestic reactions than to foreign ones.

The United States' objectives are to contain the Soviet Union and its shock troops (Cuba, Vietnam), to consolidate its own alliance with Japan and the European democracies, to consolidate its ties with China, to bring about an agreement in the Middle East that will preserve the independence of Israel and at the same time strengthen friendship with Egypt, to gain friends in the Arab countries and in those of Latin America, Africa, and Asia.

These are its avowed ends, but its real ones are to win the votes and satisfy the aspirations and ambitions of this or that group at home, whether Jews or blacks, industrial workers or farmers, the "establishment" of the East or Texans. It is evident that the policy of a great power cannot be subordinated to the shifting and divergent pressures of various groups within the nation: The cause of the downfall of Athens was not so much Spartan arms as the struggles between internal parties.

●

Any list of the errors of American policy must end with the following reservation: These errors, magnified by the mass media and by political passions, are revealing of vices and faults inherent in plutocratic democracies, but they do not indicate an intrinsic weakness. The United States has suffered defeats and setbacks, but its economic, scientific, and technological power is still superior to that of the Soviet Union.

So is its political and social system. American institutions were designed for a society in perpetual motion, whereas Soviet institutions correspond to a static caste society. Hence any change in the Soviet Union endangers the very foundations of the regime.

There is much talk of the inferiority of the Americans in the military sphere, especially in the area of traditional weapons. This is a temporary inferiority. The United States has the material and human resources to re-establish the balance of power.

And the political will? It is difficult to give an unequivocal answer to that question. In recent years, Americans have suffered from a psychic instability that has taken them from one extreme to another. Not only have they lost their sense of direction; they have also lost control of themselves. What the United States has lacked is not power but wisdom.

Above all, the American people and its leaders lack that sixth sense that almost all great nations have had: *prudence*. Since Aristotle, this word designates the highest political virtue. Prudence is made up of wisdom and integrity, boldness and moderation, discernment and persistence in undertakings. The best and most succinct definition of *prudentia* was given recently by Cornelio Castoriadis: the ability to find one's bearings in history. This is the ability that many of us find lacking in the United States.

●

To Montesquieu, the decadence of the Romans had a twofold cause: the power of the army and the corruption of luxury. The first was the origin of the empire, the second its ruin. The army gave Rome dominion over the world but, along with it, irresponsible sybaritism and extravagance. Will the Americans be wiser and more temperate than the Romans; will they show greater moral fortitude? It seems most unlikely. However, there is one aspect of the situation that would have raised Montesquieu's spirits: The Americans have succeeded in defending their democratic institutions and have even broadened and perfected them.

In Rome, the army backed the despotism of the Caesars; the United States suffers from the ills and vices of freedom, not those of tyranny. Though deformed, the moral tradition of criticism that has accompanied the nation all through its history is still alive.

In the past, the United States was able to use self-criticism to resolve other conflicts. It continues to give proof of its capacities for self-renewal. During the last 20 years it has taken great strides in the direction of resolving the other great contradiction that tears it apart, the racial question. It is not beyond the bounds of possibility that by the end of this century the United States will have become the first multiracial democracy in history. Despite its grave imperfections and its vices, the American democratic system bears out the opinion of antiquity: If democracy is not the ideal government, it is the least bad.

One of the great achievements of the American people has been to preserve democracy in the face of the two great threats of our day: the powerful capitalist oligarchies and the bureaucratic State of the 20th century. Another positive sign: Americans have made great advances in the art of human cohabitation, not only in terms of different ethnic groups that live peacefully to-

gether but also in domains heretofore ruled by the taboos of traditional morality, such as sexuality. Some critics lament that permissiveness and the relaxation of morals; I confess that the other extreme strikes me as worse—the cruel puritanism of communists and the bloody prudery of Khomeini. Finally, the development of the sciences and technology is a direct consequence of the freedom of investigation and criticism predominant in the universities and cultural institutions of the United States. American superiority in these fields is no accident.

How and why, in a democracy that has proved itself to be so endlessly fertile and creative in science, technology, and the arts, should its politics be so overwhelmingly mediocre? Can the critics of democracy be right? We must grant that the will of the majority is not a synonym for wisdom: The Germans voted for Hitler, and Chamberlain was elected democratically. The democratic system is exposed to the same risk as hereditary monarchy; the popular will is no more unerring than the genes, and elections that turn out badly are as unpredictable as the birth of defective royal heirs.

The remedy lies in the system of checks and balances: the independence of judicial and legislative power, the weight of public opinion in governmental decisions through the healthy and sensible exercise of their critical function by the communications media. Unfortunately, neither the U.S. Senate nor the media nor public opinion has given signs of political *prudence* in the years just past.

The inconsistencies in American foreign policy are attributable not just to officeholders and politicians but to the entire nation. Not only do the interests of groups and parties come before collective ends, but American opinion has shown itself incapable of understanding what is happening beyond its borders. This criticism is as applicable to liberals as to conservatives, to clergymen as to labor leaders. There is no country better informed than the United States; its journalists are excellent and they are everywhere, its specialists have all the data and background facts needed for each case—yet what comes forth from this gigantic mountain of information and news is, almost always, the mouse of the fable.

An intellectual failure? No: a failure of historical vision. Because of the very nature of the endeavor that founded the nation—sheltering it from history and its horrors—Americans suffer from a congenital difficulty in understanding the outside world and orienting themselves in its labyrinths.

Another defect of American democracy, already noted by Tocqueville in his day: egalitarian tendencies, which do not suppress individual selfishness but merely deform it. These tendencies have not prevented the birth and spread of social and economic inequalities, while at the same time they have held the best back and hampered their participation in public life.

A major example is the situation of the intellectual class: Its first-rate achievements in the sciences, technology, the arts, and education stand in sharp contrast to its scant influence in politics. It is true that many intellectuals serve and have served in government, but this has almost always been as technicians and experts—that is, *in order to do* this or that, not in order to help define ends and goals. A few intellectuals have been counselors of presidents and have thus contributed to planning and executing American foreign policy. But they are isolated cases. The American intellectual class, as a social entity, does not have the influence that its counterparts in European and Latin American countries enjoy. For one thing, society is not inclined to grant this class such a role.

American intellectuals, in turn, have shown little interest in the great philosophical and political abstractions that have roused deep passions in our era. This indifference has had a positive aspect: It has kept them from going as badly astray as many European and Latin American intellectuals. It has also kept them from the despicable moral lapses and relapses of so many writers who, without so much as blinking an eye, have accepted public honors and international prizes as they hymned paeans of praise to the Stalins, the Maos, and the Castros.

American intellectuals' mistrust of ideological passions is understandable; what is not understandable is their ignoring the fact that these passions have moved several generations of European and Latin American intellectuals, among them some of the best and most generous. In order to understand these others and to understand contemporary history as well, it is necessary to understand these passions.

When the subject under discussion is the American character, the word *naiveté* almost invariably crops up. Americans themselves value *innocence* very highly. Naiveté is not a character trait that fits well with the pessimistic introspection of the puritan. Yet the two coexist within the American character. Perhaps introspection allows Americans to see themselves and discover, within their heart of hearts, the traces of God or of the devil; naiveté, in turn, is their mode of presentation of self to

others and their manner of relating to them.

Naiveté is an appearance of innocence. Or, rather, it is protective gear. Thus the apparent defenselessness of one who is naive is a psychological weapon; it preserves that person from the contamination of the other and, by isolating him or her, makes it possible to escape and launch a counterattack. The ingenuousness of American intellectuals in the face of the great ideological debates of our century has fulfilled that double function. It has kept them from falling into the moral errors and perversions into which certain Europeans and Latin Americans have fallen; and it has permitted them to judge and condemn those who have strayed from virtue—without understanding them. Both American conservatives and liberals have substituted moral judgment for historical vision. Admittedly, it is not possible to have a view of the other, that is to say a vision of history, without moral principles. But a moral perspective cannot replace true historical vision, above all if this moral perspective is that of a provincial puritanism combined with variable but strong doses of pragmatism, empiricism, and positivism.

The two missions of the modern intellectual are, first, to investigate, create, and transmit knowledge, values, and experiences; and, second, to criticize society and its usages, institutions, and politics. Since the 18th century, this second function, inherited from the medieval clerics, has assumed greater and greater importance. We are all familiar with the work of Americans in the fields of the sciences, literature, the arts, and education; they have also been honest and courageous in their criticism of their society and of its defects. America's intellectuals have been faithful to the tradition upon which their country was founded and in which the scrutiny of conscience occupies a central place.

●

This puritan tradition, however, by emphasizing and encouraging separation, is antihistorical and isolationist. When the United States abandons its isolation and participates in the affairs of the world, it does so in the manner of a believer in a land of infidels.

American writers and journalists have an insatiable curiosity and are extremely well informed about what goes on in today's world, but instead of understanding, they pass judgment. It must be said, in all truth, that they reserve their severest judgments for their compatriots and those in public office. That is admirable; yet at the same time it is not enough. In the days of their country's intervention in Indochina, they denounced, with good reason, the policy emanating from Washington; yet their criticism, based

almost exclusively on moral grounds, generally neglected to examine the nature of the conflict. Critics were more interested in condemning President Lyndon B. Johnson than in understanding how and why there were American troops in Indochina. Many said that this conflict "was no concern of America's," as though the United States were not a world power and the war in Indochina were a local episode.

Morality is no substitute for historical understanding. That is precisely why many liberals were so surprised at the outcome of the conflict: the installation of a military-bureaucratic dictatorship in Vietnam, the mass murders under Pol Pot, the occupation of Cambodia and Laos by Vietnamese troops, the punitive expedition by the Chinese, and, in recent days, the hostilities between Vietnam and Thailand. And today, confronted by the situation in Central America, liberals mouth the same simplistic nonsense.

Apart from the fact that it is not always sincere, the moralizing attitude does not help us to understand the reality that lies outside ourselves. Morality, in the sphere of politics, must be accompanied by other virtues. Central to all of them is historical imagination. This intellectual faculty has a counterpart in the realm of sensibility: sympathy for the other, for others.

●

The image presented by the United States is not reassuring. The country is disunited, repeatedly torn apart by dissensions that do not have the least element of grandeur, eaten away by doubt, undermined by a suicidal hedonism, dazed by the ranting of demagogues. It is a society divided, not so much vertically as horizontally, by the clash of tremendous selfish interests: great corporations, labor unions, "the farm bloc," bankers, ethnic groups, the powerful communications industry.

The remedy is to regain unity of purpose, without which there is no possibility for action—but how? The malady of democracies is disunity, mother of demagogism. The other road, that of political health, leads by way of soul-searching and self-criticism: a return to origins, to the foundations of the nation. In the case of the United States, this means to the vision of its founders—not to copy them, but to begin again. Not to do exactly as they did but, rather, like them, to make a new beginning. Such beginnings are at once purifications and mutations: With them something different always begins as well.

Remarks to Citizens in Mainz, West Germany

May 31, 1989

Thank you, Chancellor Kohl. At the outset, let me tell you that—lest you think that he has forgotten his home state because he is the Chancellor of the Federal Republic—I will only tell you that in the last 24 hours Chancellor Kohl has been convincing me that when I came to this State and to Mainz, I would be coming to heaven. [*Laughter*] And having gotten here, I think he may just about be right. I'll tell you. Thank you all very much.

Dr. Wagner and Lord Mayor, distinguished hosts, I want to also thank these two bands, West German and American, for that stirring music. And Chancellor Kohl, I especially want to thank you again for inviting me to this beautiful and ancient city on my first Presidential trip to the Republic of Germany—the Federal Republic. And Helmut Kohl and I have concluded now our deliberations at the NATO summit in Brussels, an excellent start to our working partnership as Chancellor and President.

And here in Mainz, by the banks of the Rhine, it's often said that this heartland of mountain vineyards and villages embodies the very soul of Germany. So, Mainz provides a fitting forum for an American President to address the German people. Today I come to speak not just of our mutual defense but of our shared values. I come to speak not just of the matters of the mind but of the deeper aspirations of the heart. Just this morning, Barbara and I were charmed with the experiences we had. I met with a small group of German students, bright young men and women who studied in the United States. Their knowledge of our country and the world was impressive, to say the least. But sadly, too many in the West, Americans and Europeans alike, seem to have forgotten the lessons of our common heritage and how the world we know came to be. And that should not be, and that cannot be. We must recall that the generation coming into its own in America and Western Europe is heir to gifts greater than those bestowed to any generation in history: peace, freedom, and prosperity. This inheritance is possible because 40 years ago the nations of the West joined in that noble, common cause called NATO [North Atlantic Treaty Organization]. And first, there was the vision, the concept of free peoples in North America and Europe working to protect their values. And second, there was the practical sharing of risks and burdens, and a realistic recognition of Soviet expansionism. And finally, there was the determination to look beyond old animosities. The NATO alliance did nothing less than provide a way for Western Europe to heal centuries-old rivalries, to begin an era of reconciliation and restoration. It has been, in fact, a second Renaissance of Europe.

As you know best, this is not just the 40th birthday of the alliance, it's also the 40th birthday of the Federal Republic: a republic born in hope, tempered by challenge. And at the height of the Berlin crisis in 1948, Ernst Reuter called on Germans to stand firm and confident, and you did—courageously, magnificently.

And the historic genius of the German people has flourished in this age of peace, and your nation has become a leader in technology and the fourth largest economy on Earth. But more important, you have inspired the world by forcefully promoting the principles of human rights, democracy, and freedom. The United States and the Federal Republic have always been firm friends and allies, but today we share an added role: partners in leadership.

Of course, leadership has a constant companion: responsibility. And our responsibility is to look ahead and grasp the promise of the future. I said recently that we're at the end of one era and at the beginning of another. And I noted that in regard to the Soviet Union, our policy is to move beyond containment. For 40 years, the seeds of democracy in Eastern Europe lay dormant, buried under the frozen tundra of the Cold War. And for 40 years, the world has waited for the Cold War to end. And decade after decade, time after time, the flowering human spirit withered from the chill of conflict and oppression. And again, the world waited. But the passion for freedom cannot be denied forever. The world has waited long enough. The time is right. Let Europe be whole and free.

To the founders of the alliance, this aspiration was a distant dream, and now it's the new mission of NATO. If ancient rivals like Britain and France, or France and Germany, can reconcile, then why not the nations of the East and West? In the East, brave men and women are showing us the way. Look at Poland, where Solidarity, Solidarność, and the Catholic Church have won legal status. The forces of freedom are putting the Soviet status quo on the defensive. And in the West, we have succeeded because we've been faithful to our values and our vision. And on the other side of the rusting Iron Curtain, their vision failed.

The Cold War began with the division of Europe. It can only end when Europe is whole. Today it is this very concept of a divided Europe that is under siege. And that's why our hopes run especially high, because the division of Europe is under siege not by armies but by the spread of ideas that began here, right here. It was a son of Mainz, Johannes Gutenberg, who liberated the mind of man through the power of the printed word. And that same liberating power is unleashed today in a hundred new forms. The Voice of America, Deutsche Welle allow us to enlighten millions deep within Eastern Europe and throughout the world. Television satellites allow us to bear witness from the shipyards of Gdansk to Tiananmen Square. But the momentum for freedom does not just come from the printed word or the transistor or the television screen; it comes from a single powerful idea: democracy.

This one idea is sweeping across Eurasia. This one idea is why the Communist world, from Budapest to Beijing, is in ferment. Of course, for the leaders of the East, it's not just freedom for freedom's sake. But whatever their motivation, they are unleashing a force they will find difficult to channel or control: the hunger for liberty of oppressed peoples who've tasted freedom.

Nowhere is this more apparent than in Eastern Europe, the birthplace of the Cold War. In Poland, at the end of World War II, the Soviet Army prevented the free elections promised by Stalin at Yalta. And today Poles are taking the first steps toward real election, so long promised, so long deferred. And in Hungary, at last we see a chance for multiparty competition at the ballot box.

As President, I will continue to do all I can to help open the closed societies of the East. We seek self-determination for all of Germany and all of Eastern Europe. And we will not relax, and we must not waver. Again, the world has waited long enough.

But democracy's journey East is not easy. Intellectuals like the great Czech playwright Vaclav Havel still work under the shadow of coercion. And repression still menaces too many peoples of Eastern Europe. Barriers and barbed wire still fence in nations. So, when I visit Poland and Hungary this summer, I will deliver this message: There cannot be a common European home until all within it are free to move from room to room. And I'll take another message: The path of freedom leads to a larger home, a home where West meets East, a democratic home, the commonwealth of free nations.

And I said that positive steps by the Soviets would be met by steps of our own. And this is why I announced on May 12th a readiness to consider granting to the Soviets temporary waiver of the Jackson-Vanik trade restrictions if they liberalize emigration. And this is also why I announced on Monday that the United States is prepared to drop the "no exceptions" standard that has guided our approach to controlling the export of technology to the Soviet Union, lifting a sanction enacted in response to their invasion of Afghanistan.

And in this same spirit, I set forth four proposals to heal Europe's tragic division, to help Europe become whole and free.

First, I propose we strengthen and broaden the Helsinki process to promote free elections and political pluralism in Eastern Europe. As the forces of freedom and democracy rise in the East, so should our expectations. And weaving together the slender threads of freedom in the East will require much from the Western democracies.

In particular, the great political parties of the West must assume an historic responsibility to lend counsel and support to those brave men and women who are trying to form the first truly representative political parties in the East, to advance freedom and democracy, to part the Iron Curtain.

In fact, it's already begun to part. The frontier of barbed wire and minefields between Hungary and Austria is being removed, foot by foot, mile by mile. Just as the barriers are coming down in Hungary, so must they fall throughout all of Eastern Europe. Let Berlin be next. Let Berlin be next! Nowhere is the division between East and West seen more clearly than in Berlin. And there this brutal wall cuts neighbor from neighbor, brother from brother. And that wall stands as a monument to the failure of communism. It must come down.

Now, *glasnost* may be a Russian word, but "openness" is a Western concept. West Berlin has always enjoyed the openness of a free city, and our proposal would make all Berlin a center of commerce between East and West, a place of cooperation, not a point of confrontation. And we rededicate ourselves to the 1987 allied initiative to strengthen freedom and security in that divided city. And this, then, is my second proposal: Bring *glasnost* to East Berlin.

My generation remembers a Europe ravaged by war. And of course, Europe has long since rebuilt its proud cities and restored its majestic cathedrals. But what a tragedy it would be if your continent was again spoiled, this time by a more subtle and insidious danger—Chancellor referred to—that of poisoned rivers and acid rain. America's faced an environmental tragedy in Alaska. Countries from France to Finland suffered after Chernobyl. West Germany is struggling to save the Black Forest today. And throughout, we have all learned a terrible lesson: Environmental destruction respects no borders.

So, my third proposal is to work together on these environmental problems, with the United States and Western Europe extending a hand to the East. Since much remains to be done in both East and West, we ask Eastern Europe to join us in this common struggle. We can offer technical training, and assistance in drafting laws and regulations, and new technologies for tackling these awesome problems. And I invite the environmentalists and engineers of the East to visit the West, to share knowledge so we can succeed in this great cause.

My fourth proposal, actually a set of proposals, concerns a less militarized Europe, the most heavily armed continent in the world. Nowhere is this more important than in the two Germanys. And that's why our quest to safely reduce armament has a special significance for the German people.

To those who are impatient with our measured pace in arms reductions, I respectfully suggest that history teaches us a lesson: that unity and strength are the catalyst and prerequisite to arms control. We've always believed that a strong Western defense is the best road to peace. Forty years of experience have proven us right. But we've done more than just keep the peace. By standing together, we have convinced the Soviets that their arms buildup has been costly and pointless. Let us not give them incentives to return to the policies of the past. Let us give them every reason to abandon the arms race for the sake of the human race.

In this era of both negotiation and armed camps, America understands that West Germany bears a special burden. Of course, in this nuclear age, every nation is on the front line, but not all free nations are called to endure the tension of regular military activity or the constant presence of foreign military forces. We are sensitive to these special conditions that this needed presence imposes.

To significantly ease the burden of armed camps in Europe, we must be aggressive in our pursuit of solid, verifiable agreements between NATO and the Warsaw Pact. On Monday, with my NATO colleagues in Brussels, I shared my great hope for the future of conventional arms negotiations in Europe. I shared with them a proposal for achieving significant reductions in the near future.

And as you know, the Warsaw Pact has now accepted major elements of our Western approach to the new conventional arms negotiations in Vienna. The Eastern bloc acknowledges that a substantial imbalance exists between the conventional forces of the two alliances, and they've moved closer to NATO's position by accepting most elements of our initial conventional arms proposal. These encouraging steps have produced the opportunity for creative and decisive action, and we shall not let that opportunity pass.

Our proposal has several key initiatives. I propose that we lock in the Eastern agreement to Western-proposed ceilings on tanks and armored troop carriers. We should also seek an agreement on common numerical ceiling for artillery in the range between NATO's and that of the Warsaw Pact, provided these definitional problems can be solved. And the weapons we remove must be destroyed.

We should expand our current offer to include all land-based combat aircraft and helicopters by proposing that both sides reduce in these categories to a level 15 percent below the current NATO totals. Given the Warsaw Pact's advantage in numbers, the Pact would have to make far deeper reductions than NATO to establish parity at those lower levels. Again, the weapons we remove must be destroyed.

I propose a 20-percent cut in combat manpower in U.S.-stationed forces and a resulting ceiling on U.S. and Soviet ground and air forces stationed outside of national territory in the Atlantic-to-the-Urals zone at approximately 275,000 each. This reduction to parity, a fair and balanced level of strength, would compel the Soviets to reduce their 600,000-strong Red Army in Eastern Europe by 325,000. And these withdrawn forces must be demobilized.

And finally, I call on President Gorbachev to accelerate the timetable for reaching these agreements. There is no reason why the 5-to-6-year timetable as suggested by Moscow is necessary. I propose a much more ambitious schedule. And we should aim to reach an agreement within 6 months to a year and accomplish reductions by 1992, or 1993 at the latest.

In addition to my conventional arms proposals, I believe that we ought to strive to improve the openness with which we and the Soviets conduct our military activities. And therefore, I want to reiterate my support for greater transparency. I renew my proposal that the Soviet Union and its allies open their skies to reciprocal, unarmed aerial surveillance flights, conducted on short notice, to watch military activities. Satellites are a very important way to verify arms control agreements, but they do not provide constant coverage of the Soviet Union. An open skies policy would move both sides closer to a total continuity of coverage while symbolizing greater openness between East and West.

These are my proposals to achieve a less militarized Europe. A short time ago, they would have been too revolutionary to consider, and yet today we may well be on the verge of a more ambitious agreement in Europe than anyone considered possible.

But we're also challenged by developments outside of NATO's traditional areas of concern. Every Western nation still faces the global proliferation of lethal technologies, including ballistic missiles and chemical weapons. We must collectively control the spread of these growing threats. So, we should begin as soon as possible with a worldwide ban on chemical weapons.

Growing political freedom in the East, a Berlin without barriers, a cleaner environment, a less militarized Europe—each is a noble goal, and taken together they are the foundation of our larger vision: a Europe that is free and at peace with itself. And so, let the Soviets know that our goal is not to undermine their legitimate security interests. Our goal is to convince them, step-by-step, that their definition of security is obsolete, that their deepest fears are unfounded.

When Western Europe takes its giant step in 1992, it will institutionalize what's been true for years: borders open to people, commerce, and ideas. No shadow of suspicion, no sinister fear is cast between you. The very prospect of war within the West is unthinkable to our citizens. But such a peaceful integration of nations into a world community does not mean that any nation must relinquish its culture, much less its sovereignty.

This process of integration, a subtle weaving of shared interests, which is so nearly complete in Western Europe, has now finally begun in the East. We want to help the nations of Eastern Europe realize what we, the nations of Western Europe, learned long ago: The foundation of lasting security comes not from tanks, troops, or barbed wire; it is built on shared values and agreements that link free peoples. The nations of Eastern Europe are rediscovering the glories of their national heritage. So, let the colors and hues of national culture return to these grey societies of the East. Let Europe forgo a peace of tension for a peace of trust, one in which the peoples of the East and West can rejoice, a continent that is diverse yet whole.

Forty years of Cold War have tested Western resolve and the strength of our values. NATO's first mission is now nearly complete. But if we are to fulfill our vision—our European vision—the challenges of the next 40 years will ask no less of us. Together, we shall answer the call. The world has waited long enough.

Thank you for inviting me to Mainz. May God bless you all. Long live the friendship between Germany and the United States. Thank you, and God bless you.

Note: The President spoke at 1:16 p.m. in the Rheingoldhalle, an auditorium in Mainz. In his opening remarks, he referred to Dr. Carl-Ludwig Wagner, Minister-President of Rheinland-Pfalz, and Lord-Mayor Herman-Harmut Weyel.

also true of artists like Picasso and Matisse; even after their fame was assured, they often chose to exhibit at irregular intervals, and to keep whole bodies of work out of the public eye. No doubt the reasons why artists show or do not show are complex, and are often affected by external circumstances. One factor we often overlook is that artists may find strength in working alone. This need not reflect disdain for the wide world; indeed, it could be a form of respect, grounded in the sense that one must know oneself before one expects others to know one.

As we move into the 1990s, many gifted artists are unable to get the attention of a large public. This is painful and even devastating in an era that celebrates celebrity above all other things; but it may, in some cases, enable artists to follow a logic of their own. Right now, every essential vision is an eccentric vision. The postmodernists are right to argue that modernism is in disarray. Where they're wrong is in proposing a coherent response to modernism. I believe that every contemporary artist of consequence is a late modernist, a refugee (to borrow Kitaj's metaphor) who departs modernism carrying what precious baggage he or she can. Balthus, who grew up in the Paris of modernism, is one of the first—and the only survivor among the first—of the great refugees.

Guy Davenport's *Balthus Notebook*, an art book unlike other art books, fits an artist unlike other artists. This painter who chooses to operate at the margins is an inspiration and an example to those artists who have been forced to live at the margins. Balthus would not want to be a leader of others. But by expecting both everything and nothing of his public, he's shown us how to create at a time when art is at once widely disseminated and dissected and little appreciated and absorbed. Balthus—that snob, that dandy, that elitist—is a prime mover in our hidden avant-garde.

JED PERL is the author of *Paris Without End: On French Art Since World War I* (North Point Press).

Aron's Rod

BY ALAN WOLFE

Memoirs: Fifty Years of Political Reflection by Raymond Aron translated by George Holoch

(Holmes and Meier, 509 pp., $45)

For dramatic power, nothing rivals the making of the cold war so much as the unmaking of the cold war. Yet there will always be at least one difference between then and now—the difference, if you will, between "X" and "Z." Then there were men of great intellectual stature framing the perspectives that made sense out of rapidly changing events; now we have formula and cliché. Raymond Aron (1905-83) is not alive to put into historical and intellectual perspective the end of the period whose contours he shaped. But we do have, not a moment too soon, the English translation of his memoirs. Reading his recollections in the context of the emerging world order creates mixed feelings: joy that his pessimism has, at least to this point, been proved wrong; sadness that his clear voice is not among the many voices clamoring for our attention.

Almost alone among the intellectuals of his generation, Aron found his milieu among the power holders and the policy elites. He was as sympathetic toward the United States, and as hostile toward the Soviet Union, as most French intellectuals were the other way around. His books, including his most academic ones, were personal essays rather than the products of long hours in the library; and even when their subjects seemed remote, they were really exercised by events of the day. Rarely has so gifted an intellectual spent so much time so close to power. His memoirs broach the essential question of his life, which is the question of realpolitik: Do intellectuals understand the world better if they put themselves in the position of those making political decisions, or if they stand outside in judgment of them?

French academic careers follow a pattern as completely inscribed as any of Emile Durkheim's functionalist biological metaphors. The most brilliant university graduates, after demonstrating their mastery of philosophy and classics, go off to the provinces to teach, just as Durkheim first went to Bordeaux. They work for a decade or so on a magnum opus, on a comprehensive work that attempts a complete synthesis of a particular field. And, upon the death or retirement of one of the Sorbonne's leading lights, the already middle-aged scholar receives the call to Paris, ready to sponsor a new generation of students who begin the process all over again.

Raymond Aron competed with such luminaries as Jean-Paul Sartre and Paul Nizan to be the most brilliant young Frenchman of his generation. But after military service from 1928 to 1930, he did not go to the French provinces. He went to Germany instead, working as a teaching assistant in French at the University of Cologne. This was the decision that changed his life; Germany, as Rolf Dahrendorf once said, was Aron's fate. Aron was psychologically unequipped to follow a Durkheimian path. "Despite everything," he realized, "my reading of the great works on idealism and realism interested only my mind, not my heart." What he found in Germany was politics. Instead of the universalistic morality of Durkheim, it was the realpolitik of Weber that structured his thought. "Thanks to him," Aron writes of Weber, "my future course, glimpsed on the banks of the Rhine, took shape."

Weber and Durkheim have come to symbolize two different ways—Weber would have said, two ideal types—of reflecting on the nature of society. Society is an all-embracing force for Durkheim, instructing us on our obligations to others while collectively representing the universality that we all share. The Durkheimian is purposive and reformist, beginning with a model of how society ought to work and then attempting, through scholarship and intervention in the public debate, to ensure that it does. For Weber, by contrast, society is organized into different realms, each with its own particularistic ethic. Because the realm of politics deals with the management of violence, the ethical rules that guide politicians are necessarily different than they are in, say, the realm of religion. Politicians have a special ethic of responsibility that demands of them not that they ask what ought to correspond to some higher vision of human purpose, but that they show sober and unemotional clearheadedness.

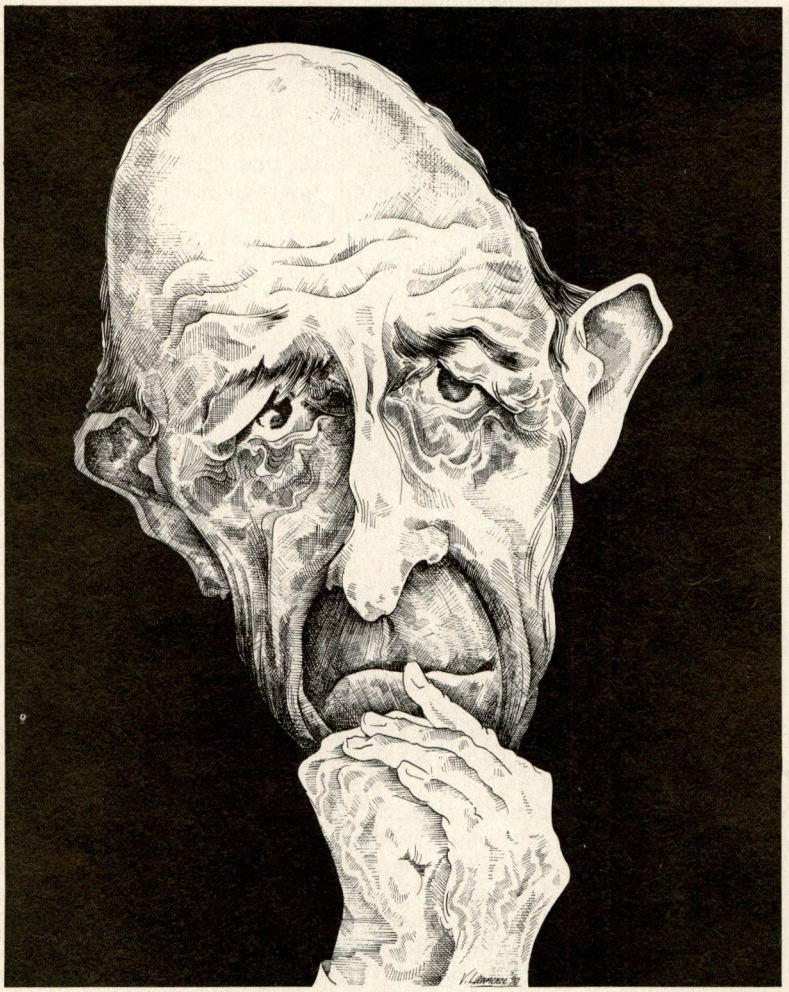
Returning to France in 1933, Aron produced three important books in rapid succession: *German Sociology* (1935), *The Critical Philosophy of History* (1938), and *Introduction to the Philosophy of His-*

tory (1938). In these writings, and as a result of his confrontation with German thought, Aron was able to introduce a view of historical fate far more tragic than the ones to which French thinkers were accustomed. "History," Aron wrote, "horribly devours individuals in a manner that apparently cannot be avoided as long as violence is necessary for social change." But if history is tragic, it does not follow that its course is always predetermined. One of the major purposes of *Introduction to the Philosophy of History* was to argue that things—especially "big" events, like the Battle of Marathon—might have turned out otherwise. It is almost as if we can choose between our tragedies: the best is never possible, but we can, under the right conditions, avoid the worst.

What Aron found so attractive in Weber's thought was his emphasis on action, his way of understanding the conditions that make possible one fate rather than another. Individuals are not cogs in a structure, as they are in Marx (and more in Durkheim); choices are available, from Weber's perspective, but not to everyone. By trying, in Aron's words, "to present the world as it was," the sociologist comes to appreciate the narrow, but nonetheless real, degree of freedom available to elites at any historical moment. Weber's greatness, Aron wrote, lay in his being "a politician and a thinker at the same time." It did not take much foresight to realize that Aron was establishing for himself the same objective, although he, like Weber, would never directly serve a prince.

Aron's entire career was dedicated to the proposition that the social theorist, to understand the social world, must place on himself the limits that those who would influence history place on themselves. "I considered myself responsible at almost every moment, and I was always inclined to ask what I could do in the place of those in power." By assigning such importance to personal responsibility, Aron became in some way more of an existentialist than Sartre. The task of the sociologist, he argued in 1970 in his inaugural address to the College de France, is to study social reality "not to find in it foundations or justifications for moral or political imperatives but to help the individual become conscious of himself and of his environment."

It was not long before the first test of Aron's perspective presented itself. He left France for England in June 1940, becoming involved in *La France libre*, a resistance paper initiated by Charles de Gaulle. Each month, in a "Chronique de France," the political analyst appeared under the name René Avord. His articles were characterized by razor-sharp reasoning, the cold calculation of alternatives, the strict avoidance of sentimentalism. At a time when the distinction between journalism and propaganda had disappeared, Aron's columns came to be widely appreciated for their balance, and for their rootedness in the real world.



RAYMOND ARON BY VINT LAWRENCE FOR THE NEW REPUBLIC

At the same time, however, the dark side to realpolitik began to show itself in his thought. "We were not subject to censorship," he wrote, "although we practiced a kind of self-censorship." Unfortunately what *La France libre* left out was that World War II was not just another war. Caught up in the dilemmas of Vichy, Aron barely took cognizance of the anti-Semitism of the regime, and paid little attention to the fate of the European Jews. Aron rather hollowly absolves himself of blame: "I cannot criticize myself for not having foreseen the execution of a plan of genocide, and for having written nothing about it in La France libre." But surely the whole point of realism is to foresee what others cannot, to prepare for the worst, to recognize the absence of realism, and the presence of ideology in its deadliest form, in the enemy. Realpolitik could give only a lame account of an event like World War II—of a struggle between principles, of a reality based not on the contest of interests but on the contest of values.

Still, if Aron's perspective may have been inappropriate for fascism, it was quite relevant, at least in the period from 1946 to around 1960, to communism. The question facing those who supported the West in the period after World War II was whether they were primarily anti-Communist or anti-Soviet. The former is an ideological position rooted in the proposition that communism is evil and liberty is good. The latter is a realpolitik position based on geopolitical considerations of empire and expansion. Because Aron, who sometimes combined elements of both, gave more weight to anti-Sovietism than to anti-communism in the period after World War II, his realpolitik was more appropriate at a time when the boundaries between East and West were unsettled. For one extended moment, realpolitik and reality coincided in a way they did not during World War II (and would not again in the 1970s and 1980s). There were real issues at stake in the postwar division of Europe; as recent events from Prague and Leipzig demonstrate to all but the most cynical, sovereignty and the balance of power matter. It is, in short, not possible to imagine what the cold war was about without the shape given to it by thinkers of Aron's stature.

Happy in England, where he came into contact with the economists Lionel Robbins and Friedrich Hayek, Aron

never considered remaining there after the war. "The decisive reason for my choice almost went without saying: I would never change my country. I would be French or I would have no country." Returning home, he rejected not only England, but a traditional academic career as well. "Infected by the virus of politics," he had discovered that it was reality, not approaches to reality, that stirred his soul. After a stint with Camus's *Combat*, he joined the staff of *Le Figaro* in 1947, surprising those who assumed that a man of his background would join the more left-leaning *Le Monde*.

What, then, were Aron's politics? It is a sign of the complexity of his thought that the question is still difficult to answer. He was, in a sense, born on the left: "A Jewish intellectual of good will who chooses the career of letters, estranged from his fellows who remain in textiles or banking, can hardly do anything but will himself, feel himself, to be on the left." Yet for Aron's generation, the issue that defined one's politics was one's attitude toward the Soviet Union. From the start to the finish of his career as a journalist and a scholar, Aron never wavered from strongly anti-Soviet views. Numerous French intellectuals after World War II either apologized for Stalinism—as Merleau-Ponty seemed to be doing in *Humanism and Terror*—or, as in the case of those associated with the *Rassemblement Democratique et Révolutionnaire*, they opted for a "third camp" position between capitalism and socialism. In this atmosphere, Aron's consistent anti-Sovietism was a conspicuous act of courage, although there were more than a few Russian and Eastern European intellectuals living in Paris and warning of the fate of their countries.

Aron's realpolitik raised two other issues that proved decisive. Anti-Sovietism on the scale he envisioned meant a strong Germany and close relations between America and France. And both positions were as uncomfortable for French intellectuals as a critical attitude toward Moscow. Aron recognized quite early that a strong Germany was the key to European stability. In *The Century of Total War* (1951) he wrote: "Western Europe knows from of old, or should know, that it is disastrous to have as enemies both Germany *and* Russia." The latter already an enemy, relentless logic demanded that the former be a friend. The partition of Germany, Aron argued, was already a victory for the Russians: "The elimination of Germany immediately opens the West to the Russian menace." The French, in short, would simply have to swallow their distaste for their neighbors to the East and work to strengthen them:

> A reconstituted Germany would tend, in accordance with old traditions, to oscillate between East and West, and to extract as much as possible from one side or the other in return for always uncertain cooperation. A precarious situation, it may be said. True, but how much better than that of today! The prospects of peace will be improved with the increase in the number of centers of force.

Anti-communism and realpolitik did not always work together, but in this case they consorted naturally with each other. Most French thinkers could not accept then—and cannot accept now, when a unified Germany is almost a reality—what Aron saw so clearly, that national pride has little to do with balances of power.

Even more difficult for French opinion to swallow was the need for Franco-American cooperation. Although the Vietnam years would seem to indicate otherwise, it is not only the French left that is anti-American and not only the French right that looks toward Washington. The French left, especially in its contemporary postmodernist phase, is fascinated to the point of obsession with the United States. And the French right has never accepted Tocqueville's efforts to convince his fellow nobles that they had better make an accommodation with the new Atlantic power. Aron's insistence on reminding his countrymen who won the Second World War did not go down easily, for the more that French ruling circles came to be indebted to American military intervention, the more they resented their dependence. It was, in many ways, far more difficult to be pro-American in Paris than to be anti-Soviet. Even Aron, in making the case that America had every right to be the dominant power in the West, felt the need to apologize for some of the peculiarities of American politics, such as the tendency of its political leaders to moralize when they ought to analyze.

Aron's realpolitik was as uncomfortable to French sensibility as Henry Kissinger's later was to the American sensibility. Most Americans prefer Wilsonian idealism to realpolitik. The French reject the cold calculation of interest in the name of *la gloire*. Aron's *La Tragédie algerienne*, which came out in 1957, shocked polite French opinion. People assumed that, in criticizing French Algeria, Aron was changing sides. As he rightly points out, they misunderstood his views. Sentiment played no role in his analysis. Geography and demography destined Alge-

THE SOVIET UNION

Gorbachev's Struggle for Economic Reform
ANDERS ÅSLUND

"At the Top of Washington's Reading List." —*Newsweek*

"Åslund is able to reconstruct the disagreements, debates and compromises that have marked the process of reform over the past few years. An impressive book." —*Foreign Affairs*

"The current 'hot' book among Soviet experts." —*Washington Post Book World*

$12.95 paper, $38.50 cloth

Soldiers in the Proletarian Dictatorship
The Red Army and the Soviet Socialist State, 1917–1930
MARK VON HAGEN

This deft narrative of the Red Army's history shows how the army was involved in key aspects of Soviet life—from high politics to the education and socialization of peasant youth. Von Hagen illuminates the complex process by which Soviet political culture came to reflect the army's values, and shows how such militarism in turn contributed to the extreme emphasis on national security.

$29.95 cloth

Cornell University Press
124 Roberts Place
Ithaca, NY 14850

ria to be Algerian; and Aron had only contempt for those whose passion for a greater France led them to think otherwise.

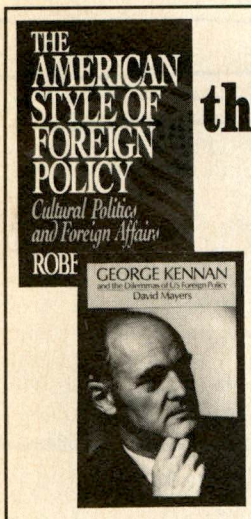
By the end of the 1950s, Aron had become a one-man truth squad in bringing European, and especially French, thought in line with the realities of world politics. There may have been no better journalist writing anywhere in the world at the time, certainly none with the breadth of Aron's interests and the clarity of his purpose. Already a prolific author and an increasingly influential figure, the only question facing Aron, as he contemplated a job so far well done, was what he would do next. But two things happened to Aron in the second half of the 1950s that changed, and ultimately weakened, his life's work. One was that he returned to the university. The other was that America discovered him.

Aron decided in 1955 to compete for an academic position at the Sorbonne. Not having served his time in the provinces, he stirred enough resentment to transform his appointment into a public controversy. Georges Balandier was not the strongest competitor, however, and Aron was able to win the job, in plenty of time to witness the revolutionary changes that culminated in 1968. Although he continued his journalism, Aron obviously wanted more than immediate influence. His appointments at the Sorbonne and at the College de France gave him the opportunity to become a thinker of world-class stature.

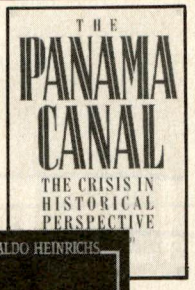
Yet it was a stature that Aron never achieved. To be sure, he wrote some very important books and was associated with some very important ideas. His two-volume *Main Currents in Sociological Thought* (1967)—his best work—presented as clear an introduction to the ideas of Montesquieu, Comte, Tocqueville, and Pareto as one could hope to find. The publication of his academic lectures, furthermore, introduced into public discussion the notion that it was not the difference between capitalism and socialism that shaped the world, but the rise of industrial society in any form. Aron contributed as well to the discussions about totalitarianism and democracy that dominated the postwar years. And his massive *Peace and War* (1962), along with his reflections on Clausewitz, brought to sociology a concern with international relations and war-making that had been missing in a discipline given to idealistic longings for harmony and cooperation.

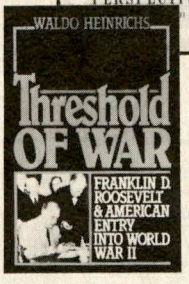
Still, looking back, as Aron's memoirs force us to do, one sees books written too fast, with too little reflection, with little or no original research. A tendency toward pontification and an elaboration of the obvious in numbing detail had already existed in Aron's work, even before he turned to the academic world. *The Opium of the Intellectuals* (1955), for example, simply does not have the literary power of, say, *The Captive Mind*. Aron was a popularizer and a systematizer; he was caught between two audiences, and was unable to satisfy either one. Of Aron it could be said that few people have written more books whose main theme is impossible to summarize. He could, at his worst, recall Toynbee or Spengler.

It was during this period that Aron's influence spread to the United States. He became Washington's favorite European. He was an active member of the Harvard-MIT seminar out of which Kennedy's foreign policy was created. Kissinger became a close friend. Robert McNamara invited him to the Pentagon, carefully placing a copy of *The Great Debate*, Aron's book about nuclear strategy that appeared in 1963, on his desk (as Aron rather pathetically notes). Washington needed Aron to add a dollop of intellectual sophistication. Aron needed Washington because rootless Jewish intellectuals—he describes himself as "de-Judaized, an un-



From the Monroe Doctrine to Manuel Noriega





The American Style of Foreign Policy
Cultural Politics and Foreign Affairs
ROBERT DALLEK

"Dallek raises some of the most important questions that must be asked about past and present diplomacy.... [He] aims to stir up debate, and he certainly succeeds."
—**Walter LaFeber, *The New Republic***
350 pp. paper $8.95

The Panama Canal
The Crisis in Historical Perspective
Updated Edition
WALTER LAFEBER

This new edition of Walter LaFeber's widely praised study of the evolution of U.S.-Panama relations contains two new chapters on the events that have occurred in the last ten years.
288 pp.; maps paper $13.95

George Kennan and the Dilemmas of US Foreign Policy
DAVID MAYERS

"The best of the new critical studies of Kennan.... A thoughtful study of Kennan's long career that is entirely fair, critical yet scrupulous."
—***The New Republic***
416 pp. paper $12.95

Threshold of War
Franklin D. Roosevelt and American Entry into World War II
WALDO HEINRICHS

"A long-needed account of Franklin Roosevelt's diplomacy in the nine months leading up to American entry into World War II." —**Robert A. Divine**
University of Texas, Austin
"Definitive." —***Kirkus Reviews***
302 pp.; maps paper $8.95

At better bookstores or directly from
★ ★ —— OXFORD PAPERBACKS —— ★ ★
Oxford University Press ★ 200 Madison Avenue ★ New York, NY 10016

believer, non-practicing, of French culture, with no Jewish culture"—are likely to be more respected there than in Paris.

Aron's flirtation with this country, however, did not have happy consequences for the quality of his thought. The point of realism is to look at the world clearly with a view toward adopting policies untainted by sentiment, emotion, and personal loyalty. Yet as a thinker develops "contacts," influential friendships, and intimate connections, his advantages of clarity and honesty will almost certainly be lost. "Was I more indulgent toward American diplomacy in 1969-75 because of my personal relations with one of its creators?" he wonders about his close friendship with Kissinger. Of course he was, or he would not have asked. There is something unbecoming and saddening about Aron's anxiety that his readers know how close he was to the secretary of state.

Aron's susceptibility to flattery led him to fail the test of Vietnam. While the American role in Vietnam could not be compared exactly to the French role in Algeria, in both cases the proper realpolitik strategy was to cut losses. Willing to confront the prejudices of his own country, Aron was unable to confront those of his new audience in Washington. Did Aron really not know that the Kennedy people *always* outfitted their desks with the books of the people to whom they were talking? (Norman Mailer was once bowled over when a primed John F. Kennedy, having learned from Pierre Salinger which of Mailer's books the author himself preferred, remarked that he liked *The Deer Park* best of all.) Aron had remarkably little to say about Vietnam; this loquacious writer seemed to want to leave the subject for other issues.

We will never know whether it was his susceptibility to flattery or simply his intellectual exhaustion that caused Aron's more ambitious writings of the 1970s to suffer along with his punditry. *In Defense of Decadent Europe* (1977) is little more than a string of clichés, ideologically rigid and embarrassing to read. At a time when the Western European Communist Parties were descending into decrepitude, Aron described them as part of a doctrinally vital international movement prepared to take state power. "In the Soviet Union today," Aron wrote, "more coal and all other forms of energy resources are being produced than in the United States," as if Soviet communism was still on its way to burying American capitalism. "Does it follow," he asks at one point in the book, "that the 'hour of liberalization' has struck in the Soviet Union?" His answer is, no. Almost no one, of course, could have foreseen the developments of the Gorbachev era, but in his last books Aron foresaw them even less than most. Anti-Sovietism, in short, had been replaced by anti-communism at a time when the Soviet Union no longer questioned the postwar division of Europe. Aron, rather than seeking a realistic stability, was urging ideological struggle.

If Aron's thought was sliding into pathos, he rescued himself with one grand, final effort: his memoirs. Though they are often pompous and self-justifying, Aron's recollections take the reader through fascinating worlds in a fascinating way. For better or worse, they don't make intellectuals like this anymore. Neither in France nor in the United States are we likely ever again to see such a cohort of brilliant minds, all of whom live in one city, have known each other since childhood, are in the process of creating (rather than repeating) ideological positions, and are so equally at home at both academic and journalistic endeavors. By bringing that world to life so vividly, Aron has vindicated his later years. He has left a document that reminds us of a vital truth: that the proper concern of intellectuals is the struggle to see reality, even if they are not always successful.

The ideas in nearly all of Raymond Aron's works seem to have been confirmed by world events. Weber proved to be more prophetic in his analysis of industrial society than Marx. France lost Algeria. Germany will become the dominant power in Europe. Deterrence averted a nuclear war. The West won, but it exhausted itself in the process. About the only one of Aron's great themes that has not been proved by recent events is the biggest one of all: communism collapsed, its threat to world peace fizzled. Yet it is not by a score card of correct predictions that we judge social thinkers. It is by the standard of their usefulness in our attempt to define the meaning of the world around us. Aron—not all the time, but enough for any one man—was not only useful, he was indispensable. The same cannot be said for most of the others of his country and his generation.

ALAN WOLFE was recently named Michael E. Gellert Professor of Sociology and Political Science and dean of the graduate faculty at the New School for Social Research.

YOUR OWN PERSONAL
SPEECH-WRITER

Substance and wit for outstanding speeches are yours with a subscription to SPEAKER'S DIGEST. We provide concise facts and ideas on public issues, digested from authoritative publications and presented in an easy-to-use format, along with summaries of the latest Gallup Polls.

Subscription to SPEAKER'S DIGEST includes separate FACT SHEET UPDATE and QUOTES & ANECDOTES, humorous ice-breakers and sparklers to help your audience remember your message. Bimonthly. $195 per year. Amex, Visa, Mastercard accepted

1-800-228-5297
SPEAKER'S DIGEST
Box 363R, Salisbury CT
06068

AUDIO-FORUM© offers the best in self-instructional foreign language courses using audio cassettes — featuring those used to train U.S. State Dept. personnel in Spanish, French, German, Portuguese, Japanese, Greek, Hebrew, Arabic, Chinese, Italian, and more.

Learn a foreign language on your own! Free Catalog

To get your copy:

Call toll-free: 1-800-243-1234

or fill out and send this ad to –

Audio-Forum
Room M438, 96 Broad St.,
Guilford, CT 06437
(203) 453-9794

Name

Address Apt. #

City

State/Zip

I am particularly interested in (check choice):
☐ Mandarin ☐ Polish ☐ Arabic ☐ Hungarian
☐ Bulgarian ☐ Russian ☐ Tagalog ☐ Hausa
☐ Other

The Not-So-Velvet Revolution

BY JAMES JOLL

T. G. Masaryk (1850-1937): Thinker and Critic edited by Robert B. Pynsent

(St. Martin's Press, 212 pp., $49.95)

Tomáš Garrigue Masaryk was the founder of the Czechoslovak state. This seems such an obvious historical fact that it is easy to overlook what a remarkable achievement it really was. In 1987, which was the fiftieth anniversary of Masaryk's death, his legacy of a liberal Czechoslovakia seemed to have disappeared almost completely; but three years later the hopes that accompanied his triumphant return to Prague in 1918 as president of a new republic seem to have some prospect of being realized. And there is an encouraging parallel in the election of a distinguished author as president of Czechoslovakia after last year's upheavals: its first president, too, was a philosopher and a writer, rather than a professional politician.

In an "attempt to dust away some of the cobwebs" that had grown around the traditional portrait of Masaryk, a conference was held in December 1986 at the London University School of Slavonic and East European Studies (another institution of which Masaryk became a founding father, during his exile in London during World War I). One of three volumes of the proceedings has now been published, just in time to celebrate the fall of communism in Czechoslovakia. It deals with Masaryk as "thinker and critic"; the assessment of his achievement as a statesman remains for the other volumes. As a thinker alone, Masaryk would not rank as one of the great men of the early twentieth century (though he was certainly a better philosopher than some other contemporary statesmen who wrote philosophy, such as Jan Smuts, or R. B. Haldane, or Walther Rathenau). Still, this volume gives a vivid sense of the range of his interests, of the moral and social values that inspired his politics.

Tomáš Masaryk (he took his middle name from his American wife, whom he met while a student in Leipzig) was born in 1850. His parents were poor: his father worked on a large estate as a groom, a coachman, and a bailiff; his mother had been a cook. More important, in an environment in which national origins were becoming increasingly significant, Masaryk's father was a Slovak who lived in the predominantly Czech province of Moravia. Difficult relations between the two branches of what was to become the Czechoslovak nation were a central problem during Masaryk's later political career.

During the years that Masaryk was growing up and studying in Leipzig and Vienna, Czechs in the provinces of Bohemia and Moravia, part of the Austrian half of the dual Austro-Hungarian monarchy, were becoming more nationally conscious. In Prague, the capital of Bohemia, an increasingly assertive Czech University of Prague was founded in 1881; the Czech national theater was built by popular subscription, and though it was soon destroyed by fire, it was rebuilt and opened in 1881. Czech schools were multiplying, and the rate of literacy among the Czechs was notably high. The Slovaks, on the other hand, were under Hungarian rule and remained economically and socially far less developed than the Czechs. While a Czech national movement mounted in strength, in Slovakia a few village priests and schoolmasters struggled to fan a spark of national feeling.

By the early 1880s Masaryk was establishing himself in an academic career. After leaving the University of Vienna, he was appointed an assistant professor of philosophy at the new Czech University in Prague in 1882. Although he was not made a full professor until 1897, he became increasingly important as an intellectual and as an independent political figure. He was a celebrated and admired teacher who attracted not just Czech students, but also many from the other Slav lands of the Hapsburg Monarchy. He was writing works of sociology, contributing to literary magazines, and developing his own deeply felt and rather simple ethical philosophy.

His first published work, on *Suicide as a Social Mass Phenomenon*, appeared in 1881, sixteen years before Emile Durkheim's more famous work, and reached some of the same conclusions. Masaryk saw that the loss of religious faith and authority meant that people needed new principles and a new framework to guide their lives. He himself had been brought up as a Catholic but had become an undogmatic Protestant. He believed that social reform depended on individual moral reform. "The whole 'social question,' " he wrote in *Suicide*, "is the question of whether we really want to become moral and reasonable."

As Benjamin B. Page points out in his essay on Masaryk's social philosophy, his views changed remarkably little. They remained grounded in a belief in reason and the moral value of hard work, and in a strict, almost prudish personal morality, especially in sexual matters. (Was this perhaps a reaction against the atmosphere of Schnitzler's Vienna, where he had spent some of the formative years of his youth?) There was need for a social revolution, but it must be more moral and less materialistic than that envisaged by the Marxists. "Ethical, aesthetic, and scientific categories [are] no less real than bread and water," he wrote, as Jan Milič Lochman reports in an interesting discussion of Masaryk's quarrel with Marxism. Though he hoped that it would be possible to avoid violence, he rejected Tolstoy's total pacifism, despite his great admiration of him: "We must consistently reject every act of violence; otherwise we shall never be able to disentangle ourselves from violence. We may, should, must protect, defend ourselves. In extreme cases with the sword. But even in self-defense we must restrain ourselves from new, active acts of violence."

Masaryk's moderation, pragmatism, and ethical convictions meant that his attitude to the Czech nationalist political parties was an ambiguous one. At first he tended to find the atmosphere of nationalist circles in Prague rather provincial and unrealistic. He was genuinely cosmopolitan; he traveled widely in Europe and the United States. In the early 1890s he was briefly a member of the Young Czech party, and served for a short time as a member of their group in the Vienna parliament. But he soon withdrew, and he became, as Jacques Rupnik writes in a valuable essay on Masaryk and Czech socialism, a "man on the sidelines" of the political parties.

Two episodes during the next decade alienated him still further from many of his compatriots, and illustrate his intellectual independence and moral courage. The first was a fierce debate about some reputedly medieval documents

FRANCOIS MITTERAND

AU REVOIR TO IDEOLOGY

By James M. Markham

President Mitterrand has put an end to 30 years of polarized politics in France. As elections draw near, both the left and the right have discovered the allures of consensus.

IT WAS WITH SOME AMUSEMENT that Roland Dumas, an urbane lawyer who served as Foreign Minister under the Socialists, recently recalled the roiled and polarized political climate of France's last presidential campaign, in 1981. "I know people in the liberal professions, friends of mine, who quit France, went to England or elsewhere after Mitterrand was elected," said Mr. Dumas, sitting in his smartly appointed office on the Quai de Bourbon hard by the wintry Seine. "They thought the country was finished."

Dumas managed an indulgent smile, then added, "But the Soviet tanks did not come" — as a senior adviser to then-President Valéry Giscard d'Estaing had warned they would. Mr. Giscard d'Estaing himself predicted that if François Mitterrand came to power, "It will be Communist order or Socialist disorder."

Once again, France finds itself in the midst of a presidential campaign — the first round of voting is on April 24 — but this time in a profoundly altered state of mind. Having Socialists in control of the French state for the first time since the 1930's has proved to be a momentous experience, but not for the reasons the right prophesied seven years ago.

Five years of Socialist rule and now two in which the reins of government have been held in tandem by a Socialist President, Mr. Mitterrand, and a rightist Prime Minister, Jacques Chirac, have made France a "normal" nation, one that has smoothly executed a transfer of power from right to left and then halfway back again. Under Mr. Mitterrand, fearful demons have been exorcised, myths have been shattered, and the axis of French politics has shifted to the center. The result is that today, for the first time in the 30-year history of the Fifth Republic, a presidential election is not being fought on sharply etched ideological lines. Just two decades after the 1968 student upheaval that shook French society and ultimately drove Charles de Gaulle from office, leaders of the left and right have discovered the allures of consensus politics.

FRANÇOIS MAURICE MITTERrand, who has presided over this normalization of French politics, is already at the epicenter of a highly personalized, American-style election campaign. Even after seven years at the helm of state, he remains an enigmatic figure, and it is typical of him that for months he has held France in a state of suspense over whether, at the age of 71, he will stand for a second seven-year term. Signs large and small are proliferating that he will run; the President has lately lost considerable weight, for example, which signals, in the Gallic phrasings of one close observer, "either a woman in his life or that he's running." And although his closest aides continue to maintain that he has not yet made up his mind, the President is widely expected to announce his candidacy next month.

All opinion polls now show the Socialist President would defeat his two main rightest opponents — the energetic Gaullist Mr. Chirac and the avuncular Raymond Barre, a Prime Minister under Mr. Giscard d'Estaing — in the second-round runoff. Mr. Mitterrand's popularity puts enormous pressure on him to run, particularly since the polls also show that the Socialists' probable fallback candidate, Michel Rocard, a former Agriculture Minister, would just narrowly defeat Mr. Chirac and would lose to Mr. Barre.

And yet "Mitterrand pivots on ambivalence," observes Franz-Olivier Giesbert, author of an insightful biography on the President. Mr. Giesbert argues that this ambivalence reflects Mr. Mitterrand's central political obsession: to have free hands and room for maneuver, never to be tied down to one option.

During the last two years, Mr. Mitterrand has taken an utterly novel political situation and deftly turned it to his advantage. In March 1986, a Gaullist-led rightist coalition trounced the Socialists in parliamentary elections, winning the legislature but leaving in place a Socialist President whose term still had two years to run. France suddenly had a hybrid [illegible] tion government, with Prime Min[illegible] Chirac handling most day-to-day [illegible] fairs and President Mitterrand acting as a kind of political referee [illegible] jealously watching over his constitutional perogatives as Commander in Chief of France's armed forces.

"Cohabitation" — the coy expression for this fluid power-sharing arrangement — has demonstrated that the Fifth Republic constitution instituted by Charles de Gaulle in 1958 was more flexible than anyone had thought. It has also shown that the "cold civil war" between the left and the right which had characterized French politics since the aftermath of World War II has finally drawn to a close.

Since the war, the highly successful political strategy of the right-wing Gaullist party had been to confront the French electorate with a stark choice: either elect the right, or face a doctrinaire Communist Party. The result was that so long as the Communists held a stubbornly loyal fifth of the electorate, French politics was blocked to the advantage of the right.

But today, as the presidential candidates crisscross the nation, one constant of postwar French politics is strikingly absent: no one is talking of the menace posed by the French Communist Party, because it has shriveled to the status of a leftist [illegible] its presidential candidate, a folksy figure named André Lajoinie, will do well if he gathers 8 or 9 percent of the popular vote in the first round.

By drawing the Communists into the first cabinets, where they held [illegible] minor portfolios before stomping out in disillusionment in 1984, Mr. Mitterrand was an architect of their destruction. The Communists were given little real power — the Socialists had a hefty parliamentary majority without them — and were neutralized as an opposition force. Mr. Lajoinie now ruefully admits that it was "a mistake" for the Communist Party to have entered the Government, thereby losing its status

(Continued on Page 56)

James M. Markham is The Times's bureau chief in Paris.

as France's main voice of the disaffected. (That role has now fallen to Jean-Marie Le Pen's ultra-right, anti-immigrant National Front.)

With the Communists in eclipse and the Socialists now the nation's biggest party, France appears destined to be governed from the center. The winner of the presidential runoff vote on May 8 will probably be obliged to cobble together a shifting parliamentary coalition. The days of the imperial French presidency and rubber-stamp National Assembly appear to be numbered; the next president will almost certainly have to be as much an arbiter as a chief executive officer.

IT IS HAZARDOUS TO TRY TO PINpoint a nation's mood, but, where French politics is concerned, a word that crops up repeatedly in conversation is *désabusé* — disillusioned, disenchanted, undeceived. For neither the left nor the right has demonstrated that it can cure France's economic malaise or make significant progress in reducing the ranks of two and a half million unemployed.

In 1981, the Socialist victory awakened hopes on the left for a major transformation of society, and Mr. Mitterrand's Government enthusiastically began to apply its 110-point program, the centerpiece of which was the nationalization of banks and other major industries. But France's go-it-alone attempt to jump-start its economy quickly collided with international economic realities, and by 1983 the Socialists were obliged to devalue the franc and apply belt-tightening measures.

After Mr. Chirac's Gaullist-led coalition won a parliamentary majority and took over in 1986, it started to denationalize what the Socialists had nationalized. But the crash of the American stock market and the tumbling dollar have limited the impact of its other "liberalization" measures. André Glucksmann, an iconoclastic philosopher and political commentator, noted that during the last few years his countrymen have realized that major events touching their existence keep happening outside France — be it the Wall Street crash or the superpower arms accord. "This contributes to the national malaise," says Mr. Glucksmann.

Yet the loss of illusions — painful in such a proud and inward-looking nation — has been part of the normalization process. Alain Minc, an economist and author of several best-selling books, scratched a 360-degree circle on a notepad and observed that the next president might have a 10-degree margin of maneuver on the economy. "You don't kill for 10 degrees of change," he said. "In the next election it is not society that is at stake: it is simply a political choice."

According to Mr. Minc, the beginning of a blurry convergence of views between the right and the Socialists, who appear to have abandoned any ideas of renationalizing industries, has meant a displacement of the right-left split in French politics away from economic questions and toward "values" — issues like immigration and justice. But "these conflicts will surface very little in the campaign," Mr. Minc said. "The campaign will be about personalities — in the American manner."

A MAN OF GRADUAL, elegant conversions, François Mitterrand in many ways incarnates the turbulent political trajectory of France during the last five decades. Born into a well-to-do family in southwestern France, he served in the French Army and was captured by the Germans in World War II. After escaping from a German prisoner-of-war camp, he briefly worked as a minor official for the collaborationist Vichy regime, but eventually joined the anti-Nazi Resistance. Mr. Mitterrand annually recalls his Resistance years by making a pilgrimage to Solutré, in central France, where as a young organizer in the underground he was hidden from the Gestapo.

In 1943, he traveled to Algiers to meet with de Gaulle, the leader of the Free French in exile; but an incipient personal rivalry kept him from rallying to the general's standard. A cabinet minister 11 times under the revolving governments of the postwar Fourth Republic, Mr. Mitterrand, on the left but fiercely anti-Communist, became one of de Gaulle's most determined foes. As the leader of the Socialist opposition, he ridiculed the general's independent nuclear force, the *force de frappe*, as a *bombinette*, or little bomb. But, since coming to office in 1981, he has stoutly defended it and consolidated France's unusual national consensus on defense matters.

The President clearly fascinates the French, who, even when they disagree with him, seem to admire his political adroitness and his mastery of the cadences and richness of the French language. "Mitterrand is a seducer," said Jacques Amalric, foreign editor of Le Monde, "and he has seduced France."

In his serenity and unhurriedness, there is about the President an aura of the 19th century. "I lived my childhood in another century," he once wrote, "and it cost me an effort to leap into ours." When the President stands in public, he is utterly still, not shifting his feet or moving his arms. The Sphinx of the Elysée seems to defy others to find a chink in his emotional armor. He has a prodigious memory and at ceremonies where he bestows the Legion of Honor or other awards, speaks fluently and without notes about the lives and accomplishments of a half-dozen people arrayed before him. Important speeches given to the Bundestag in Bonn and the Knesset in Jerusalem have been eloquently delivered on the basis of notes sketched out at the last minute.

The President is absorbed by the subject of death and, on foreign trips, makes a point of visiting the cemeteries where famous statesmen and writers are buried. Yet there is something playful about him as well. He routinely slips out of the confines of the Elysée and walks around Paris with several plainclothes policemen. At night, he flees the palace for his apartment on the Left Bank.

Although he has spent most of his political career in Paris, Mr. Mitterrand is spiritually rooted in *la France profonde* — the France of the provinces. "He is capable of saying things like, 'Every man should know the names of the trees,' " observed Jean-François Fogel, a journalist and writer. "That touches something in the French. He is a master of rhetoric, and the French adore rhetoric."

For his foes, Mr. Mitterrand's great rhetorical gifts actually underline his biggest shortcoming. "Mitterrand is a man whose action is always at the level of the verb," says Thierry de Montbrial, the head of the French Institute of International Relations and a partisan of Raymond Barre. "If you ask me what he has actually done in his seven-year mandate it is very difficult for me to say."

In fact, when asked this simple question, presidential aides draw up a modest list, usually starting with the fact that Mr. Mitterrand guaranteed the changeover of power in France, then pointing out that he abolished the death penalty, enacted measures to give France's regions greater self-government, liberalized television and consolidated the country's defense consensus.

THERE IS A PHOEnix-like quality to Mr. Mitterrand's political career. Before his victory in 1981, he was twice defeated, in 1965 and then in 1974, as the left's presidential candidate. During the last two years, he has pulled off another astonishing comeback. After the Socialists' defeat in the 1986 legislative elections, the conventional wisdom had it that he was finished; journalists began writing about the "après-Mitterrand" era.

Cohabitation saved the agile Mr. Mitterrand. With little day-to-day responsibility, the President positioned himself as a statesman and father-of-the-nation figure, high above the petty maneuvering of ordinary politicians. He took occasional rhetorical pot-shots at Mr. Chirac, the frantically activist Prime Minister, but avoided head-on clashes that would have diminished his presidential dignity.

And he emphasized his constitutional position as France's chief representative to the world and the commander of its armed forces. A typical bit of television footage recently found him on the command deck of the aircraft carrier Clemenceau off Djibouti, declaring that France would not withdraw from the Persian Gulf.

Mr. Chirac, by contrast, was saddled with the unrewarding task of reviving the French economy: the two and a half million unemployed belonged to him, not to the President. It was an ideal situation for Mr. Mitterrand who, as his biographer Mr. Giesbert put it, "became a kind of president of the opposition." His popularity soared.

> Stately, grave and remote, the French President exists in the public imagination as a man alone.

Yet at the end of a second term, Mr. Mitterrand would be 78. According to those privy to his thinking, he has been sobered by the ravages of age on President Reagan and by the recent ouster of the half-senile Habib Bourguiba as President of Tunisia. Consumed by his own place in French history — he has an archivist working full time at the Elysée — he knows that if he steps down now he will leave gracefully. And the period after the election looks to be a messy one, particularly if it involves a re-elected Socialist President without a majority in the National Assembly.

Yet by stepping down, Mr. Mitterrand could clear the

background. There will be no 110-point program to inspire, or frighten, the electorate. On sorties out of Paris, Mr. Mitterrand has already started appealing for an "indispensable synthesis" of left and right.

Mr. Mitterrand is not alone in casting himself as a *rassembleur*. Prime Minister Chirac, whose abrasive manner once earned him the nickname "the Bulldozer," has summoned American-style commissions of "wise men" to pronounce on such double-edged issues as the media and immigration. And Mr. Barre, who imposed economic austerity on France when he was Prime Minister under President Giscard d'Estaing, has sought to humanize his own austere public persona by appealing for "solidarity" with the disadvantaged. The next French president will be the candidate who has stretched farthest across his side of the left-right divide.

When they invented "cohabitation," the politicians were lagging behind ordinary Frenchmen, who have been coexisting amicably enough for years.

Since France pulled out of Algeria in 1962, the nation has truly been at peace for the first time in centuries. The erosion of smoke-stack industries and the emergence of a vast service sector have eroded class loyalties. Opinion pollsters find fewer and fewer Frenchmen willing to identify themselves as being "of the left" or "of the right."

The Communist Party's summons to Karl Marx's class struggle has long sounded tinny and archaic; the party's decline has been accompanied by a weakening of trade union allegiances and the fizzling of grandly trumpeted strikes.

FRANCOIS MITTERRAND'S France, normalized politically, stripped of its illusions, is not a particularly happy nation. It is a country edgy about its place in the world, fretting about the economic strength of West Germany, committed in rhetorical terms to building a more intimate comity of European nations but uncertain how, or whether, this will work. In film, theater and literature — realms in which it has traditionally excelled — France seems to be in a trough. There is talk about the exhaustion of the French imagination; a recent best-seller was suggestively titled "La France Paresseuse," or "Lazy France."

Michel Jobert, a cagey veteran of past political struggles who served in the cabinets of both the Gaullist Georges Pompidou and the Socialist Mr. Mitterrand, mused one morning in his cluttered Paris office about the blandness of the presidential campaign. "The ketchup that the candidates will propose to the voters will all have the same taste," said the wispy former Foreign Minister. The election itself, he argued, was not that important, but the period after it was.

"The French need a dream," Mr. Jobert said. "We need to believe that France has perhaps a universal vocation, and we will need a lighthouse that will put out very simple messages. National independence, a nation that is the defender of human rights — these are the signs of our national identity. And if we do not have that we will have a little bit lost our way."

Is François Mitterrand that lighthouse? In his 72d year, can this Florentine politician and rhetorician summon France to a common enterprise? The weeks and months ahead might begin to provide an answer — but they probably will not unlock the enigma of this most private of public figures. ■

February 28, 1988

The New York Times Company

Research Memorandum

United States Information Agency
Washington, D.C. 20547

Office of Research

USIA

April 3, 1989

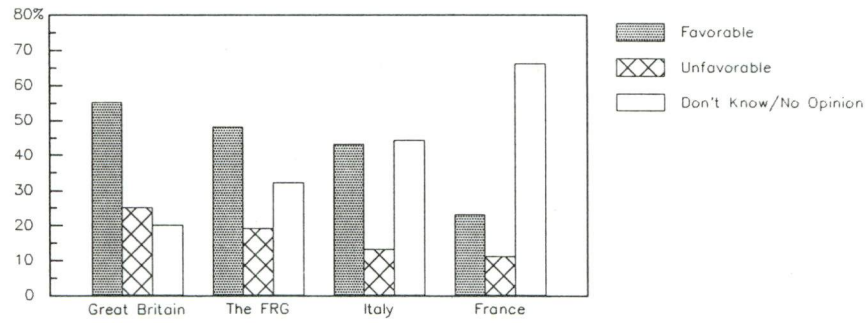
IN BRITAIN, ITALY AND WEST GERMANY CONFIDENCE IN SOVIET HANDLING OF WORLD PROBLEMS CONTINUES TO INCREASE; OPINION OF PRESIDENT BUSH GENERALLY FAVORABLE

This report is based on USIA questions fielded in the last week of February in Britain, France, Italy and West Germany. In each country, approximately 1,000 face-to face interviews were conducted among a nationally representative sample of adults, 18 years of age and older.

President Bush Enjoys a Favorable Image

By margins of more than three-to-one in Italy and two-to-one in Britain, France, and the Federal Republic of Germany, West Europeans have a favorable opinion of President Bush. But a majority in France (66%), and substantial proportions elsewhere (44% in Italy, 32% in the FRG, 20% in Britain) have no opinion of the U.S. President (Figure 1, Table 1).

FIGURE 1: OVERALL IMAGE OF PRESIDENT BUSH



Confidence of British, Germans, and Italians in U.S. and Soviet Foreign Policies Closely Comparable

A key USIA barometer of West European perceptions of U.S. and Soviet foreign policies and actions is the question of "confidence in the ability of the U.S. (Soviet Union) to deal responsibly with world problems." In the current survey -- the first USIA personal interview survey conducted in Western Europe since the U.S. Presidential elections and the December Gorbachev United Nations speech -- only France yields dramatically different appraisals of the U.S. and the Soviet Union as international actors.

Specifically:

- o In France, a plurality have confidence in the United States (48%-to-31%), while an almost identical plurality have little or no confidence in the Soviet Union (47%-to-29%); but,

- o In Italy and Britain, majorities express confidence in the ability of both the U.S. and the USSR to deal responsibly with world problems, with the Italians expressing slightly greater confidence in the U.S. (70%-27%) than the Soviet Union (65%-30%), and the British expressing somewhat greater confidence in the Soviet Union (64%-33% for the Soviets; 58%-39% for the U.S.).

- o In West Germany, confidence levels are comparable for the U.S. (46%-44%) and the USSR (43%-44%; Tables 2 and 3).

Confidence in USSR Continues to Increase

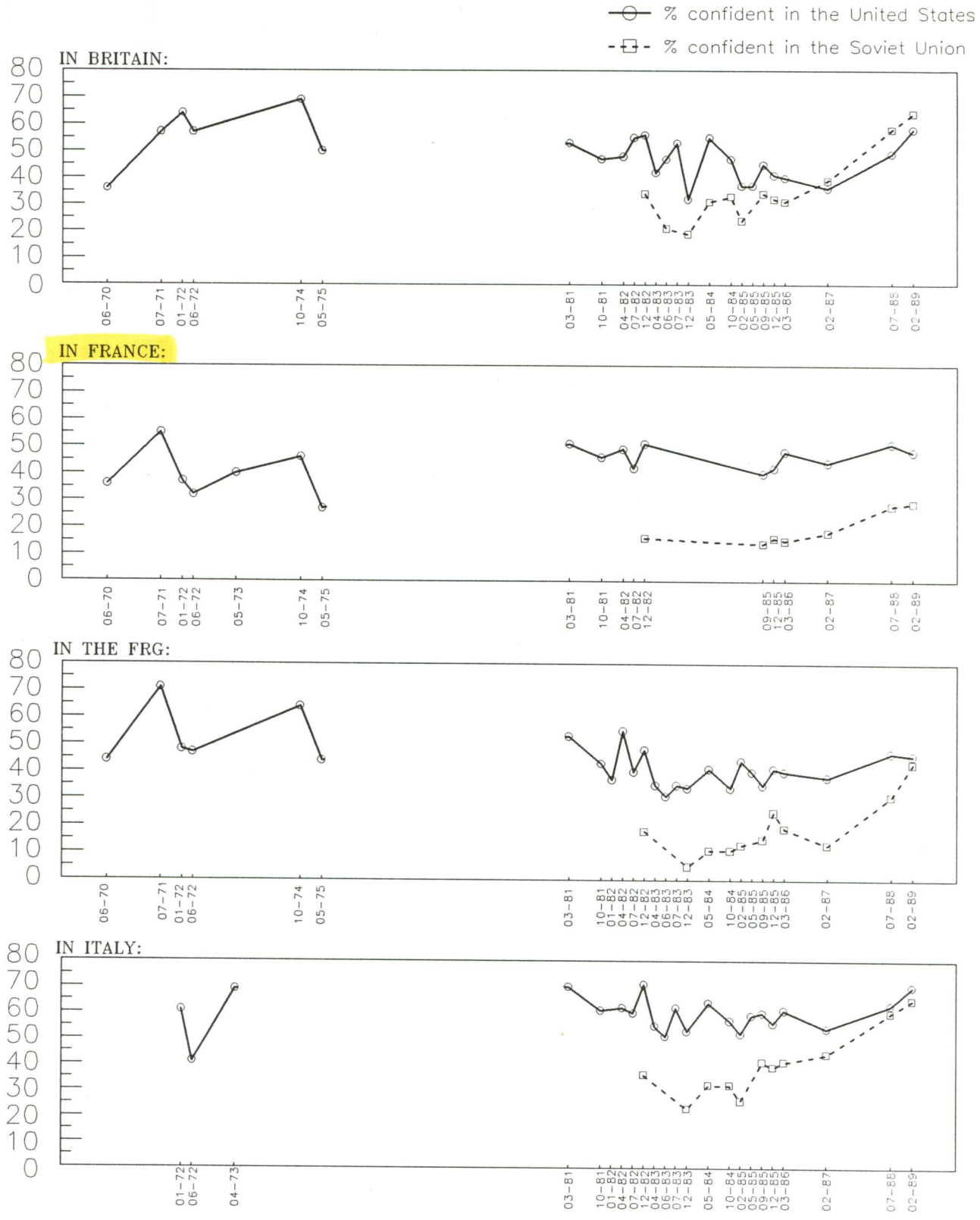
As the following graphs show, confidence in Soviet foreign policies and actions has continued the increase first detected by USIA in early 1987. This increase has been most dramatic in West Germany, Britain and Italy (Figure 2).

In the FRG, those with confidence in the USSR have quadrupled from one-in-ten in the early 1980s to four-in-ten today; in Britain and Italy, confidence has tripled from a low of two-in-ten to six-in-ten today. The change is much less in France -- from less than a two-in-ten to roughly three-in-ten (Figure 2, Tables 4a - d).

Confidence in the U.S. too has fluctuated over the years, although without clear direction. In Britain and West Germany, the levels of confidence generally range from a third to over half, and in Italy, from half to over two-thirds. French assessments of U.S. foreign policy appear comparatively less volatile, ranging between roughly 40 and 50 percent (Figure 2, Tables 5a - d).

As the trend data reveal, levels of confidence in the U.S. and the Soviet Union are volatile, reflecting public reaction to specific events or policies. For example, the dramatic increase in popular confidence in the Soviet Union which immediately followed Gorbachev's United Nations speech -- recorded by a USIA telephone poll at 83% in the FRG and 72% in Britain -- has subsided substantially, as found in this most recent survey.

FIGURE 2: EXTENT OF CONFIDENCE IN U.S./SOVIET FOREIGN POLICIES



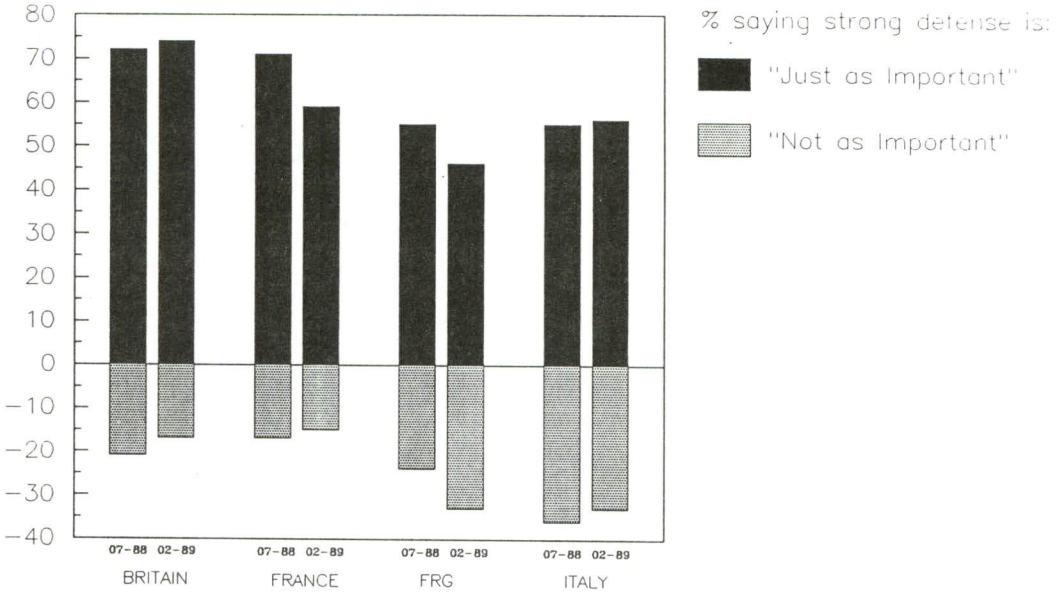
For question wording, refer to tables 4 & 5. Trend lines are interrupted in the mid and late 1970s when USIA polling overseas was curtailed.

Gorbachev Initiatives May Have Caused Slippage in German and French Commitment to a Strong National Defense

Notwithstanding the drama of the Gorbachev United Nations speech, majorities in Britain, France and Italy, and a plurality in West Germany, agree that "it is just as important to have a strong national defense despite Gorbachev and his policies" (Table 6).

The effect of the "Gorbachev factor" on the perceived need for a strong national defense was first measured in July 1988. In Britain and Italy, opinions are roughly the same today as when measured last summer. But in West Germany and France, although a preponderance today affirm that a strong national defense remains necessary, some slippage is evident (Figure 3, Table 6).

FIGURE 3: IMPACT OF GORBACHEV ON NEED FOR STRONG NATIONAL DEFENSE



Opinions in France, West Germany and Italy Vary Substantially Along Party Lines

The February 1989 surveys indicate that differences along party lines are more pronounced in France, West Germany, and Italy than in Britain. In France, lack of confidence in the U.S. and an unfavorable view of President Bush are more often expressed by those who identify with the Ecologists and the parties on the left of the political spectrum. A similar pattern emerges in West Germany -- critical attitudes along these two dimensions is more pervasive among those who identify with the Greens and with parties on the left. In Italy, differences along party lines are particularly apparent on the question of confidence in U.S. leadership: those who identify with the Communist Party generally lack confidence in the U.S., while those on the non-communist left as well as the center and right, overall, have confidence in U.S. world leadership (Table 7).

In Britain, differences along party lines are somewhat smaller, generally reflecting the traditional left-to-right orientation, with the left more critical of and the right more supportive of the U.S. This pattern, however, is not reflected in Conservative Party opinion on the ability of the superpowers to handle world problems: Conservatives are as confident in the USSR as in the U.S. (69% and 67% respectively).

In all four survey countries, publics who identify with parties on the left or with the Greens are more likely to accept the argument that because of Gorbachev and his policies a strong national defense is no longer necessary (Table 7).

Prepared by: Elehie N. Skoczylas (R/WE) M-4/03/89

Approved by: Nils H. Wessell 485-2965
Director, Office of Research

Table 1. OVERALL OPINION OF PRESIDENT BUSH

Question: What is your overall opinion of the new American President, George Bush -- do you have a very favorable, somewhat favorable, somewhat unfavorable, or very unfavorable opinion of President Bush?

Country:	France	FRG	Great Britain	Italy
Date:	02/89	02/89	02/89	02/89
Sample Size:	(939)	(1001)	(968)	(1018)
Very favorable	2%	3%	4%	4%
Somewhat favorable	21	45	51	39
(Favorable)	(23)	(48)	(55)	(43)
Somewhat unfavorable	9	17	21	9
Very unfavorable	2	2	4	4
(Unfavorable)	(11)	(19)	(25)	(13)
Don't know	66	32	20	44
Total	100%	99%	100%	100%

Table 2. CONFIDENCE IN U.S. HANDLING OF WORLD PROBLEMS

Question: How much confidence do you have in the ability of the United States to deal responsibly with world problems -- a great deal, fair amount, not very much, or none at all?

Country:	France	FRG	Great Britain	Italy
Date:	02/89	02/89	02/89	02/89
Sample Size:	(939)	(1001)	(968)	(1018)
A great deal of confidence	5%	4%	10%	18%
A fair amount of confidence	43	42	48	52
(Confident)	(48)	(46)	(58)	(70)
Not very much confidence	25	38	32	20
No confidence at all	6	6	7	7
(Not Confident)	(31)	(44)	(39)	(27)
Don't know	21	10	3	4
Total	100%	100%	100%	101%

Table 3. CONFIDENCE IN SOVIET HANDLING OF WORLD PROBLEMS

Question: How much confidence do you have in the ability of the Soviet Union to deal responsibly with world problems -- a great deal, fair amount, not very much, or none at all?

Country:	France	FRG	Great Britain	Italy
Date:	02/89	02/89	02/89	02/89
Sample Size:	(939)	(1001)	(968)	(1018)
A great deal of confidence	3%	2%	15%	16%
A fair amount of confidence	26	41	49	49
(Confident)	(29)	(43)	(64)	(65)
Not very much confidence	30	38	27	20
No confidence at all	17	6	6	10
(Not Confident)	(47)	(44)	(33)	(30)
Don't know	24	13	3	5
Total	100%	100%	100%	100%

Tables 4a-d: TRENDS -- CONFIDENCE IN SOVIET HANDLING OF WORLD PROBLEMS

Question: How much confidence do you have in the ability of the Soviet Union to deal responsibly with world problems -- a great deal, fair amount, not very much, or none at all?

Table 4a. FRANCE, 1982 TO 1989

Date:	12/82	09/85	12/85	03/86	02/87	07/88	02/89
Sample Size:	(959)	(940)	(956)	(947)	(939)	(940)	(939)
A great deal of confidence	1%	1%	1%	1%	2%	3%	3%
A fair amount of confidence	15	13	15	14	16	25	26
Not very much confidence	47	29	37	40	33	35	30
No confidence at all	27	30	26	25	35	21	17
Don't know	10	28	22	20	15	16	24
Total:	100%	101%	101%	100%	101%	100%	100%

Table 4b. WEST GERMANY, 1982 TO 1989

Date:	12/82	12/83	05/84	10/84	02/85	09/85	12/85	03/86	02/87	07/88	02/89
Sample Size:	(923)	(923)	(1033)	(918)	(924)	(924)	(924)	(922)	(922)	(1077)	(1001)
A great deal of confidence	4%	0%	1%	2%	3%	3%	2%	1%	2%	4%	2%
A fair amount of confidence	14	5	10	9	10	12	23	18	11	27	41
Not very much confidence	49	45	60	44	48	47	46	46	51	37	38
No confidence at all	23	35	21	28	28	24	16	20	25	13	6
Don't know	11	15	8	17	11	13	13	15	11	19	13
Total	101%	100%	100%	100%	100%	99%	100%	100%	100%	100%	100%

Table 4c. GREAT BRITAIN, 1982 TO 1989 (Confidence in U.S.S.R., cont.)

Date:	12/82	06/83	12/83	05/84	10/84	02/85	09/85	12/85	03/86	02/87	07/88	02/89
Sample Size:	(990)	(1058)	(960)	(1131)	(888)	(1073)	(759)	(964)	(1011)	(963)	(968)	(968)
A great deal of confidence	5%	3%	2%	4%	5%	3%	5%	2%	3%	3%	10%	15%
A fair amount of confidence	29	18	17	27	28	21	29	30	28	36	48	49
Not very much confidence	41	44	45	47	39	39	40	44	44	41	32	27
No confidence at all	21	30	28	18	20	30	15	15	19	16	7	6
Don't know	4	4	8	4	8	7	11	9	6	5	3	3
Total	100%	99%	100%	100%	100%	100%	100%	100%	100%	101%	100%	100%

Table 4d. ITALY, 1982 TO 1989 (Confidence in U.S.S.R., cont.)

Date:	12/82	12/83	05/84	11/84	02/85	09/85	12/85	03/86	02/87	07/88	02/89
Sample Size:	(1040)	(1095)	(1040)	(1053)	(1077)	(1032)	(1013)	(1113)	(977)	(998)	(1018)
A great deal of confidence	7%	4%	4%	8%	5%	8%	6%	7%	7%	11%	16%
A fair amount of confidence	29	19	28	24	21	33	33	34	37	49	49
Not very much confidence	37	41	39	34	38	35	40	38	35	26	20
No confidence at all	23	32	26	30	32	21	18	18	18	9	10
Don't know	3	4	3	4	4	3	3	3	4	5	5
Total	99%	100%	100%	100%	100%	100%	100%	100%	101%	100%	101%

Tables 5a-d: TRENDS -- CONFIDENCE IN U.S. HANDLING OF WORLD PROBLEMS

Question: How much confidence do you have in the ability of the United States to deal responsibly with world problems -- a great deal, fair amount, not very much, or none at all?

Table 5a. FRANCE, 1970 To 1989

Date:	06/70	07/71	01/72	03/72	06/72	05/73	10/74	05/75	03/81	10/81	04/82
Sample Size:	(1877)	(1263)	(1010)	(859)	(2312)	(1546)	(600)	(1900)	(929)	(985)	(938)
A great deal of confidence	5%	8%	6%	4%	2%	6%	8%	3%	8%	6%	5%
A fair amount of confidence	31	47	31	49	30	34	38	24	43	40	44
Not very much confidence	31	18	39	32	38	22	30	30	26	28	37
No confidence at all	18	9	16	7	16	15	15	19	8	13	9
Don't know	15	18	8	8	14	22	9	24	16	14	5
Total	100%	100%	100%	100%	100%	99%	100%	100%	101%	101%	100%

Date:	09/85	12/85	03/86	02/87	07/88	02/89
Sample Size:	(940)	(956)	(947)	(939)	(940)	(939)
A great deal of confidence	4%	5%	5%	6%	8%	5%
A fair amount of confidence	36	37	43	38	43	43
Not very much confidence	25	28	23	27	29	25
No confidence at all	10	10	9	16	9	6
Don't know	26	21	20	13	12	21
Total	101%	101%	100%	100%	101%	100%

Table 5b. WEST GERMANY, 1970 To 1989 (Confidence in US, cont.)

Date:	06/70	07/71	01/72	03/72	06/72	10/74	05/75	03/81	10/81	12/81	01/82
Sample Size:	(978)	(1211)	(1045)	(769)	(1005)	(600)	(1003)	(1026)	(989)	(1211)	(1003)
A great deal of confidence	8%	16%	9%	18%	8%	17%	8%	13%	8%	6%	7%
A fair amount of confidence	36	55	39	57	39	47	36	40	35	28	30
Not very much confidence	33	16	41	15	28	26	41	30	32	40	39
No confidence at all	11	4	10	7	15	4	6	4	10	8	11
Don't know	12	9	1	4	11	6	10	13	15	18	12
Total	100%	100%	100%	101%	101%	100%	101%	100%	100%	100%	99%

Date:	04/82	07/82	12/82	04/83	06/83	07/83	12/83	05/84	10/84	02/85	05/85
Sample Size:	(953)	(923)	(923)	(923)	(924)	(2035)	(923)	(1033)	(918)	(924)	(924)
A great deal of confidence	13%	4%	7%	5%	4%	5%	5%	3%	3%	11%	10%
A fair amount of confidence	42	36	41	30	27	30	29	38	31	33	30
Not very much confidence	29	46	34	45	40	51	41	45	40	33	36
No confidence at all	7	6	8	8	8	8	12	7	11	11	10
Don't know	10	9	9	12	20	5	13	6	15	12	14
Total	101%	101%	99%	100%	99%	99%	100%	99%	100%	100%	100%

Date:	09/85	12/85	03/86	02/87	07/88	02/89
Sample Size:	(924)	(924)	(922)	(922)	(1077)	(1001)
A great deal of confidence	5%	6%	5%	8%	9%	4%
A fair amount of confidence	30	35	35	30	38	42
Not very much confidence	43	39	40	41	33	38
No confidence at all	10	7	7	12	6	6
Don't know	12	13	13	9	14	10
Total	100%	100%	100%	100%	100%	100%

Table 5c. GREAT BRITAIN, 1970 To 1989 (Confidence in U.S., cont.)

Date:	06/70	07/71	01/72	03/72	06/72	10/74	05/75	03/81	10/81	12/81	04/82
Sample Size:	(1118)	(1240)	(980)	(869)	(1010)	(600)	(916)	(986)	(1006)	(997)	(802)
A great deal of confidence	9%	14%	17%	22%	15%	18%	12%	10%	10%	8%	10%
A fair amount of confidence	27	43	47	51	42	51	38	43	37	35	38
Not very much confidence	23	17	22	16	23	23	30	32	37	38	37
No confidence at all	27	14	10	7	14	5	11	8	12	14	13
Don't know	14	12	5	5	6	3	8	8	4	5	2
Total	100%	100%	101%	101%	100%	100%	99%	101%	100%	100%	100%

Date:	07/82	12/82	06/83	07/83	12/83	05/84	10/84	02/85	05/85	09/85	12/85
Sample Size:	(967)	(990)	(1058)	(2296)	(960)	(990)	(888)	(1073)	(1798)	(759)	(964)
A great deal of confidence	9%	12%	13%	9%	6%	9%	7%	7%	6%	7%	5%
A fair amount of confidence	46	44	34	44	26	46	40	30	31	38	36
Not very much confidence	31	35	36	35	42	34	36	42	39	36	38
No confidence at all	10	7	15	10	22	8	11	18	18	12	15
Don't know	3	3	2	2	3	4	6	3	6	7	7
Total:	99%	101%	100%	100%	99%	101%	100%	100%	100%	100%	101%

Date:	03/86	02/87	07/88	02/89
Sample Size:	(1011)	(963)	(1027)	(968)
A great deal of confidence	7%	6%	7%	10%
A fair amount of confidence	33	30	42	48
Not very much confidence	45	43	34	32
No confidence at all	13	17	11	7
Don't know	3	4	6	3
Total:	101%	100%	100%	100%

Table 5d. ITALY, 1970 To 1989 (Confidence in U.S., cont.)

Date: / Sample Size:	01/72 (1153)	06/72 (1753)	04/73 (838)	03/81 (1114)	10/81 (1062)	04/82 (995)	07/82 (1053)	12/82 (1040)	04/83 (1080)	06/83 (1068)	07/83 (1984)
A great deal of confidence	22%	12%	22%	22%	23%	17%	14%	27%	12%	13%	16
A fair amount of confidence	39	29	47	48	38	45	46	44	43	38	46
Not very much confidence	24	21	17	19	24	23	26	19	28	29	26
No confidence at all	9	6	6	6	11	11	10	7	14	18	9
Don't know	6	32	8	4	4	4	5	2	3	2	3
Total	100%	100%	100%	99%	100%	100%	101%	99%	100%	100%	100%

Date: / Sample Size:	12/83 (1095)	05/84 (1040)	11/84 (1053)	02/85 (1077)	05/85 (1054)	09/85 (1032)	12/85 (1013)	03/86 (1113)	02/87 (977)	07/88 (998)	02/89 (1018)
A great deal of confidence	13%	13%	15%	14%	15%	14%	13%	14%	12%	14%	18%
A fair amount of confidence	40	51	42	38	44	46	43	47	42	49	52
Not very much confidence	29	26	27	30	25	27	31	27	31	26	20
No confidence at all	15	8	12	15	13	11	10	11	13	8	7
Don't know	4	2	4	3	3	2	3	2	2	4	4
Total	101%	100%	100%	100%	100%	100%	100%	101%	100%	101%	100%

Table 6. GORBACHEV IMPACT ON NEED FOR NATIONAL DEFENSE

Question: Some people have said that because of Soviet Leader Mikhail Gorbachev and his policies, it is not as important for us to have a strong national defense. Others have said that it is just as important for us to have a strong national defense despite Gorbachev and his policies. Which of these views is closer to your own?

Date:	07/88	02/89
FRANCE (Sample Size)	(940)	(939)
Strong national defense not as important	17%	15%
Strong national defense just as important	71	59
Don't know	12	26
Total	100%	100%
WEST GERMANY (Sample Size)	(1077)	(1001)
Strong national defense not as important	24%	33%
Strong national defense just as important	55	46
Don't know	21	21
Total	100%	100%
GREAT BRITAIN (Sample Size)	(1027)	(968)
Strong national defense not as important	21%	17%
Strong national defense just as important	72	74
Don't know	7	8
Total	100%	99%
ITALY (Sample Size)	(998)	(1018)
Strong national defense not as important	36%	33%
Strong national defense just as important	55	56
Don't know	9	12
Total	100%	101%

Table 7. OPINIONS BY PARTY LINES*

	Overall Image of Pres. Bush Net Favorable	Ability to Handle World Problems, Net Confident in U.S.	USSR	Endorsement of Strong National Defense in Gorbachev Era Net Endorsement
BRITAIN:	+30	+19	+31	+57
Labour	+24	0	+21	+41
Social/Liberal Dem.	+20	+16	+32	+45
Social Democrats	+31	+29	+51	+55
Conservative	+48	+41	+37	+82
WEST GERMANY:	+29	+ 2	- 1	+13
Green	-30	-61	+30	-64
SPD	+21	- 7	+ 8	- 1
CDU/CSU	+53	+31	-10	+41
FDP	+19	+25	-18	+53
FRANCE:	+12	+17	-18	+44
PC/Gauche	- 7	- 5	+22	+26
PS	+ 5	+23	- 6	+37
Ecologiste	+ 7	- 3	-19	+40
UDF/Center	+25	+35	-35	+65
RPR/Nat. Front	+29	+36	-50	+66
ITALY:	+30	+43	+35	+23
PCI	+22	- 5	+65	- 4
PSI	+36	+47	+49	+36
PSDI/PRI/PLI	+36	+60	+37	+46
DC	+63	+63	+20	+40
MSI	+39	+53	+23	+47

* Net Favorable based on difference between positive (very and somewhat favorable) and negative (very and somewhat unfavorable) opinion of President Bush, see Table 1.

Net Confident based on difference between positive (a great deal and a fair amount of confidence) and negative (not very much and no confidence at all) in the ability of the U.S./Soviet Union to deal responsibly with world problems, see Tables 2 and 3.

Net Endorsement based on the difference between percent saying "a strong national defense just as necessary" (positive) and percent saying "strong defense no longer necessary because of Gorbachev and his policies" (negative), see Table 6.

MAY 13, 1989/NO. 19

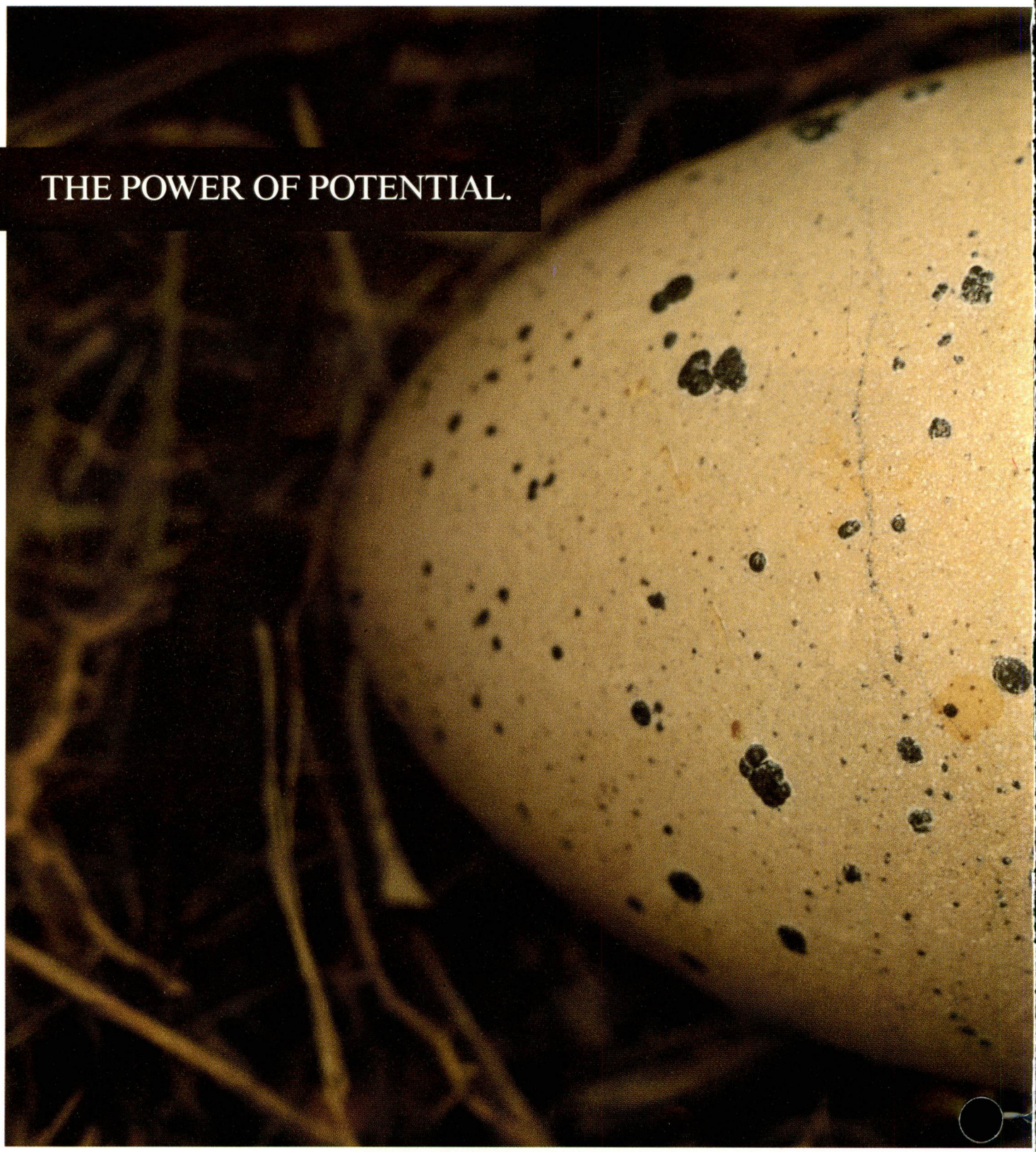
National Journal

Living with The New Europe

A new generation of precision materials. It is a resource powerful enough to transform entire industries.

At GTE, our Precision Materials Group can give you that power. To make your products stronger, faster, more efficient. And to bring breakthrough ideas to life.

Right now, for example, we are involved in a joint project with the Eaton Corporation to utilize a unique GTE ceramics technology in the manufacture



THE POWER OF POTENTIAL.

of a new breed of automotive engine components.

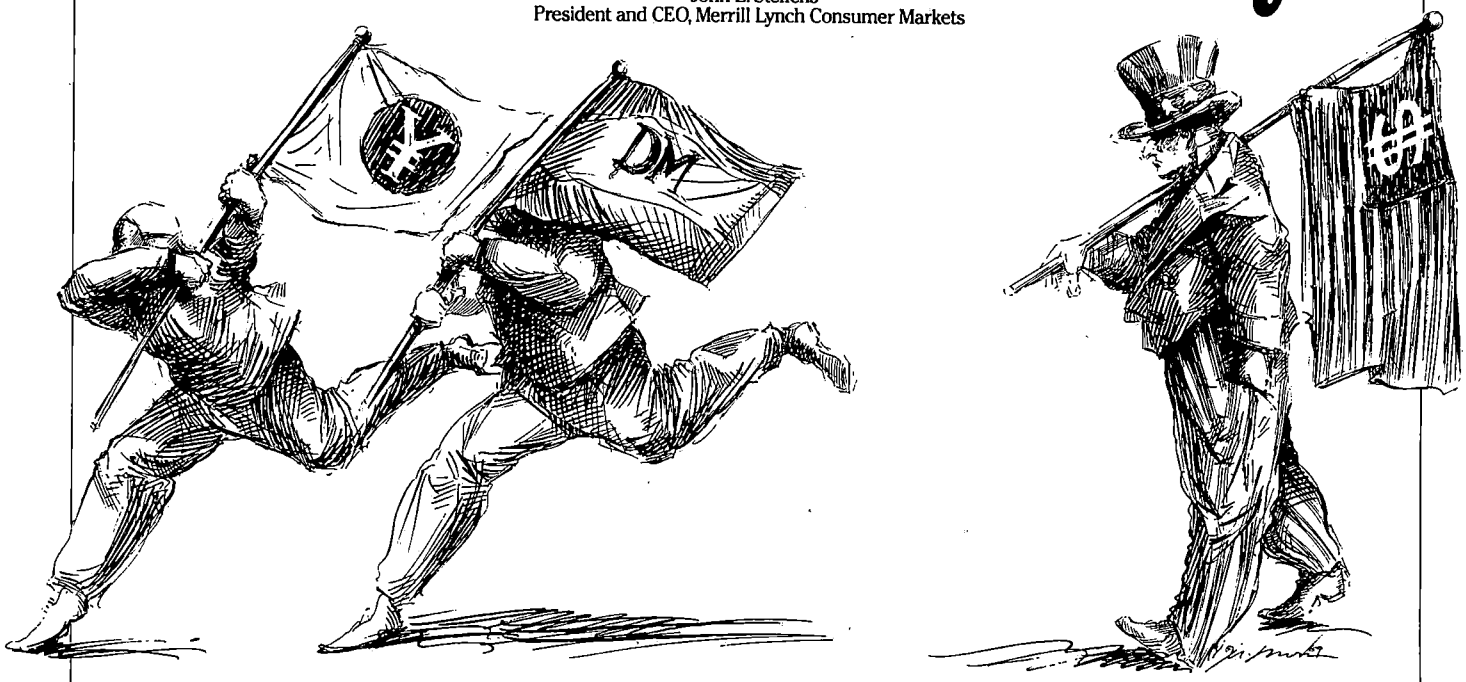
From aerospace to telecommunications to consumer electronics. In virtually any field that bases its strength on competitive technology and innovative application, our materials development capabilities can offer you the advantage of untapped, untouched potential. It's the power of a new manufacturing edge.

And at GTE, the power is on.

THE POWER IS ON

"A lack of savings is a formula for economic mediocrity."

–John L. Steffens
President and CEO, Merrill Lynch Consumer Markets



The View from Merrill Lynch:

"The United States must institute incentives to encourage savings and investments by Americans, or face severe consequences domestically and internationally," John L. Steffens, President and CEO of Merrill Lynch Consumer Markets, said Wednesday, April 19, in testimony before the House Ways and Means Committee.

Mr. Steffens, testifying in his capacity as Chairman of the Securities Industry Association's Tax Policy Committee, pointed out that Americans are not putting aside money to pay for the standard of living they've come to enjoy, and if our low level of personal savings does not increase, our future standard of living will decline.

"Congress and the nation face serious problems. None is more daunting than how to pay for practical needs which affect every citizen–maintaining our health, educating our children and providing for a lengthening retirement." he stated.

"The costs are soaring and Americans are not prepared to meet them," he commented, and the "shortfall falls on a government already burdened with large deficits, despite the efforts of policymakers and the reduction they have achieved."

Mr. Steffens testified that the adverse consequences of our low savings rate don't end there. He pointed out that the cost of capital in the U.S. is 25% to as much as 80% higher than in other nations and that the U.S. has become an importer of foreign capital.

When other nations' savings rates are compared, they are three, four and five times higher than ours. The savings rate in the U.S. was 4.2% in 1988–up from a historic low of 3.2% in 1987. By comparison in the 1980-1987 period, the Japanese had a personal savings rate averaging 16.8%, and the West Germans, 12.3%.

"Many factors contribute to this. Not all of them can be addressed by government," Steffens said.

"One fact stands clear–our major competitors use their tax codes to encourage savings and investment while we penalize it. Countries with high rates of savings and investment enjoy the fastest rise in productivity, income and standard of living."

"We know that incentives stimulate savings," Mr. Steffens said. "We could argue about the costs. But there is no argument about the need to increase savings–or the consequences if we do not. Simply put, a lack of savings is a formula for economic mediocrity."

For a complete text of Mr. Steffens' written testimony, please contact Merrill Lynch at the address below.

Merrill Lynch
A tradition of trust.

Merrill Lynch, Government Relations Office, 1828 L Street, N.W., Washington, D.C. 20036. (202) 822-3600.

©1989 Merrill Lynch & Co., Inc.

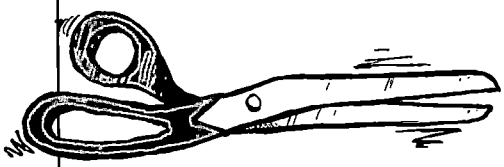
INSIDE WASHINGTON

Calling Reagan to the Stand

Ronald Reagan may figure prominently in Oliver L. North's appeal of a jury verdict finding the ex-marine guilty on three charges stemming from the Iran-contra affair. Some criminal defense lawyers expect North's attorney, Brendan V. Sullivan Jr., to argue that North's defense was harmed because Judge Gerhard A. Gesell decided against requiring testimony from the former President. Other lawyers doubt an appeal would work, however, because the jury focused on North's independent illegal actions and not on the chain-of-command charges that would enable North to argue that he was merely following orders.

Hiring a Tabula Rasa?

Rep. Tommy Robinson, D-Ark., pays chief aide Charlotte Jones $60,000 a year, not unusual for the top slot in a House office. But Jones's résumé is unusual. A 22-year-old ex-model, she was just out of college and had no Hill experience when Robinson hired her last July. And she is the daughter of Jerry Jones, an Arkansas oilman and owner of the Dallas Cowboys, to whom, House records show, Robinson owed $100,000-$250,000 in 1987. As Robinson explained it to the *Arkansas Gazette*, "I like people with no experience because they're not opinionated and you can train them the way you want."



OMB's Minor Editing

The Office of Management and Budget's watering down of a scientist's testimony on the dangers of the "greenhouse effect" appears to be just the latest in a series. An April report by the Export-Import Bank of the United States on foreign governments' aid to their exporters was also rewritten. The first version read, "Aid is prevalent and growing." After OMB review, the report noted, "Noticeable restraint in use." A conclusion that such aid "may be influencing the structure of U.S. industry" was deleted, as were five other negative comments that Congress might have interpreted as rationale for increasing the Eximbank's war chest of funds for U.S. exports.

The GOP's Inflation Index

Republicans may want to hold the line on new taxes this year, but the annual fee for joining the GOP Eagles, the Republican National Committee's designation for its largest financial contributors, is going up from $10,000 to $15,000. An RNC official noted that the fee had not been raised since the club was formed in 1975 and that inflation has eroded the value of contributions while campaign costs have soared.

A Union's Glass House

The Service Employees International Union had to hastily cancel a May 8 party honoring publication of a book, *Solutions for the New Work Force,* after its own work force threatened to picket the event. Seeking a big splash for the co-authors—SEIU president John Sweeney and Karen Nussbaum of the National Association of Working Women—the union had mailed hundreds of invitations, each containing a tiny screwdriver symbolizing the book's message that workers' problems can be fixed. But the SEIU couldn't fix a dispute with its own employees, who belong to another union and who have been working without a contract since March.

The liability lottery: We all lose.

Open the daily newspaper or tune in a newscast and chances are you'll learn about another multimillion-dollar liability lawsuit.

The targets abound: hospitals to supermarkets, banks to hotels, sports arenas to colleges. Most exposed of all are the manufacturers of products.

For many people, this type of lawsuit seems like easy money. But it's hurting everyone. The hidden tax resulting from excessive liability awards is included in the price of the products and services we buy. And we have less choice in the range of products available to us.

But perhaps most tragic of all, these awards are reducing our international competitiveness at a time when the United States is suffering from a huge trade deficit. That means a loss of jobs and all the other adverse consequences that occur when we're outdone in the world marketplace.

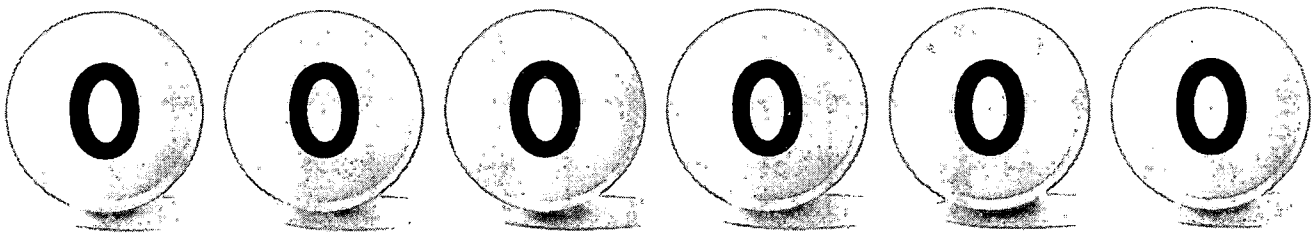
This reality was reflected in a recent survey of chief executive officers by the Conference Board. It showed that uncertainty over potential liability had led almost 50% to discontinue product lines and nearly 40% to withhold new products. A clear majority believes that the innovation and experimentation necessary to enhance our competitive position is being constrained.

In the areas hardest hit by liability suits, research and development outlays have plummeted. Products that government scientists consider safe have been pulled from the market. In a host of other areas, spending on innovation, while not eliminated, has been severely cut back.

Even if a company never loses a case, the threat of having to defend against claims can sink a product. An example: A major U.S. manufacturer has disclosed it dropped plans to market a promising new insulation, not because it posed a safety problem, but because as a substitute for asbestos, it could inevitably attract speculative lawsuits.

The Lottery

In his recently published book, *Liability: The Legal Revolution and Its Consequences*, author Peter W. Huber points out that today's court system works like a lottery. If you develop and market a product, nine juries in a row can declare it free of defects, maybe even vital to public health. But the tenth can hit you



with an award totaling millions of dollars, with punitive damages on top of that. If you're sued often enough, you'll probably lose some cases just by the law of averages.

This lottery costs American business billions of dollars. And that cost must be factored into the pricing equation. In some cases, this can account for an astounding 95% of a product's price.

Competitiveness Hurt

So besides stifling innovation, excessive liability awards hurt our competitive position another way: They run up the price of our goods in world markets. Buying a product manufactured in America carries with it the right to sue in America. This means a U.S. manufacturer selling overseas has to include that exposure in the price, whereas our competitors do not. No other country tries to use lawsuits as an off-budget social program, or as a way of second-guessing its official safety regulators, to the same extent as the United States.

America's competitive position has emerged as a priority issue in our national consciousness. Until now, this concern has largely focused on trade barriers. But we must also recognize that excessive liability awards diminish our competitiveness by handcuffing our innovators and driving up the price of our products.

It is therefore urgent that we redefine America's standards of liability and the level of compensation being awarded in these cases. Regardless of the ultimate outcome, the Supreme Court's decision to rule on the constitutionality of punitive damages is a positive step in that direction.

But we must examine every aspect of this issue. Most important of all, we need legislation and judicial policies that remove the barriers raised against U.S. international competitiveness by our own excessive liability awards. Then, we all win.

What do you think? Your comments are welcome and should be directed to: M.R. Greenberg, President and Chief Executive Officer, American International Group, Inc., 70 Pine Street, New York, NY 10270.

American International Group is the largest underwriter of commercial and industrial insurance in America and the leading U.S.-based international insurer. The nature of our business means we deal every day with issues affecting the future of American and world society. We have established this forum to focus attention on the importance of addressing these issues.

AIG

Getting Ready For 1992

In preparing to deal with an integrated European Community, Washington may be neglecting the broader diplomatic and strategic challenges that EC '92 poses.

Europhoria has taken the place of Europessimism as the dominant American attitude toward Western Europe. Is Europhobia next?

It wasn't so long ago that Western Europe was seen as sclerotic and unable or unwilling to adapt to a dynamic world. That view predominated in Washington in the late 1970s and early 1980s.

On economic and technological issues, the United States turned its back on Europe in a growing preoccupation with Japan and other nations of the Pacific Rim. On diplomatic and strategic matters, Washington frequently bypassed the capitals of Western Europe to deal directly with Moscow. Western Europe seemed increasingly irrelevant, permanently consigned to the sidelines of a rapidly changing international environment.

Now, almost overnight, Western Europe is once again a priority in government policy-making circles and in corporate boardrooms. This renaissance was sparked by European plans to create by 1992 the barrier-free common market that some of its founding fathers envisioned when the European Community (EC) was established in 1957. Coming at a time of growing U.S. worry about America's economic future, mounting defense spending fatigue on both sides of the Atlantic and an unprecedented easing of East-West tensions, the Europe 1992 initiative has crystallized a new American perspective on Europe.

The prospect of a single, integrated market of 320 million relatively affluent consumers has many U.S. businesses salivating about potential exports to and investments in Western Europe, even while other firms quake when they think of worldwide competition from European companies fortified with such a strong domestic base. *(See this issue, p. 1180.)*

Pentagon planners, meanwhile, worry that a revitalized Europe will exacerbate tensions over military burden-sharing within the NATO alliance. *(See this issue, p. 1166.)* And foreign policy thinkers wonder about the implications of a unified Western Europe for U.S. world leadership. *(See this issue, p. 1174.)*

At the same time, a new growth industry has emerged in Washington as law firms, trade associations, lobbyists and think tanks move to put themselves in line to cash in on these European developments. *(See this issue, p. 1185.)*

The implications of a more economically integrated, militarily independent and diplomatically emboldened Europe pose an unprecedented challenge for U.S. decision makers. Everything from trade policy to defense strategy to food and drug regulations may be affected by developments in Europe. How Washington reacts will be one of the first tests of U.S. policy in an interdependent world that no longer counts the United States as the preeminent power.

Although it is too early to judge the Bush Administration's efforts to meet the challenge, independent observers give it a plus on attention to detail and a minus on strategic vision.

Abraham Katz has been observing U.S.-EC relations as president of the U.S. Council for International Business and before that as assistant Commerce secretary for international economic policy during the Carter Administration. To date, he said, "the government has responded [to 1992] on the shopkeeper

Save $70 on National Journal

New Subscribers Only…
Special Introductory Offer!

Check One:	**Bill Me**	**Check or Credit Card**
One Year (50 issues)	☐ $589	☐ $519 (Save $70!)
6 Months (25 issues)	☐ $295	☐ $260 (Save $35!)

(D.C. residents add 6% sales tax.)

☐ Payment enclosed ☐ Charge my: ☐ Visa ☐ MasterCard ☐ American Express ☐ Bill me

Account number ☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐☐ Exp. date_____

Signature _____ Date _____

Name _____ Title _____

Organization _____ Business phone _____

Address _____

City, State, Zip _____

National Journal

What the Leaders Read.

1730 M Street, NW
Washington, DC 20036

Please check the *one* box which best describes the field in which you work:

Federal Government:
- ☐ Executive Office of the President
- ☐ Cabinet Dept. or Federal Agency
- ☐ Congress

☐ State or Local Government

☐ Foreign Government

☐ Business & Industry, including Law, Medicine, Consulting, etc.

☐ Trade Union, Professional Association, Political Organization, or Interest Group

☐ Media

☐ Think Tank, Research Organization, Educational Institution

☐ Library (academic or public)

☐ Other: _____

For faster service, call TOLL-FREE: 1-800-444-4078. (In D.C., call 857-1422.)

NO POSTAGE
NECESSARY
IF MAILED
IN THE
UNITED STATES

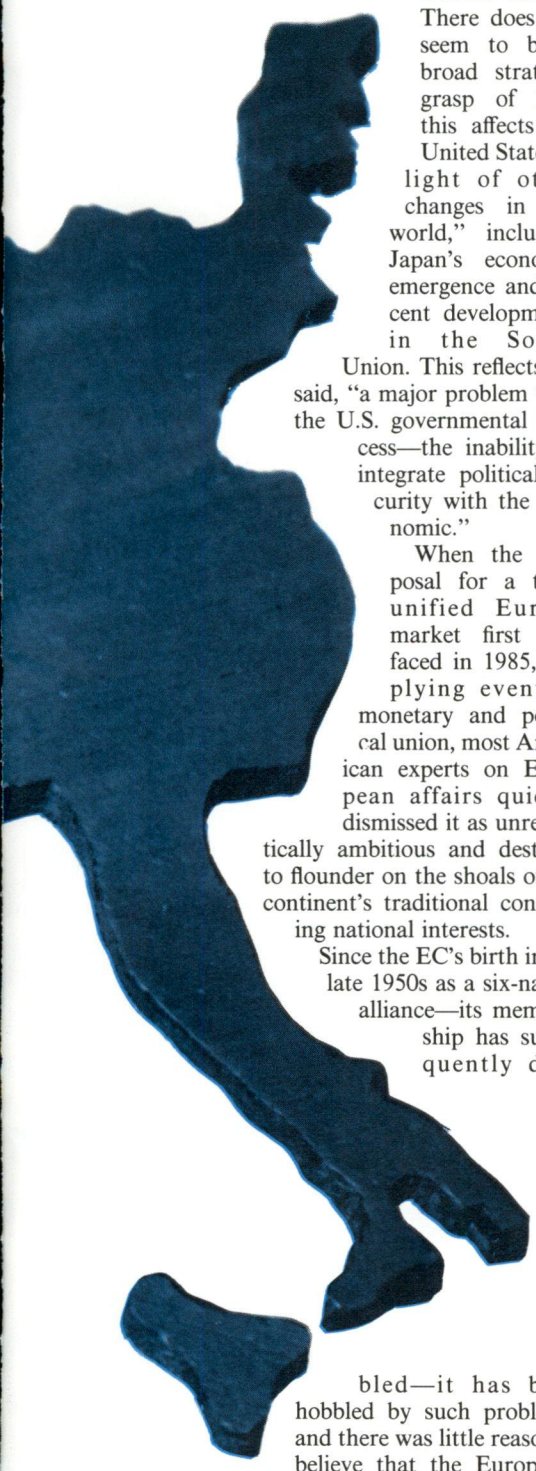
BUSINESS REPLY MAIL

FIRST CLASS MAIL PERMIT NO. 10574 WASHINGTON, D.C.

POSTAGE WILL BE PAID BY ADDRESSEE

NATIONAL JOURNAL, INC.
1730 M Street, N.W.
Washington, D.C. 20077-6368

level. The main thrust of comments have been expressing worry about our ox getting gored. There hasn't been any high-level statement of policy about where all this fits in to the over-all policy of the United States. There does not seem to be a broad strategic grasp of how this affects the United States in light of other changes in the world," including Japan's economic emergence and recent developments in the Soviet Union. This reflects, he said, "a major problem with the U.S. governmental process—the inability to integrate political security with the economic."



When the proposal for a truly unified Europe market first surfaced in 1985, implying eventual monetary and political union, most American experts on European affairs quickly dismissed it as unrealistically ambitious and destined to flounder on the shoals of the continent's traditional conflicting national interests.

Since the EC's birth in the late 1950s as a six-nation alliance—its membership has subsequently doubled—it has been hobbled by such problems, and there was little reason to believe that the Europeans were ready to mend their ways. But in 1987, European governments agreed for the first time to make Community-wide decisions on the basis of weighted majority voting, ensuring that member countries supporting a unified market would eventually prevail. It soon became apparent that a new day was dawning. U.S. attitudes began to change, though slowly.

Initially, Washington policy makers and American business leaders, conditioned by petty squabbles with Europe and bitter experiences with Japan, reacted defensively to developments emanating from Brussels, the EC's home. They warned against an emerging Fortress Europe with high protectionist walls.

In recent months, however, most U.S. observers have taken a more balanced view. "Europe 1992 provides tremendous opportunities, but it also generates some concerns," Sen. Lloyd Bentsen, D-Texas, said on his return from a recent European fact-finding mission.

This subtler and more sober approach reflects, in part, the intense scrutiny that a wide range of executive agencies and congressional committees are now giving to the Europe 1992 initiative. "This is the big test of coherence" in U.S. policy making, said C. Michael Aho, director of economic studies at the Council on Foreign Relations, "because it spans so many departments."

In February 1988, an interagency task force was established at the deputy assistant secretary and division director level involving 19 departments and agencies ranging from the Office of the U.S. Trade Representative (USTR) and the Commerce Department to the Environmental Protection Agency. Noticeably absent has been the Defense Department. So far, the Administration has chosen to study the military implications of EC integration as part of a worldwide strategic review by the National Security Council.

On Capitol Hill, several committees have already held hearings on different aspects of the unified European market. Sens. Max Baucus, D-Mont., and William V. Roth Jr., R-Del., have formed a Task Force on EC '92, and the House Trade and Competitiveness Task Force headed by Rep. Richard A. Gephardt, D-Mo., plans to focus on the issue.

Business leaders are quick to praise the American government's efforts to track European developments. "They have had an excellent outreach program," said Brian P. Wynne, senior manager for international trade affairs at the American Electronics Association. "They have been everywhere, asking, 'If you have any problems, let us know, and we will raise them with the Europeans.' "

But "just complaining is not a policy," a Senate staff member said. "When [the Europeans] do something we don't like, what do we do about it?"

Rep. Sam Gejdenson, D-Conn., said that the Administration's "basic strategy appears to be one of limiting the damage. It's more reactive than proactive."

Moreover, there are widespread worries that insufficient resources have been devoted to the task. Although an estimated 150 federal employees are involved in part-time monitoring of Europe '92 activities, USTR has only one person in Brussels following EC developments, and the Treasury and Commerce Departments have no one assigned to the EC capital. The Agriculture Department has five people there, an indication of the focus of U.S.-EC concerns in recent years. Congress and the business sector are pressuring the Administration to beef up its Brussels representation, and Administration officials say privately that this will happen soon.

"There is no way, in terms of people and money, for the government to follow up on all the [EC '92] directives that are being worked out" in Brussels, a lobbyist for major multinational corporations said. "We need a system to better tap into the private sector."

Robert D. Hormats, vice chairman of Goldman Sachs International Corp. and a former U.S. international economic official, said, "The American corporate sector has been way ahead of the Washington policy establishment on this." In fact, some government agencies have sometimes had to ask U.S. corporate lobbyists in Brussels to share their copies of EC '92 draft directives with Washington.

But even the closest public-private cooperation in getting ready for 1992 is largely limited to business-related issues, not diplomatic and strategic ones.

This failure to think strategically about the implications for the United States of the Europe '92 initiative means, the Senate aide said, that "no one ever asks the question, 'Is the United States better off with a strong, united Europe or a weak, divided one?' "

An economically vibrant Europe has been the cornerstone of U.S. postwar strategic policy, the aide noted, and no one in the Washington policy establishment is hoping—at least not openly—that Europe's post-1992 plan will fail. "But now that we are about to have [a strong Western Europe]," the Senate aide said, "it is causing all sorts of problems" that have to be sorted out.

Whatever the outcome of the Community's move toward economic integration, the U.S.-European relationship may never be the same again. "European self-confidence is growing by leaps and bounds," Hormats said. "They feel they have been under the American thumb too long, and now they can get out."

"There is fire in the ashes of the old civilization," Theodore H. White wrote in 1953 about Europe's postwar reconstruction. It is an observation that has new meaning today.—**Bruce Stokes**

Data on the Changing Face of Europe

Key EC Dates

1957 Treaty of Rome signed creating the European Community (EC) of Belgium, France, Italy, Luxembourg, the Netherlands and West Germany.

1973 Denmark, Ireland and Great Britain join the EC.

1981 Greece joins the EC.

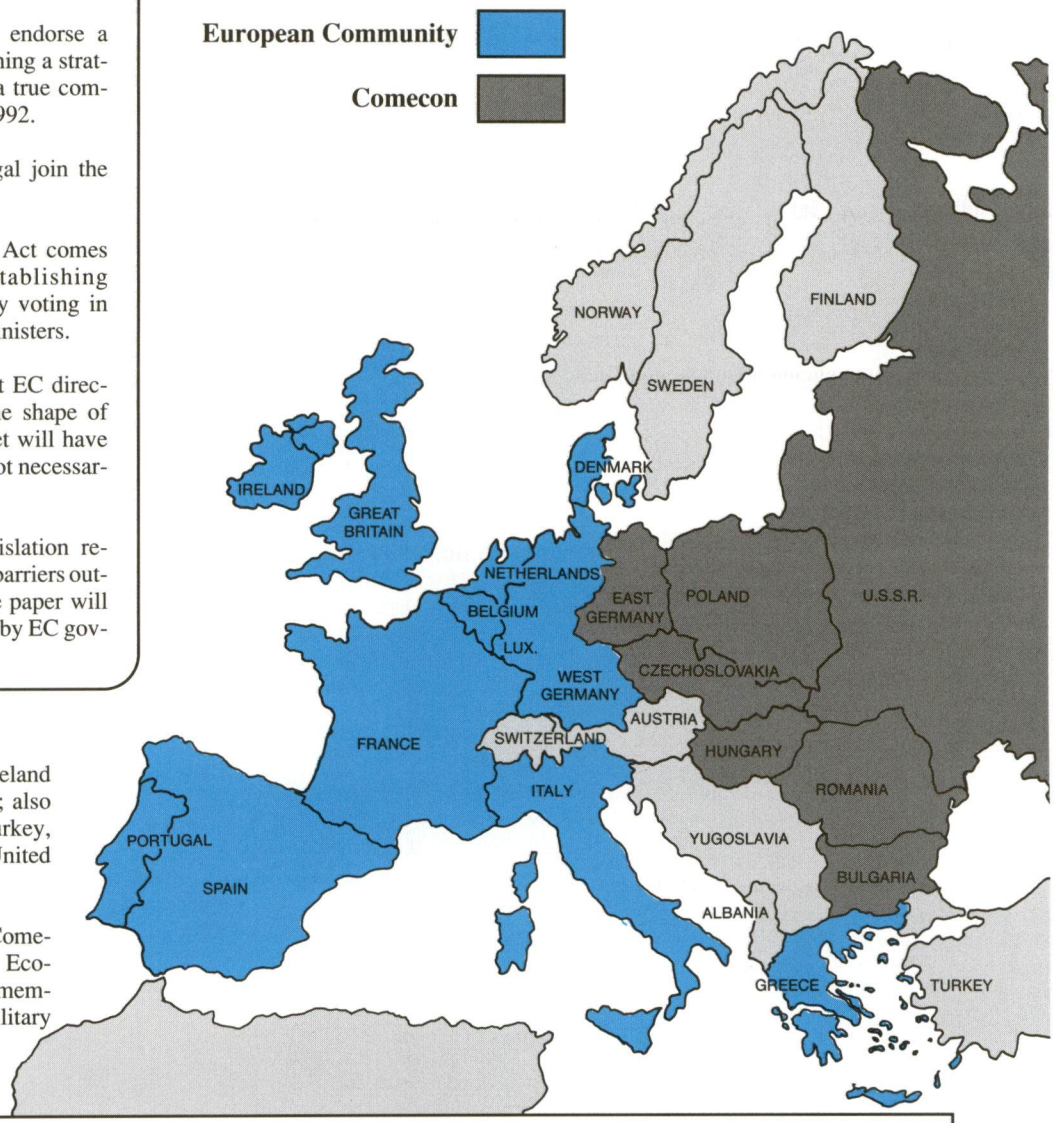
1985 EC governments endorse a white paper outlining a strategy for creating a true common market by 1992.

1986 Spain and Portugal join the EC.

1987 Single European Act comes into force establishing weighted majority voting in the Council of Ministers.

1989 By Dec. 31, most EC directives outlining the shape of the unified market will have been issued but not necessarily approved.

1992 By Dec. 31, legislation removing the trade barriers outlined in the white paper will have been passed by EC governments.



All EC countries except Ireland are also members of NATO; also in NATO are Norway, Turkey, Iceland, Canada and the United States.

The European members of Comecon (Council for Mutual Economic Assistance) are also members of the Warsaw Pact military alliance.

Fast Company: EC, America and Japan

Gross domestic product (GDP) and trade in billions of dollars, population in millions (all figures for 1987)

	GDP	Population	GDP/capita	Total imports & exports
European Community	$4,287	323	$13,275	$784.3
United States	4,497	245	18,353	660.4
Japan	2,373	122	19,446	352.8

SOURCES: Commerce Department; Japanese Embassy; European Community; Population Reference Bureau

1992.

Will you help shape it? Or be shaped by it?

Nobody really knows how it will all turn out. But one thing is clear—things will not be the same. The creation of the Single European Market will be an evolution over many years. Politics and marketplace will interact, creating challenges and opportunities.

The companies which take advantage of these opportunities will be the ones who shape the new Europe. The key to success is to have the resources on the ground that can listen, analyze and determine which steps to take at each new turn in the road.

Burson-Marsteller offers these resources networked across Europe and around the world.

Contact: Tim Brosnahan, Burson-Marsteller Washington, 1850 M Street, N.W., Suite 900, Washington, D.C. 20036 (202) 833-8550.

Or: Jim Lindheim, Burson-Marsteller London, 24–28 Bloomsbury Way, London WC1A 2PX, United Kingdom (011-44-1) 831-6262.

Burson-Marsteller

Communications and Public Affairs for the Single Market

Alliance Anxiety

Richard A. Bloom

U.S. officials are concerned about security policy as the Western European allies move toward closer economic union and perhaps a separate military identity.

BY DAVID C. MORRISON

A nightmare haunts NATO advocates here and across the Atlantic as the European Community (EC)—11 of whose 12 members are also in the 16-nation NATO alliance—advances toward true economic union by the end of 1992.

What they fear is an anti-European backlash, as expressed, for example in a Feb. 13 *Detroit News* editorial:

"To put it bluntly, the big problem facing the alliance is no longer the Berlin Wall, but the protectionist wall being built around Western Europe as it moves toward a full Common Market. . . . Americans are willing to defend an Atlantic Alliance, but they are unlikely to be interested in spending so much of their national treasure on behalf of a Fortress Europe."

In part, this process of European economic consolidation—EC '92, in the widely used shorthand term—engenders anxiety about security policy in U.S. official circles simply because it raises so many questions for which there are not yet any good answers.

Defense Secretary Dick Cheney, asked during a late-April National Defense University symposium on NATO about the impact EC '92 might have on the alliance, ticked off several unpleasant possibilities, concluding that "it does have potentially considerable significance." But, he added, "I don't think anybody at this point can really predict how it's going to sort out."

American concerns about the defense implications of EC '92 are also overlaid on an already high level of apprehension about NATO's future and the U.S. economic, diplomatic and military roles in Europe.

For several years now, the burgeoning U.S. trade deficit with NATO's European members—$25.1 billion in 1987—has prompted increasingly surly congressional muttering about "burden sharing," the term of art for American displeasure with the ostensibly disproportionate share of the costs of the alliance that the United States bears. *(See NJ, 5/30/87, p. 1394.)*

The advent of a wealthier, more cohesive post-1992 Western Europe—especially one that raises tariff walls against American imports—would only fuel this disgruntlement, amplifying calls for U.S. troop withdrawals.

"The Europeans, I think, are not candidly addressing issues that could cause political as well as economic conflict," said retired Army Gen. George M. Seignious II, president of the Atlantic Council of the United States, a private group that supports NATO. "There should be consultation with industries and governments outside the EC that would be affected," Seignious warned, because "if we do get unpleasant surprises, it will cause political disunity that would have a definite impact on NATO that would be adverse."

Or, as Sen. Joseph R. Biden Jr., D-Del., the chairman of the Foreign Relations Subcommittee on European Affairs, put it more pithily, "If there is a protectionist smell in the air, the immediate reaction from Congress will be, 'OK, if you're going to play that with us, we're coming home, baby.' "

At the same time that Western Europe is plotting its economic millenium, the arrival on the Soviet scene of a radically new sort of reformist leader, Mikhail S. Gorbachev, has sparked strong disagreements between NATO nations over the nature and future course of the "Soviet threat," which, after all, is the raison d'etre for the Atlantic alliance.

NATO, meanwhile, has embarked on high-stakes negotiations with the Warsaw Pact over a potentially sweeping conventional forces reduction treaty and is being riven by a dispute over the role of tactical nuclear weapons, which U.S. policy makers view as an indispensable component of alliance defense.

The dynamics of a more unified Europe could boost transAtlantic tensions with a U.S. government that is likely to approach these developments from a perspective that differs from that of its European allies.

"If [West Europeans] get to the point of developing a personality in foreign policy and defense so that we can't call most of the shots, will we like that?" wondered

Robert E. Hunter, director of European studies at the Center for Strategic and International Studies (CSIS). "Or will we take our bat and ball and go home if we can't pitch?"

Complicating these broader issues are more-niggling—but nonetheless crucial—defense policy questions raised by EC '92. What, for example, are the consequences for NATO decision making of the presence of neutral nations in a more centralized European Community? How will a Western Europe without customs borders affect U.S. efforts to control the flow of sensitive technologies? Will the economic changes under way in Europe stymie the ability of U.S. contractors to compete in the lucrative transAtlantic arms trade?

"I think the atmosphere in Washington is *too* apprehensive" about EC '92, said François Heisbourg, director of the London-based International Institute for Strategic Studies. "But, of course," he acknowledged, "there are risks involved whenever you have major changes, and EC '92 will be a major change."

SPILLING OVER

The irony of the unease that marks so many Americans' response to EC '92 is that this true common market signals the culmination of a process the United States set in train with the Marshall Plan.

Launched in 1947, then-Secretary of State George C. Marshall's European Recovery Plan was aimed at rehabilitating the western half of a continent devastated by war and thus—so the United States feared—susceptible to Communist electoral victories and Soviet influence. Two years later, the North Atlantic Treaty was signed, creating what President Bush hailed in an April 4 ceremony marking NATO's 40th anniversary as "the most successful alliance in modern history."

The Marshall Plan and NATO, President Truman said, were "two halves of the same walnut." But some Americans have grown increasingly restive with the burden of paying for the military half of Truman's nutshell.

"I think we ought to be saying that this [EC '92] is where we wanted to go in 1945 when we started down this road," Rep. Patricia Schroeder, D-Colo., said. "[President] Eisenhower had said that if we were still there 10 years after the founding of NATO, then the policy was a failure—and we're still there," she complained. "The one part of the Marshall Plan worked, in that the Europeans have grown and thrived, and they now have a larger GNP [gross national product] than we do. The other part was that as they got stronger, we could redeploy [U.S. troops home]—but we never redeployed."

For years, Schroeder, as a member of the Armed Services Committee, has been agitating the burden-sharing issue, and has unsuccessfully sponsored bills calling for reductions in the roughly 325,000 U.S. troops stationed in Europe. In EC '92, however, she sees the seeds being planted for a time when that goal can be accomplished.

"Now that the alliance members are so much stronger, that's great," Schroeder said. "There's strength in their strength. But the longer we stay in Europe in the same numbers and don't allow them to do whatever it is that they want to do, then we'll be in trouble."

Increasingly, as alliance tensions have grown and economic competitiveness has become a political battle cry, liberal Democrats such as Schroeder are not alone in urging consideration of a diminished U.S. troop presence in Europe.

"The time has come for us to think about getting the hang out of there; we've been there too, too long," Rep. Arthur Ravenel Jr., R-S.C., said during a late-April Armed Services Committee hearing. Ravenel based this advice on a trip last December to West Germany, where

Richard A. Bloom

Sen. Joseph R. Biden Jr., D-Del.
"Nothing will happen unless the U.S. pushes it."

antinuclear feeling continues to mount, as does public impatience with the din, damage and danger of NATO air and ground exercises.

"I think it'd be nice for us to pull out of West Germany, out of Western Europe, with flags flying, bands playing, with the accolades of our allies," Ravenel said, "rather than getting, you know, run out, rotten cabbages and tomatoes and carrots being hurled at us."

EC '92 has the potential to further erode public support for NATO on the European side, as well. "There will be interference with NATO," predicted Peter Schmidt, an analyst with the Institute for Science and Policy, a West German government-supported think tank outside of Munich, in an interview with *National Journal* late last year.

"You will get probably more conflicts, because it is hard to fight the overspill from [economic] integration into defense," Schmidt said. "In the division of labor between the EC and NATO, the Europeanization process will work against the alliance in the long run. From the viewpoint of the public, the EC is preoccupied with 'good' East-West issues. But NATO must deal with the tough issues of defense modernization."

Until the Conventional Forces in Europe (CFE) talks, launched in Geneva this March, have had a chance to prove themselves a success or a failure, few in Washington will be willing to push seriously for significant U.S. troop cuts. But the widespread assumption in U.S. policy circles is that at least a few of the almost five U.S. Army divisions based in Europe are likely to be coming home in the foreseeable future—whether as a result of the CFE negotiations, congressionally mandated burden-sharing measures or fallout from EC '92.

"You can't predict the future, but you can talk about long-term trends," said University of Wisconsin (Milwaukee) political science professor David Garnham, author of *The Politics of European Defense Cooperation* (Ballinger Publishing Co., 1988). "I think those trends include both American disengagement and greater European [defense] cohesion. But what you can't say is when these trends will coalesce."

Depending on how hostile the climate is that accompanies the eventual drawdown of U.S. troops in Europe, some ana-

America's Money, Europe's Troops

By most indices of military effort, three of which are displayed here, the United States is *the* NATO "superpower." The United States, for instance, spends almost twice as much on defense as its European allies combined—though only about half of this amount is directly related to U.S. involvement in NATO. And, as gauged by "division equivalent firepower"—a commonly used measure of the quantity and quality of major ground combat weaponry—the United States contributes almost half—43.8 per cent—of NATO's total firepower. The West European members of NATO, however, boast almost twice as many active-duty military personnel as the United States.

Although it does not formally join in NATO military planning, France is a member of the alliance's political organs and is generally expected to participate in any general war against Warsaw Pact forces. Spain joined NATO in 1982 but has not committed its forces to the alliance's military commands. Iceland, also a member of NATO, maintains no military forces and so is not listed. All figures are for 1987, the most recent year for which data were available, and are drawn from the Pentagon's April "Report on Allied Contributions to the Common Defense." Military spending is in millions of constant dollars calculated at 1987 exchange rates.

	Active-duty troops	Military spending	Per cent of NATO firepower
Belgium	108,900	$4,160	1.8%
Denmark	28,400	2,140	1.4
France	559,200	34,820	6.2
Greece	202,500	2,900	5.3
Italy	530,900	18,350	4.7
Luxembourg	1,200	70	0.0
Netherlands	106,200	6,540	3.2
Norway	38,000	2,770	1.5
Portugal	102,600	1,130	0.7
Spain	313,900	6,910	3.4
Turkey	879,300	2,890	10.3
United Kingdom	328,000	31,590	4.5
West Germany	495,000	34,140	12.2
Total Europe	3,694,100	148,410	55.2
Canada	85,600	8,830	1.0
United States	2,279,000	288,150	43.8
Total NATO	6,058,700	$445,390	100.0%

Defense Department

lysts believe this could be one of the more mutually beneficial outcomes of EC '92.

"I think it will be a more competitive environment, and we will have to look out for U.S. interests that might be jeopardized," said Alton Frye, Washington director of the Council on Foreign Relations. "But I do think that we are too negative, too apprehensive about it. If we are moving toward a more benign international environment where a more unified, confident Europe is more capable of carrying its own defense burden, it translates over time into more resources that we could transfer to our own economic needs."

BEYOND NATO

Central to the sort of climate in which both the United States and its European allies could comfortably accept a drawdown of the U.S. military commitment to NATO is the creation of a more unified, strictly European defense forum—the erection of a genuinely "European pillar," as it is called.

"The 1990s should be used to build a truly European pillar," said Sen. William V. Roth Jr., R-Del., who chaired a committee of alliance parliamentarians that last year published a report on NATO in the 1990s under the aegis of the North Atlantic Assembly.

"I think a unified or common market EC can help make that a reality," Roth said. "One of the problems we complain about in that report is that more must be done in conventional arms; we must strengthen those as we reduce nuclear weapons. So by having a common defense industry in Europe and avoiding the current situation—where each of the 12 countries wants its own planes, tanks and artillery—their money will go a lot further."

The 1957 Treaty of Rome, which established the Community, forbids the EC from dealing with matters of defense. But, over the decades, Western Europe has taken stabs at welding specifically European defense organizations outside of the NATO umbrella.

In 1954, a year before West Germany joined NATO, the decision was made to allow that former foe to rearm. Wary of resurrecting a mighty wehrmacht, the French, with U.S. support, proposed that six nations dissolve their armed forces into a multinational military entity called the European Defense Community. That plan died, however, when it was voted down by the French National Assembly.

Shortly thereafter, seven nations—Belgium, France, Great Britain, Italy, Luxembourg, the Netherlands and West Germany—joined in another defense alliance, the Western European Union (WEU). Languishing in the shadow of NATO, however, the WEU never played much of a role, save as a convenient European "talking shop" after France left NATO's military command in 1967 and before Britain joined the EC in 1973.

In 1984, however, amid the furor over intermediate-range nuclear forces (INF), the WEU was revived and upgraded. In a 1987 speech on the importance of the WEU, British Foreign Secretary Geoffrey Howe spoke of the fears, aroused by that year's INF Treaty, that the U.S. nuclear arsenal would become "decoupled" from the defense of NATO as well as of Europe's wariness of the nuclear abolitionism that President Reagan was espousing.

These fears, Howe said, "underline the need for the European countries to consult more closely among themselves about their defense interests as well as with the Americans."

That same year, five WEU nations deployed naval ships to the Persian Gulf, something they could never have done under the aegis of NATO, which confines itself strictly to European defense. And, late last year, Portugal and Spain, the two newest EC members, joined the revitalized WEU.

Another pan-European defense organization, the 13-nation Independent European Program Group (IEPG), was established in 1976 to facilitate European cooperation on and standarization of armaments. Though NATO already has a Conference of National Armaments Directors, the IEPG was deemed necessary because France had stopped participating in all but NATO's political organs. In any event, Western Europe and the United States by no means always see eye to eye on arms issues. *(For more on EC '92 and defense trade tensions, see box, pp. 1170-71.)*

Besides these multilateral defense organizations, other bilateral military cooperative efforts are under way. In 1987, for instance, France and West Germany formed a joint defense council and a joint brigade, which has conducted several military exercises.

Observers disagree on the extent to which a European defense pillar could ever, in some distant future, supplant NATO. "Theoretically, because the combined GDPs [gross domestic products] of EC members might exceed that of North America, one would think that that might allow them to make more of a defense contribution," a Pentagon official responsible for policy on Western Europe and NATO said. "But they are still divided by their sovereignty, they still have 14 independent political systems" in NATO Europe.

"I see, in my own opinion, very little likelihood of much diminishment of the historical distinctions between EC countries that exist now," said the official, who asked not to be identified. "Doing an analysis of combined GDPs doesn't change the political equation."

The CSIS's Hunter agrees. "Don't exaggerate what the Europeans are doing; a lot of this is very tentative," he said. "To have a true [common] foreign policy requires centralized decision making, and to have a true defense policy requires that even more so, because that involves the true inner bastion of national sovereignty. It will take quite a while for that to happen."

Nonetheless, further strides along the path toward European defense centralization should be expected, according to Congressional Research Service (CRS) analyst Stanley R. Sloan, the editor of *NATO in the 1990s* (Pergamon-Brassey's, 1989). "At some point," he said, "the Europeanization process will have to bring together the military focus that the WEU has with the economic and trade focus that the EC has and merge those into some kind of more coherent operation."

WHAT ABOUT NEUTRALS?

Though American officialdom has generally supported Europe's moves toward defense integration, it has mixed feelings about the trend. As the CRS noted in a recent report, some "believe that increased defense responsibility by the Europeans will ultimately mean a diminution of U.S. influence in the alliance."

The Pentagon official, for instance, carefully hedged his assessment of the European defense organizations. "Though I don't want to see the WEU compete with NATO," he said, "to a certain extent, theoretically, it could make an important, relative contribution to the conventional defense of Europe." But, he hastened to add, "you still have the role of U.S. nuclear forces."

As for military contributions made by the Franco-German brigade, or that promised by a proposed WEU division, he said: "Symbolically, I think it has great importance. Practically, it has no importance. It creates no new capability. What it does is diffuse and confuse lines of command and authority, who's in charge."

David M. Abshire, the U.S. ambassador to NATO from 1983-87 and now the president of CSIS, sees both an upside and a downside to these hesitant trends toward European defense consolidation. "EC '92 would envision a Western Europe that in its cohesion, is more active on defense questions," he said. "And if it works, it will build more of a collective West Europe. But that offers in its promise also the problem for NATO that the West Europeans will tend to come to the alliance meetings as a caucus, which is something that we've always wanted to avoid—bloc-ism in NATO."

One of the more intriguing defense dilemmas that EC '92 poses is the role of neutral nations. "The EC was never in the defense business before the" 1987 Single European Act that paved the way to EC '92, said Dov S. Zakheim, a former deputy Defense undersecretary for planning and resources and now chief executive officer of SPC International, the overseas arm of the System Planning Corp. in Arlington, Va.

"Now that it is theoretically possible for the [EC] Commission and its staff to get into defense, they are raising a lot of critical issues," Zakheim said. "Ireland sits on the Council of Ministers. Ireland is a neutral. Suppose a regulation on defense is passed by a majority vote and Ireland is the swing vote. The propensity to go a different route than the U.S. is much greater in the EC than in NATO. The EC has no track record of working hand in glove with the U.S.; quite the opposite."

Nor will Ireland necessarily always be the only militarily neutral member of the EC. Austria, pledged to neutrality by the 1955 State Treaty with the Soviet Union, is eager to join this powerful new common market. And there is even talk in Europe of eventually bringing in Hungary and perhaps other Eastern Bloc nations. *(See NJ, 11/26/88, p. 3010.)*

Potentially waiting in the wings, the CRS's Sloan said, is "a very serious debate about what role will the EC play in the 1990s. Will it remain part of the Western alliance structure? Or is it going to become more of a pan-European operation which becomes a Western tool for bringing East European nations into the fold?"

Abshire said he looks "with favor upon the gravitational pull of the EC, not just vis-à-vis Austria, but Hungary and other

Bob McNeely

House Armed Services Committee member Patricia Schroeder, D-Colo.
If we don't give European NATO members a long leash, "we'll be in trouble."

EC '92 Promises Big Market, Big . . .

"The fundamental tension between NATO and the EC is that your military allies are your trading competitors," Rep. Patricia Schroeder, D-Colo., observed. Of all the tricky trade issues sparked by the effort of the European Community (EC) to craft a true common market by the end of 1992, defense trade—because it touches on common security concerns as well as purely national economic interests—may prove to be one of the more ticklish.

Though most U.S. defense manufacturers seem to be preparing to confront a protectionist "Fortress Europe," EC '92 holds out the possibility of a larger, more integrated European defense market in which American contractors could invest and compete, much as many West European companies currently do in the United States's own large, integrated defense market.

Susan M. Muniak

Joel L. Johnson of the Aerospace Industries Association
The defense industry is gearing up to deal with the challenge.

"I think what you'll find is that the European [arms] market will look much more like the American market, warts and all—a bigger market but also a more assertive set of European manufacturers," suggested François Heisbourg, formerly vice president of the French defense electronics giant, Thomson S.A., and now director of the London-based International Institute for Strategic Studies.

Because it will centralize industrial practices, EC '92 could also facilitate removal of such trade impediments as Europe's use of technical standards for electronic products that are different from U.S. standards. "You have the equivalent of a nontariff trade barrier here," said John M. Kinn, the Electronic Industries Association's staff vice president for engineering. In recent congressional testimony, the Washington-based group urged Bush Administration trade officials to negotiate U.S.-EC reciprocity on standards.

"We're trying to use this [EC '92] as an opportunity to have the EC not do the same thing as has been done by the individual countries," Kinn said. "The EC has stated that they believe that we should have harmonization of standards. And we think that's great. The real question now is, how fast will they honor that? We do not see this moving that fast."

And then there is NATO's practice of squandering scarce development funds on redundant hardware programs. *(See NJ, 1/2/88, p. 50.)* France and West Germany, for example, are jointly investing as much as $1.5 billion in research on their PAH helicopter. Meanwhile, Great Britain, Italy, the Netherlands and Spain are spending a like amount to develop their LAH helicopter, and the United States is spending more than twice as much money to develop its LHX. EC '92 might ameliorate this sort of waste, at least to the extent of encouraging development of a single European chopper.

"The single European market will presumably increase industry-to-industry cooperation in Europe," Lt. Gen. Donald S. Pihl, deputy to the assistant Army secretary for research, development and acquisition, writes in a recent issue of the newsletter *Europe-1992*. But "the key issue," he adds, "is whether it will cause a downturn in cooperation between European and U.S. defense industries."

And therein lies the rub. Heisbourg's sanguine position notwithstanding, the widespread expectation on this side of the Atlantic is that U.S. companies will face very rough sledding in the post-1992 European defense market.

Indeed, that market is already getting tougher for the United States—at least compared with the halcyon 1950s and 1960s, when American companies dominated the West's high-technology military marketplace. During the past five years, U.S.-West European defense trade has begun to even out to something approaching the much-vaunted "two-way street." As these Defense Department figures (in millions of dollars) show, the balance of defense trade on major contracts between the United States and NATO's Western European members remains favorable to the United States, but at a diminishing level and by a narrower margin.

	West European NATO purchases from U.S.	U.S. purchases from West European NATO	Trade ratio
1983	$8,538.8	$1,039.6	8.21:1
1984	7,292.9	1,189.0	6.13:1
1985	4,567.2	1,583.5	2.88:1
1986	3,247.2	1,999.4	1.62:1
1987	3,374.4	2,368.2	1.42:1
	$27,020.5	**$8,179.7**	**3.30:1**

Though American defense contractors doubtless would prefer that the balance continue to weigh heavily in their favor, no one realistically expects a return to large-scale Western European off-the-shelf purchases of U.S. military hardware, as when Belgium, Denmark, the Netherlands and Norway jointly purchased 650 F-16 fighter planes in the mid-1970s.

Today, having fended off Washington's lobbying either to "Buy American" or allow U.S. participation, a consortium of Britain, Italy, Spain and West Germany is jointly producing the European Fighter Aircraft (EFA). At the same time, France is building its own fighter, the Rafale, and the United States is designing advanced Air Force and Navy aircraft and planning to upgrade several others.

Western Europeans are insistent on beefing up their high-tech defense industrial base and thereby ensuring that they

. . . Competition for U.S. Defense Firms

have prime products to peddle to an increasingly competitive defense market in the developing world. The flavor of this European mood, and what it means for American dominance, comes through sharply in an interview with British Aerospace chief executive Raymond Lygo recently published by *World Link.*

"Had the Americans joined [the EFA program], the first thing they would have said was: 'You have got it entirely wrong. Go back to the drawing boards, and by the way, wouldn't it be much more sensible to buy American?' " Lygo told the magazine. "Difficult as it may be, it is better for the Europeans to work together than to work with the Americans, where they will be dominated and told that all technology resides in the U.S.—which, of course, it doesn't."

An equally sharp mood can be found in some American quarters. "I'm pessimistic as to whether our contractors will have a fair shot after '92," said William G. Phillips, president of the National Council for Industrial Defense, a Washington group that represents the trade interests of several unions and subcontractors. "It's already started with the shutting out of the United States from the EFA," Phillips said. "And almost every European country is developing their own versions of almost every single weapon that you can think of, mostly for sale to Third World countries." Though large American defense contractors can stay in the Western European market by setting up subsidiaries there or teaming with European firms, Phillips fretted, small subcontracting companies would be left out in the cold.

That is certain to be the case if the EC pursues a proposal to charge tariffs on imports of "dual-use" military goods, such as semiconductors, that also have civilian uses. As governed by bilateral "memoranda of understanding" negotiated by the Pentagon, these defense goods are now imported tariff-free. *(See NJ, 11/28/87, p. 3036.)*

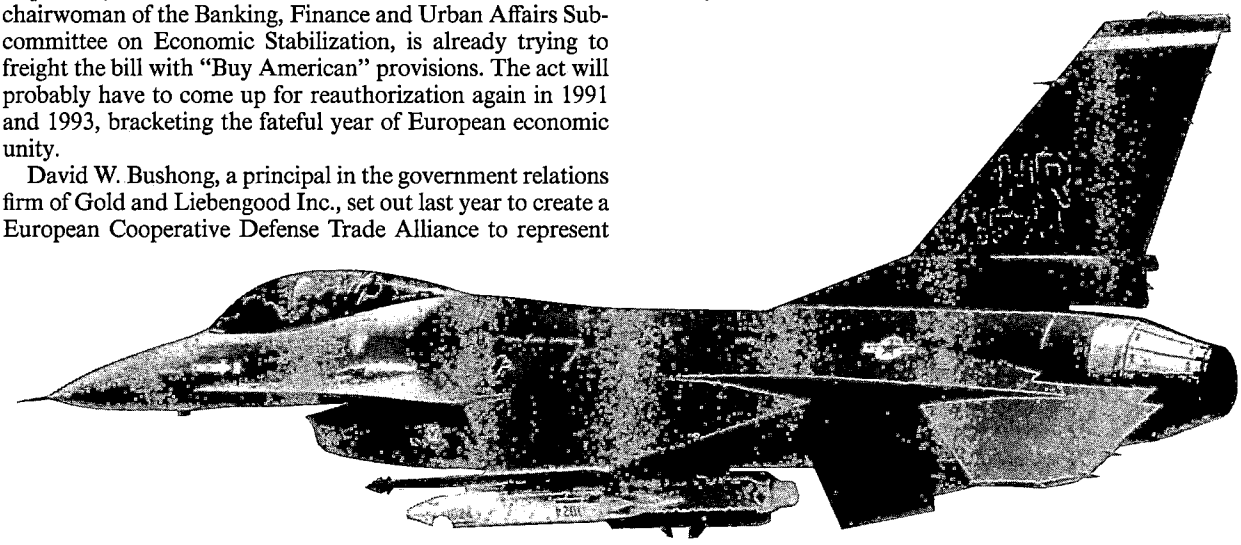
A predictable congressional response would be increased support for measures protecting U.S. defense trade. Congress this year expects to reauthorize the 1950 Defense Production Act, always an important vehicle for defense trade legislation. Rep. Mary Rose Oakar, D-Ohio, who oversees the act as chairwoman of the Banking, Finance and Urban Affairs Subcommittee on Economic Stabilization, is already trying to freight the bill with "Buy American" provisions. The act will probably have to come up for reauthorization again in 1991 and 1993, bracketing the fateful year of European economic unity.

David W. Bushong, a principal in the government relations firm of Gold and Liebengood Inc., set out last year to create a European Cooperative Defense Trade Alliance to represent European contractors in trying to knock down an expected wall of U.S. defense trade protectionism. But, he said, "there is a lot of [European] interest, but no action" on the trade alliance. The strictly European complications of EC '92 have companies in Europe "concentrated on themselves," Bushong said, "and that hurts, because it will allow the kind of Mary Rose Oakar stuff to be undefended against." *(See NJ, 7/30/88, p. 1968.)*

Another potential complication for U.S. contractors arises from the bilateral agreements currently governing the transfer to West European nations of sensitive technologies that the United States does want falling into Soviet hands. Ireland, a neutral nation, is a member of the EC but not of the Western allies' Coordinating Committee on Multilateral Export Controls. After the Community erases all of its internal customs barriers, and depending on the alternative safeguards arrived at, the Defense Department might decide to clamp down on high-tech exports to Europe, which would hurt American companies.

Most sources complained that federal agencies, including the Commerce and Defense Departments, seem to be moving slowly, if at all, to address—and if possible, head off—these potential problems. "To address security and economics and trade all in one ball is difficult for the United States to do," said Jacques S. Gansler, an expert on defense industrial issues and senior vice president of the Analytical Sciences Corp., an Arlington (Va.) think tank.

But the American defense industry is gearing up, however uncertainly, to deal with the EC '92 challenge. "It is a major issue in the defense community," said Joel L. Johnson, vice president for international affairs of the Washington-based Aerospace Industries Association, which represents 50 major aerospace firms. "Every company I know has an internal task group asking all these questions," Johnson said. " 'Should we buy [a defense subsidiary] over there? Should we look for more co-development programs so we're a player when the walls go up? What should we be doing?' A lot of them suspect that we need to be doing something, but they're not clear what, yet."



U.S. Air Force

No one realistically expects a return to large-scale European off-the-shelf purchases of U.S. hardware, such as the F-16.

East European countries. Those countries must be more politically and economically mature for any kind of entry to take place, but this is one of the great dynamics of the pulling of the East toward the West in a nonprovocative way."

But, he cautioned, "securitywise, the price could be a further loss of [alliance] cohesion, with the EC taking a more unified front on some of the more contentious issues."

One such issue could prove to be that of ensuring control over sensitive technologies that the Defense Department does not want falling into Soviet hands. Currently, technology transfer issues are handled through bilateral agreements and by the Coordinating Committee on Multilateral Export Controls (CoCom). Though not a part of NATO, CoCom includes all of its members except Iceland, together with Japan.

Traditionally, the other CoCom members have pressed for looser controls over the export of dual-use civilian-military items to the Warsaw Pact nations than those countenanced by the United States. Some observers in Washington, consequently, worry about how the United States can keep the clamps on its high-technology products after the EC drops its internal customs barriers, including those with neutrals such as Ireland—not to mention Hungary.

Defense Department

A wealthier Europe could amplify calls for U.S. troop withdrawals.

"When the last Eurocrat puts his rubber stamp in his pocket and closes the last border station between Germany and France and goes home, some [technology] licensing guy at [the U.S.] Commerce [Department] is going to go ballistic because there will be no paper trail anymore," predicted Joel L. Johnson, vice president for international affairs of the Washington-based Aerospace Industries Association.

"What we will need," Johnson said, "is a CoCom which has an agreed [target] list, with equivalent enforcement mechanisms at all the borders. And you upgrade the Greeks to be as competent at their border as the Brits." But, he said, "whether that will happen between now and 1992 is an issue."

The security issues that EC '92 raises, policy observers and participants alike complain, are not getting sufficient high-level attention from the Bush Administration.

"I don't get the sense that [the Pentagon] is dealing with the issue," former Defense Department official Zakheim said. The Pentagon "is not a heavyweight in this area, and it should be."

The department is addressing the implications of EC '92 as part of the Administration-wide strategic review launched by President Bush. Other than that, however, EC '92 issues fall under the purview of the Pentagon's director for international economic and energy affairs.

"The person looking after the EC-defense interface in the Pentagon should be at least a deputy assistant secretary," Zakheim said, "someone who will have clout in the interagency meetings and will be able to go over to [EC headquarters in] Brussels and negotiate."

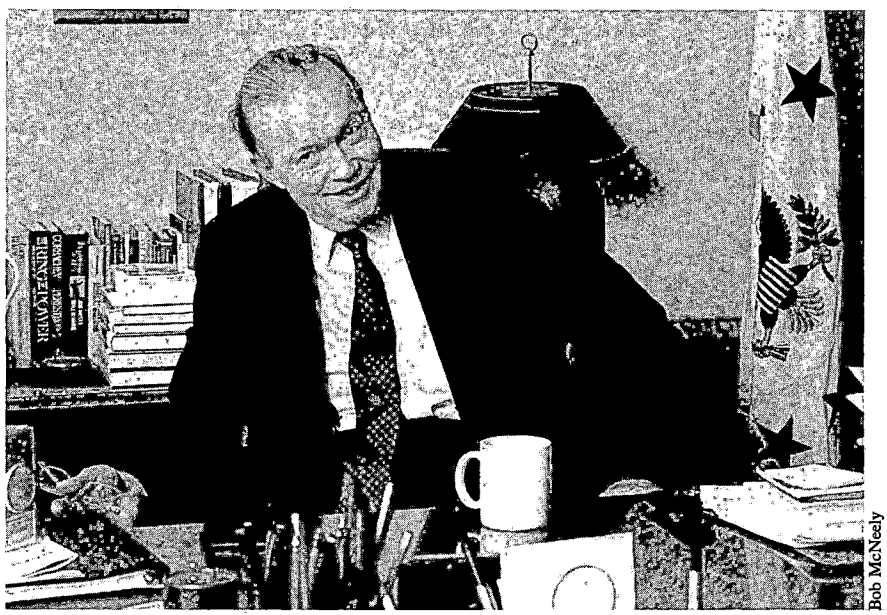
Likewise, the Aerospace Industries Association's Johnson fretted, "What is worrisome in the area of defense trade [and EC '92] is that our bureaucracy simply isn't asking the questions yet, much less gearing up to have any sort of coherent strategy. As usual," he added, "the defense trade issue falls into the Potomac between the Defense and Commerce Department bureaucrats, who are not in the habit of talking to one another."

Sen. Biden agrees. "It's kind of one of these sleeper issues," he said. "I don't get the sense that it has been at this point a high item on our agenda in the Administration."

It is crucial, Biden said, for the United States to get out in front and do what it can to shape the future that is rapidly unfolding in Europe. Otherwise, he said, it is guaranteed to be distressed by the new Europe that emerges.

"From the status quo establishment in this country we're hearing, 'We're in great shape, NATO works, we've unearthed and exposed the bankruptcy of the Soviet system, and the Marshall Plan worked, and all we have to do is sit back and let everything unfold,' " Biden said.

"That's malarky. What is our vision for the world, and Europe in particular, for the next 30 years? When I speak to Europeans, whether they are generals or political leaders, they say nothing will happen unless the U.S. pushes it. It never does in NATO. So I get the feeling that Europeans are looking for the push." □

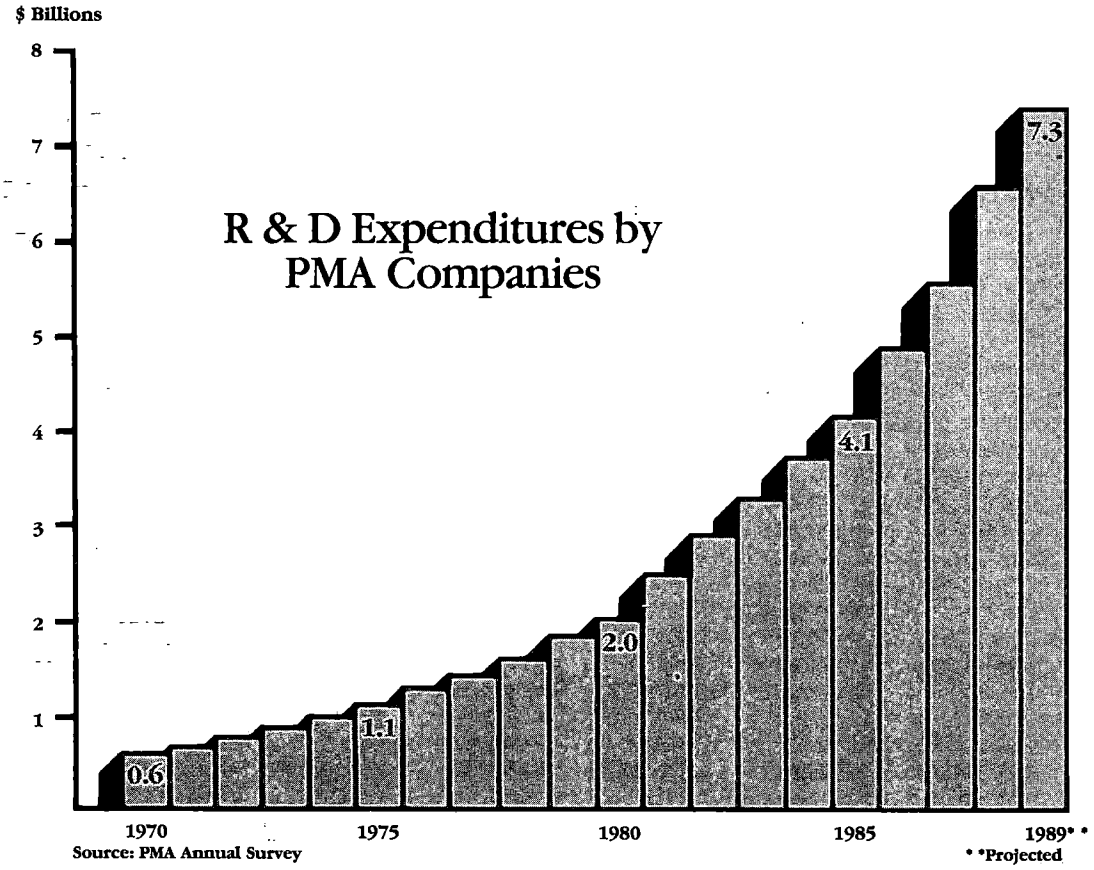


Bob McNeely

CSIS president David M. Abshire, a former U.S. ambassador to NATO
A more unified EC could lead to "a further loss of [alliance] cohesion."

INNOVATION IN MEDICINES

#4 in a Series



Industry Drug Research Investment Exceeds $7 Billion.

The R&D investment of research-based pharmaceutical companies has doubled every 5 years since 1970. In 1989, it will again exceed the total NIH funding for all biomedical research.

Pharmaceutical Manufacturers Association

1100 Fifteenth Street, N.W., Washington, D.C. 20005

America's Pharmaceutical Research Companies

Paying for the Dream

Richard A. Bloom

The prospect that Western Europe will eventually achieve political integration is already posing some uncomfortable foreign policy questions for the Bush Administration.

BY ROCHELLE L. STANFIELD

A politically united Europe is a 40-year-old dream of U.S. foreign policy. But there may be a steep price to pay as that dream moves a step closer to reality.

The prospect of eventual political integration already poses some uncomfortable questions for the Bush Administration, which is still in the early stages of drafting its policy approach to the European Community (EC), Eastern Europe and the Soviet Union.

As the 12-nation EC advances toward its goal of a barrier-free common market by 1992, potential differences with the United States are beginning to emerge.

Will the Community, in pursuit of firmer economic relations with the Soviet bloc, pull the Western alliance into a new political relationship as well?

Will Western Europe attempt to forge its own foreign policy positions on such sensitive issues as the Middle East, Africa and Central America?

Europe is still a long way from integration of its foreign policy, though the economic union it expects to forge by the end of 1992 will point it in that direction.

Political unity "will be the last thing to emerge" in the European drive toward economic union, former U.S. ambassador to the EC George S. Vest predicted recently. But when it happens, he said, "I see it as very significant."

Vest said he believes America's "community of interests" with Western Europe "is going to be large enough that we will be able to influence them and have them as a third world figure" in addition to the United States and the Soviet Union. "That will be valuable to us," he said. "But we cannot possibly assume that everything they prefer is what we are going to prefer. So, [dealing with the EC] is going to be a larger problem for us, but not an unmanageable one."

Vest was on the scene in the 1950s when the planners of postwar Europe looked forward to a United States of Europe but were able to accomplish only the first small steps toward economic integration. "The community sets very large goals for itself and then achieves a portion of them," Vest said. "Because business is driving the leadership, economic [union] will happen first. But the fact that political [integration] is moving is very important, because that reflects the attitude of a whole new generation of young Europeans."

The veteran diplomat has witnessed the slow evolution of foreign policy coordination within the Community during nearly four decades. He was assistant secretary of State for European affairs in the late 1970s when EC members agreed on a common Middle East policy that differed substantially from the U.S. approach. And while he was ambassador to the Community in the first half of this decade, the EC gave form and function to the intangible concept that it has labeled European Political Cooperation.

Vest, who has retired as director general of the foreign service and plans to plunge into EC projects as a private consultant, sees European Political Cooperation as a slowly evolving phenomenon that U.S. foreign policy will have to accommodate.

Vest's assessment generally matches those of the handful of American and Western European officials, academics and consultants who have looked into the foreign policy ramifications of "EC '92," which, they all agree, is by far the most amorphous aspect of a very speculative subject.

"Even the Europeans don't know what 1992 will bring. There's no consensus among the members of the Community over what the diminishing of trade barriers will actually mean," said Paul E. Gallis, a Congressional Research Service (CRS) specialist who is following the process for Congress. "And the purely political aspects are a lot more difficult" to discern.

Others see much more progress on political cooperation. "One finds a very, very intensive effort on the part of the Europeans to coordinate their foreign policies across as many issues as they possibly can, to build some consensus among the 12," said Donald J. Puchala, director

of the Institute for International Studies at the University of South Carolina, who has been monitoring the EC at the United Nations. "And they are having a reasonable amount of success."

The first targets of European foreign policy coordination are the so-called transnational topics—human rights and terrorism, for example—and such regional issues as the Middle East, Africa and Central America. "Central America is a big success story," said Corrado Pirzio-Biroli, deputy head of the EC delegation in Washington. "I think the present position of the United States may have been influenced by the foreign policy of the Community."

Many EC watchers predict that the looming issue of East-West relations will be tackled by the Community at a later point, and probably in close consultation with the United States. Others are less sure. The EC may, in fact, choose to back into that big political question through the economic door as it deals with Eastern Europe, particularly Hungary and Poland. Hungary is already seeking a special economic relationship with the EC.

A common EC foreign policy on these issues will depend on how the Community's three most powerful member countries—France, Great Britain and West Germany—view each other. U.S. observers are paying particular attention to Germany, the Community's largest economy, which is only now beginning to flex its political muscles. Some experts predict that West Germany will use the Community as a convenient cover for aggressive overtures toward the East; others suggest that the Community will restrain any German adventurism.

"The big question behind it all is: Is the United States going to have to change the way it does business" in the foreign policy field? said Gregory F. Treverton, a senior fellow at the New York City headquarters of the Council on Foreign Relations who is heading the council's EC '92 project. "We rather like the current status quo, where Europe is organized enough to provide some shape but where the most important stuff gets handled bilaterally. I think that is changing over time."

Richard A. Bloom

Former U.S. ambasssador to the European Community George S. Vest
Dealing with the EC "is going to be a larger problem for us, but not an unmanageable one."

Clifford P. Hackett, who has written extensively about European union, including a forthcoming history of the EC, questions the State Department's readiness to deal with Europe's significant political changes. "What's lacking is an over-all assessment from a political point of view," he said. "And I'm not aware of any efforts within the State Department to rectify it."

A DREAM FULFILLED?

"Clearly, it's been the objective of postwar U.S. policy to build up the European pillar of the [NATO] alliance. Clearly, that policy has been very successful," an Administration official said in an interview. "We're now in an adjustment period, a period of flux. While members of this Administration have a shared view, there is still a continuum among [Secretary of State James A.] Baker [III], [Defense Secretary Dick] Cheney and [national security adviser Brent] Scowcroft in how we adjust to the changing perceptions of the East."

Such postwar dreamers of a unified Europe as Secretaries of State Dean Acheson in the 1940s and John Foster Dulles in the 1950s sought European integration as a bulwark against Soviet expansionism and as a prosperous market for U.S. goods. Their context was an ascendant America supporting a devastated Europe.

The goal remains, but the situation has changed. Western Europe is prosperous; the Soviet Union appears to have drawn in its horns; and the United States is no longer in the ascendancy.

"No Member of Congress wants to adopt [Yale professor] Paul Kennedy's view that the United States is declining," a congressional staff member said. "It's easier to look at budget and trade deficits and say the problems are abroad. So they say 1992 means 'Fortress Europe.' "

"Fortress Europe" generally connotes the prospect of trade barriers. But some political observers also see a fortified European political system raising obstacles to U.S. foreign policy initiatives. "[Nixon-Ford era Secretary of State Henry A.] Kissinger was not a fan of the Community because he had a sense that the United States was much more likely to get its way, to achieve its will, in dealing bilaterally with the Federal Republic [of Germany] or the United Kingdom than it would be if the decision were negotiated first among Community countries and then brought to the United States," Hackett said. "He was not the only one. The Secretaries of State after him have agreed that it's not right for the Community to first consult and then come to us with a completed policy, that we should be involved in the negotiations."

So far, Baker has remained relatively silent on the foreign policy implications of EC '92. The most vocal member of the Administration has been Commerce Secretary Robert A. Mosbacher, who has demanded "a seat at the [EC] table." In Vest's view, "that is nonsense. It's not our table."

An Administration official said that Baker learned a major lesson during his whirlwind trip through the NATO countries early this year: that EC leaders want continued strong U.S. leadership. "But EC 1992 will require a different kind of leadership that is creative and works in a multilateral fashion," the official said. Nevertheless, he added, "the United

States must still lead in developing and operating the multilateral system."

A European official dismissed American fears of a politically heavy-handed Europe, saying, "The average position of the Community is always more likely to be along lines acceptable to the United States than the position of one or the other member states taken separately."

Political collaboration between EC members has grown slowly since 1970 along a parallel track that was outside the Community structure until the 1987 Single European Act incorporated the European Political Cooperation process in the Treaty of Rome, the EC's governing pact.

"The Community has been strengthening its structures, even those dealing with foreign policy, and is therefore a different animal than it was before," the EC's Pirzio-Biroli said. "This is not entirely understood yet abroad."

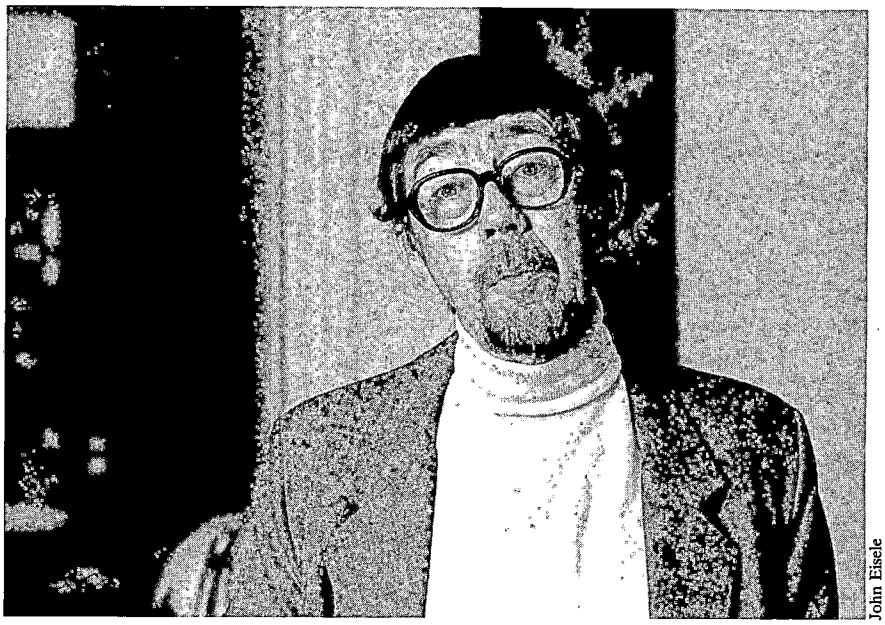
One of the Community's first attempts at coordinated foreign policy led to adoption of a common position for the 1973 Helsinki meeting on human rights. Because this position was taken in consultation with the United States, however, no American eyebrows were raised at the demonstration of European independence.

The first step toward an independent European foreign policy position came in 1980 with the Venice Declaration on the Middle East, which tilted much further toward the Palestinians than the United States was prepared to go. The EC consensus on the Middle East has held firm and has been at variance with that of the United States ever since.

"They are pushing for a settlement in the Middle East that recognizes the Palestinians and that will pave the way for a Palestinian state," the University of South Carolina's Puchala said. "They were instrumental, for example, in setting up [Palestine Liberation Organization leader Yasir] Arafat's speech to the U.N. in Geneva [last December]. Actually, the text of his speech was endorsed by the Europeans. It's something collectively they agree upon."

European consensus on this knotty problem has not, however, significantly advanced the peace process, Community officials, Administration officials and academic observers agree.

Pirzio-Biroli is much more enthusiastic about the EC's coordinated Central America policy. "We try to reduce tensions in the area by encouraging [states in the region] to work together," he said. "We supported the Arias peace plan [named for Costa Rican President Oscar Arias, its principal author] from the first hour, which was not always the U.S. position. From the first hour, we supported the Esquipulas plan [another Central American initiative]. The approach is one of not interfering, of not supporting one against the other."



John Eisele

European union enthusiast Clifford P. Hackett
"What's lacking is an over-all assessment from a political point of view."

Pirzio-Biroli said EC members "do understand that the United States is starting from a different point. The Reagan Administration didn't really very much like what we were doing, but it wasn't something they could really stop. Now, since Bush came to power, both Bush and Baker have mentioned the Community effort and have even referred to the need for Japan, the Community and the United States to work hand in hand in Central America—which is a dramatic change."

A LONG WAY TO GO

A coordinated foreign policy toward a region such as Central America, where individual European countries have very small stakes, is a long way from a United States of Europe.

European union enthusiast Hackett, who is executive director of the American Council for Jean Monnet Studies in Washington (named after the father of the EC), said he sees "some parallel between what is going on in Europe today with what went on in our country at the end of the period of confederation, when we had agreed upon the Constitution and we had some sense that things were going to have to change." But even Hackett concedes that many obstacles remain to political integration. EC summit meetings, he acknowledged, have been described as mere "photo opportunities, stage settings for a lot of grandstanding. Unfortunately, there's a lot of truth to that. But that shouldn't surprise anyone."

If economics, military security and convenience are driving the Europeans together, politics, political philosophy and nationalism still keep them apart.

"Cultural and language differences among Europeans are visceral and emotional, and I don't think those will diminish," the CRS's Gallis said. "But there's been a conscious effort to diminish the psychological barriers between the countries over the last 10 years. And that has happened among the younger people above all."

Great Britain is probably the most nationalistic EC member and British Prime Minister Margaret Thatcher the constant voice of caution. Thatcher's concerns, in the view of most observers, combine all the elements of nationalism, philosophy and politics. As an island nation, Britain has tried for hundreds of years to remain aloof from the Continent. With the Community's most market-oriented, least centrally planned economy, it fears the planning and regulation that will accompany economic integration. And as the country with the closest ties to the United States, it worries that a unified Europe might drive the Americans away.

France is more sanguine about integration than Britain but retains some of the aloofness and nationalism personified by former President Charles DeGaulle, whose notion of European integration featured France as the dominant member. Although Britain worries about all forms of integration, France is more comfortable with economic union, less so with military consolidation.

Germany is the most enthusiastic about European union. "The Germans are not self-confident politically because they lack a national identity," said Robert Gerald Livingston, director of the Ameri-

can Institute for Contemporary German Studies at the Washington campus of the Johns Hopkins University. "They agonize about it all the time, and this cripples them [politically]. Economically, they are really quite confident, almost arrogant. They feel they can really hack it. The Common Market allowed Germany to assert itself politically without being singled out, without others saying, 'The Germans are at it again.' "

FACING EAST

These differences between the EC's dominant members complicate predictions not only about the smoothness of the road to political integration but also about the Community's approach to the Soviet Union and Eastern Europe. How the EC deals with the Soviet bloc is likely to determine how the United States deals with the EC.

Foreign policy coordination in many areas "is already somewhat a fact of life," said James G. Lowenstein, a senior consultant with APCO Associates, the consulting subsidiary of the Washington law firm of Arnold & Porter, and a former ambassador to Luxembourg and principal deputy assistant secretary of State for European affairs. "The crucial foreign policy field in which there may be some divergence is the whole question of East-West relations and how to deal with the Soviet Union. And since [West] Germany is certainly the most important voice and since Germany is very détente-minded, [the German government] may want to move more rapidly than we do."

The feeling among most specialists on West Germany is that it is emerging from the political shell it retreated into when Germany was split after its World War II defeat. "I think [West Germany] will probably be willing to use more of its political influence than it has been willing to do in the past," said William E. Griffith, a political science professor at the Massachusetts Institute of Technology and editor of a forthcoming book on EC '92. "This is already happening."

Treverton of the Council on Foreign Relations suggested that "Germany will become more assertive, whether or not the EC provides them some cover. What is more interesting is that the Germans don't feel like they need much cover any more."

Predictably, West Germany is the most enthusiastic EC member about accelerating the Community's dealings with Eastern Europe, and Britain is the most hesitant. The United States, despite its overtures to Poland, is even more reluctant.

West German eagerness is a product both of its protective attitude toward East Germany (West Germany insisted on favorable EC trade treatment for East Germany) and of its desire to increase investment and markets in Hungary and Poland. A few European observers have expressed fear that Germany's enthusiasm could lead it to attempt reunification with East Germany or seek to become neutral. Most experts vigorously dismiss these fears.

The EC integration movement, rather than pushing West Germany out of the Community, will lock it in, in Griffith's view. "Anything that contributes to greater unity in Western Europe is basically in the American interest," he said, "because A, it consolidates Franco-German reconciliation and, therefore, B, makes it less likely that Germany will go wandering off by itself."

Community officials stress the desirability of cohesiveness toward Eastern Europe. "If one looks at foreign policy, I think much of the power relations both within Europe and between Europe and the United States will be affected by the evolution in East Europe and by the way each of us reacts to that evolution," Pirzio-Biroli said. "Whatever that evolution, if we were to react in identical fashion, we probably would have less of a problem than if we react in different fashion."

The economics of EC relations with Eastern Europe butt up against the politics. The Community wants Eastern European customers for its goods, though it is not excited about Eastern European goods flooding EC markets. "More Eastern European products on European [Community] markets is the last thing they want," Henry R. Nau, associate dean of the Elliott School of International Affairs at George Washington University, said. "That's why the Community is approaching the problem in terms of credits and exports to Eastern Europe rather than making it easier for imports into Community markets."

Other than East Germany, which sneaked into the Community market under the West German wing, Hungary has the closest economic ties to the EC of any Eastern European country. Last year, the EC agreed to abolish import quotas on Hungarian products by 1995. The Community, Pirzio-Biroli explained, is "banking on the fact that by 1995, Hungary will be very close to a market economy, with proper prices like a market economy and with full [currency] convertibility, which is largely the case already."

Nobody expects the EC to open its membership to Eastern European countries any time soon, however. The Community has precluded any new membership before 1993, and most observers expect the 13th member to be Norway, which once rejected membership but may be in the process of changing its position. Also standing in line is Austria, a neutral that wants economic rather than political

Bob McNeely

Corrado Pirzio-Biroli, deputy head of the EC delegation in Washington
U.S. Central America policy "may have been influenced by the [EC's] foreign policy."

ties. Hungary's strategy is generally believed to center on obtaining an informal economic relationship by virtue of its close ties to Austria if that country is admitted to EC membership.

The EC's reluctance to admit Austria and Hungary "shows the extent to which they are serious about the political aspect of the Community," the CRS's Gallis said. "They feel that political cohesiveness of the European Community would be diminished if Austria or Hungary were allowed to join."

READY AT STATE?

However these moves play out, the U.S. foreign policy establishment is going to have to respond.

Surprisingly, for an agency that helped fashion the EC, the State Department under President Bush has remained in the background in discussions about EC '92. Commerce Secretary Mosbacher has usually served as the Administration spokesman on the subject. And an interagency task force established to monitor EC '92 developments is chaired by an official from the U.S. Trade Representative's Office.

Hackett interprets this as an unfortunate gap in the U.S. foreign policy-making structure. "In the State Department of John Foster Dulles, a united Europe was at the center of American concerns," he said. "After his death, we've never had a Secretary of State with any interest [in the EC]. After the departure in 1964 of [undersecretary George W.] Ball, whose interest was quite personal, there was no one left at the State Department at that level who cared anything about the Community for its political implications."

State Department officials vigorously dispute that assertion. "Secretary Baker is very interested in EC 1992, especially because he ran the [White House] Economic Policy Council when he was Treasury Secretary," an Administration official said. But precisely because Baker was in charge of the council, the official said, the Secretary "has tried to be circumspect in his new capacity. There is a lot of interest throughout the State Department. [Deputy secretary Lawrence S.] Eagleburger is personally very interested, for example."

Vest attests to the department's attention to and expertise in the subject during his tenure as assistant secretary during the Carter Administration and EC ambassador during President Reagan's first term.

Hackett bases his criticism on visibility and organization. "If you want to look at who's paying attention to things in government, you can look at the organization structure," he said. "You are bound to come to the conclusion that the State Department, if not out of the loop, is in a secondary or tertiary loop. There is a deputy assistant secretary of Commerce, [Franklin J.] Vargo, who is appearing all around and saying this is what our government sees for 1992. In the State Department, there's not even a deputy assistant secretary for European affairs devoted to the Community."

Administration officials concede that the Baker State Department has been very slow to organize. The assistant secretary for European affairs has yet to be designated officially, although Raymond G.H. Seitz, the deputy chief of mission in London, is expected to get the job. Until he occupies the assistant secretary's sixth-floor office, the bureau's organization won't be determined.

Vest said he was not concerned. "When I was assistant secretary, my principal deputy was primarily assigned to look out for European Community issues," he said. "That's the way I ran it. I am fully confident that the next assistant secretary will have on the team a deputy peculiarly qualified to keep an eye out for European Community matters because EC 1992 has sensitized everybody."

To demonstrate the Administration's intent, Vest points to the nomination of Thomas M.T. Niles, who has been ambassador to Canada, as EC ambassador.

"When I was ambassador to the Community, Mr. Niles was the deputy assistant secretary in the European bureau with whom I worked most closely," Vest said. "This is a professional who has deep expertise in the field. So, we're setting ourselves up to have experts on the spot."

Another Administration official said that Baker was putting the pieces together to take an active part in EC '92 as it evolves. "Rather than taking a heavy-handed approach, we're trying to coordinate interested groups," the official said. Baker has set up an active monitoring system and issued orders for close consultation between the various State Department offices and the EC ambassador. "We have the components," he said. "Some are in place, some are in the process of being put in place. We'll have a coordinated European policy."

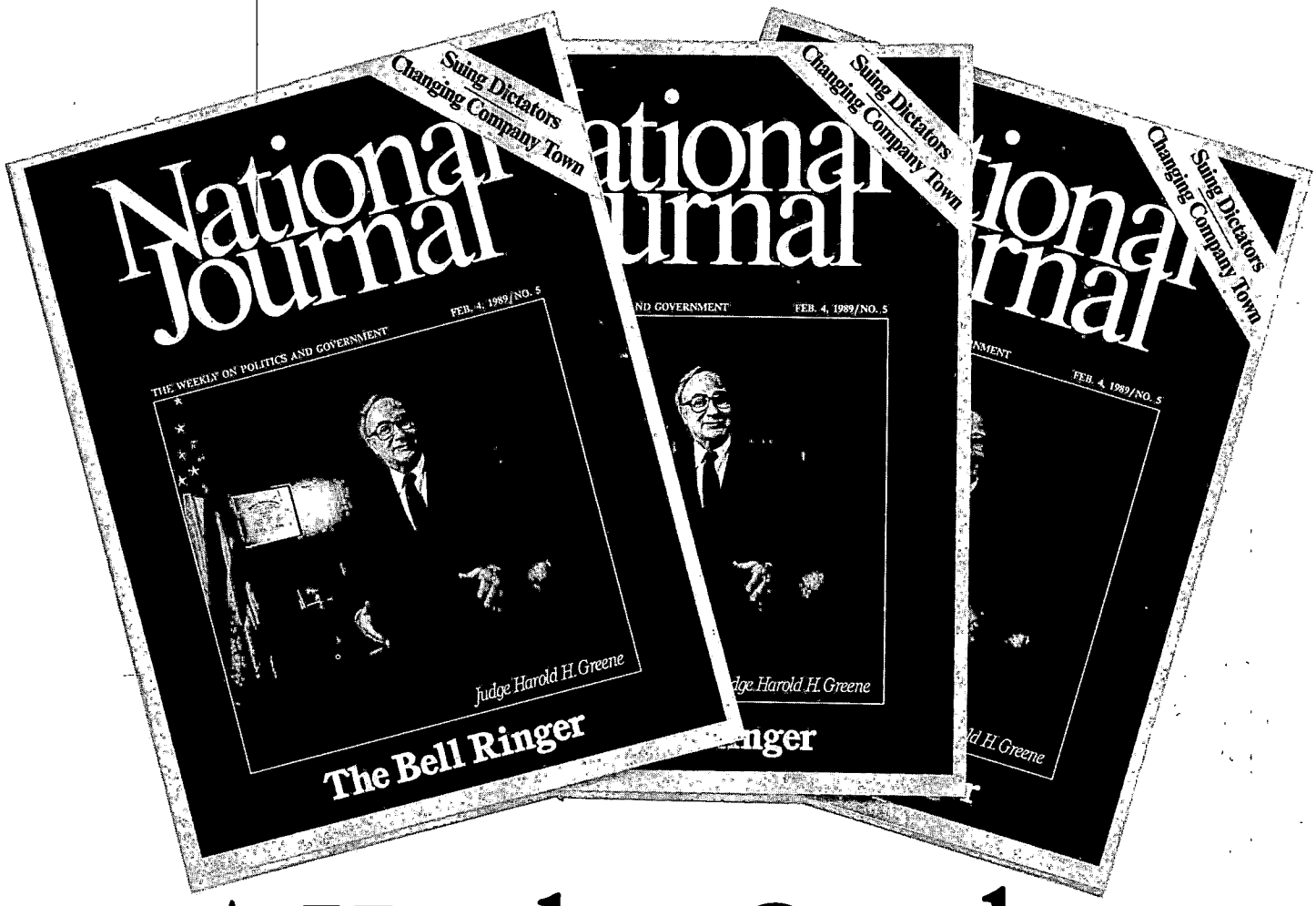
European officials say they are content that the United States under Bush will play a positive role in the developments. "He has a good team assembled," an official said. But regardless of U.S. participation, European political integration is on the move, most of the European experts assert, and this is going to have an impact on U.S. foreign policy.

"When they do get together, it makes a difference because they begin to look like a major power when there are 12 of them all saying the same thing," Puchala said. "And each of them individually appreciates the support they are getting from the other 11. So there is a very strong commitment there that is not economically related to 1992 but politically and psychologically related to Europe assuming a greater role in the world."

Richard A. Bloom

Paul E. Gallis of the Congressional Research Service
"Even the Europeans don't know what 1992 will bring."

And that Europe may eventually be much larger than the 12 countries committed to economic union in 1992. "I think we have to think about the whole of Europe," a European official said. "There is no reason we should consider that the Yalta agreement [which divided Europe in 1945] must last until kingdom come, that there is no possibility of bringing the whole of Europe together. It may take 50 years, but we will bring unity across the whole of Europe." □



A Kinder, Gentler Subscription

For government subscribers only...

As a government official, you know that NATIONAL JOURNAL is your most important source of nonpartisan information on the policy-making process, government-wide. Copies of NATIONAL JOURNAL are among the most guarded, most sought-after publications in your office.

We want to make sure everyone in government who needs NATIONAL JOURNAL gets it – without photocopying or suffering the uncertainties of a routing slip. Now, every government subscriber can receive *two additional copies* of NATIONAL JOURNAL every week, as part of their basic subscription.

To take advantage of this special offer for government subscribers only, or for more details, call toll-free, 1-800-444-4078. In D.C. call 857-1422.

National Journal

What the Leaders Read.

High-Tech Tussling

Richard A. Bloom

American computer companies and other high-technology firms foresee a booming market in the new Europe, but they wonder if the Community will short-circuit outside rivals.

BY BRUCE STOKES

Without warning, the European Commission issued a directive early this year that stunned Intel Corp., Micron Technology Inc. and a number of other American semiconductor manufacturers. The commission announced that computer chips will have to be fabricated within the European Community (EC) to be considered European-made.

That might sound like an innocuous technical ruling, but the Feb. 6 directive could cost chip companies that don't have EC fabrication plants hundreds of millions of dollars—in lost exports to Europe or in capital investment costs to build EC facilities.

The commission—the administrative body that runs the EC, the economic union of 12 Western European nations—says that the directive isn't an overt attempt to discriminate against American companies. The commission notes that Texas Instruments Inc., Motorola Inc. and some other U.S. firms already have fabrication plants in Europe. Bureaucrats in Brussels, the seat of the EC, say they were simply trying to harmonize the practice in Europe with what's happening elsewhere.

But in today's high-technology world, where government policy and private business practices are increasingly intertwined, no regulatory action stands alone. A new economic environment for high technology is emerging in Europe, driven by the effort to create a unified internal market by 1992.

It is not the crudely protectionist Fortress Europe decried by some U.S. officials, but a more refined, complex pattern of practices and policies that for years to come, is likely to define Europe's high-tech sector.

In this emerging mosaic, the diffusion rule—so called because in making semiconductors, electrical circuits are etched, or diffused, over the surface of a silicon wafer—is only a small piece. Other elements include recent commission practice in resolving dumping disputes with the Japanese, EC encouragement of cooperative corporate research and development, new commission rules on public procurement of telecommunications equipment and forthcoming standards and rules for testing and certifying high-tech products.

The EC intends "to get across the message that it wants [high-tech] investment in Europe, technology in Europe and jobs in Europe," said R. Michael Gadbaw, a partner in the Washington office of the New York City law firm of Dewey, Ballantine, Bushby, Palmer & Wood, who represents the Semiconductor Industry Association. "And it has some very flexible tools to get its message across."

European business leaders seem only too willing to reinforce that message, urging special treatment of high-tech industries in the EC's new economic regime. Jean Caillot, chairman of the French Electronics Industry Association, at a *Financial Times* conference in late April, called on the EC to adopt a comprehensive policy to defend and develop its electronics industry by using new ground rules on pricing, antidumping, product origins, protection against "screwdriver" plants, standards, aid for R&D and treatment of foreign producers based on how European companies are treated abroad.

Such sentiments drive U.S. industry worries that "EC initiatives appear to be shaping up more as 'industrial policy' measures than market-liberalizing measures," Michael C. Maibach, Intel's director of governmental affairs, told a congressional subcommittee in March.

If that's the case, said Rep. Sam Gejdenson, D-Conn., "the Europeans will be able to cream the industrial process. We have the potential here for having [U.S.] industry by [U.S.] industry picked off."

European diplomats reject such interpretations as American paranoia induced by too many dealings with the Japanese. The diplomats point out that there are numerous potential benefits for U.S. high-tech firms in a single, barrier-free European market. *(See box, p. 1183.)* "All these things will help people from outside the Community as much as they help peo-

ple inside the Community," an EC official predicted.

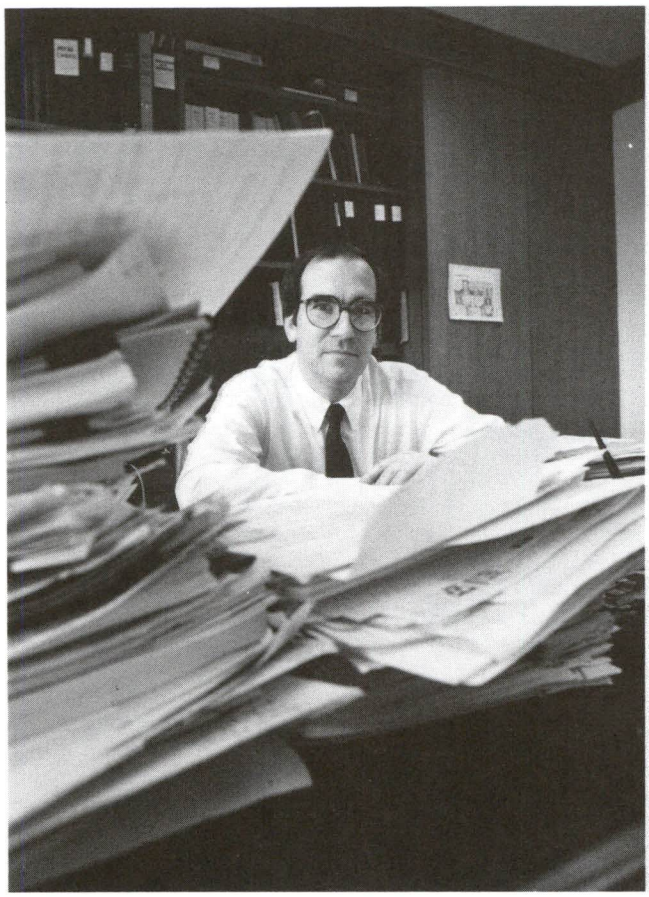
Moreover, some American analysts say, it would be a mistake to interpret developments in Europe as traditional nationalistic industrial policy writ large. The EC commission's actions may simply be an effort to respond to challenges in the high-tech arena, these analysts say.

European companies as well as their American counterparts face potentially overwhelming competition from Japan. They also face high production startup costs (a new fabrication plant costs $100 million-$300 million) and a boom-and-bust market.

To cope with these problems, new industrial prototypes are emerging, marked by a blurring of traditional distinctions between companies based on product and national heritage. A new business paradigm is developing, defined by joint ventures and cooperative R&D efforts by ostensible rivals, vertical alliances between producers and customers and international sharing of products and technologies. The commission is not driving these developments but following them, U.S. industry experts say.

"For years, we have neglected Europe," Gadbaw said. "Our primary focus has been Japan. We have allowed our relationship to be infected with an obsession with agriculture. It has obscured the nature of our common interest on high-tech issues." Those shared concerns could one day form the basis of a U.S.-European strategic alliance across the spectrum of high-tech industries, Gadbaw said.

Although such an alliance seems remote, it could materialize in a post-1992 Europe. In any case, the U.S. response to the Europe 1992 initiative will help determine America's success in the high-tech marketplace of the future.



Richard A. Bloom

R. Michael Gadbaw, attorney for U.S. semiconductor firms
The European Community's message is invest in Europe.

MARKET STAKES

For U.S. high-tech businesses, Europe 1992 is a high-stakes game. It is now apparent, after years in which the European market trailed those of the United States and Japan, that conditions have begun to change.

In 1988, semiconductor sales rose by 31 per cent in Europe, 25 per cent in the United States and 13 per cent in Japan, according to estimates made by Dataquest Inc., a San Jose (Calif.) market research firm.

U.S.-based companies captured 43 per cent of the $8.5 billion European market last year, making Europe their largest semiconductor export customer.

EC computer sales are booming. "We expect to see double-digit market growth in Europe until 1993, 12-13 per cent per year, as opposed to 10 per cent growth in the United States," according to Everett M. Ehrlich, vice president for economic analysis of Unisys Corp.

And the telecommunications industry, which accounted for only 2 per cent of the EC's gross domestic product in 1984, is expected to generate 7 per cent of it by the end of the century.

Thus, Europe is shaping up as a bull market for high-tech products. These are Dataquest's projections of annual percentage growth in sales of high-tech products in Europe, the United States and Japan through 1992:

	Europe	United States	Japan
Personal computers	9.5%	6.8%	10.2%
CAD/CAM workstations	9.2	7.7	4.6
Manufacturing software	17.3	12.0	20.3
Chip fabrication equipment	13.5	11.3	32.3

European high-tech companies, meanwhile, are becoming major international players. In 1988, 3 of the world's top 10 electronics firms, measured by sales, were European; 2 were American, and the rest, Japanese. Industry analysts who track startup companies note that in 1987, for the first time, European venture capitalists—who provide high-tech seed money—raised more money ($5.1 billion) than their U.S. counterparts did ($4.9 billion). "Europe wants to build a base from which global companies can spring," Ehrlich said.

DEFINING CHIPS

The EC commission's diffusion decree is meant to define a European-made computer chip. Semiconductors go through several stages of production: wafer fabrication, testing and assembly. Economies of scale and the high cost of fabrication plants led many U.S. and Japanese semiconductor manufacturers to service the European market from home facilities, by shipping fabricated wafers to Europe for final testing and assembly.

This process used to qualify a chip as European-made. But European chip makers complained to Brussels that the commission's standard was easier than the ones they faced in some other countries and allowed many clearly non-European companies to call their products European-made. Under "strong encouragement" from European manufacturers, U.S. trade officials said, the EC commission made the change.

"In itself, the diffusion rule is pretty much a nonissue," said James H. Peterman, a Texas Instruments Inc. executive who's a member of the Semiconductor Industry Association's public policy committee. "It's the interaction of the diffusion rule with other developments in Europe that has the potential to cause problems, because you create incentives for downstream manufacturers to buy European, rather than non-EC-origin, components."

American high-tech analysts are also concerned about rules of origin that have evolved from settlements of EC dumping cases against Japanese companies. The companies were accused of selling such items as photocopiers and dot matrix

printers in Europe below production costs. To avoid paying dumping penalties, a number of Japanese firms agreed to put at least 45 per cent local content (including parts and labor) in the products they sold in Europe.

When it became apparent that the firms' efforts involved little more than setting up so-called screwdriver operations—in which imported parts are assembled by European workers—Brussels threatened to impose duties on the parts. To avoid those penalties, Japanese manufacturers agreed in 1987 to put at least 40 per cent non-Japanese content in products made in screwdriver facilities.

Nothing in this arrangement violates international trade agreements. But American officials were worried because the procedure was worked out behind closed doors, with no regard to its impact on other countries, and they say it may harm long-term U.S. business prospects in Europe.

The immediate effect has been to spur Japanese investment in Europe. In 1987, there was a lone Japanese computer printer plant in Europe; today, there are 13. Only 92,000 Japanese printers were built in Europe in 1987; Dataquest expects that by 1990, the yearly total will be 1.7 million.

U.S. exports have also been affected. To circumvent a dumping ruling, Ricoh Co. Ltd., the Japanese photocopier maker, attempted to import copiers from its California plant. But the EC commission ruled that the machines were made of dumped Japanese parts and thus were subject to duties, even though the U.S. Customs Service considers them American-made.

And the interaction between the rules of origin that have evolved from the dumping cases and the diffusion directive is only beginning to be felt.

Japan's NEC Corp. has stopped buying American-made computer chips for circuit boards it puts into computer printers it assembles in Great Britain, according to U.S. industry sources, to help ensure an EC-origin label for its printers and thus comply with the screwdriver regulation. In this year's first quarter, these lost sales cost two U.S. semiconductor manufacturers exports valued in six figures, according to these sources.

And Maibach of Intel, in his congressional testimony, said that U.S. semiconductor vendors "are now being asked to disclose the location of diffusion operations in sales proposals, as well as to indicate what their future plans are to 'Europeanize' their product lines."

As a result, Gadbaw said, "you have companies falling all over themselves to anticipate what the EC wants them to do, even though the mandatory requirements of the Community don't require them to do it."

John Eisele

Intel Corp. executive Michael C. Maibach
Is Europe opening its doors or imposing a new industrial policy?

European officials say they are not requiring the Japanese to stop using made-in-America products but to stop bringing in so many parts from Japan. But "somehow the Japanese companies are getting the message [to use more European parts]," a U.S. trade official said, "whether or not it is EC policy. And that seems to us not to be consistent with the principles of international trade."

Calman J. Cohen, vice president of the Emergency Committee for American Trade, a group of America's largest multinational corporations, said, "The Europeans are clearly using their dumping statute as a form of industrial policy to shape investment and trade flows, which suggests to me real problems out there with the 1992 exercise."

OPENING UP PROCUREMENT

An immediate problem involves recent EC directives establishing rules for public procurement in telecommunications. These directives aren't part of the EC '92 initiative, but the result of a 1987 telecommunications green paper issued by the EC commission setting forth the future direction of telecommunications in the EC.

Currently, nearly all telecommunications purchases are made by public entities. Because there are no international requirements to open up the bidding on telecommunications equipment and services to international competition, the European market has been highly fragmented.

Soon, all this will change. The Italian or French telephone monopolies will be required to entertain bids from all companies offering products with at least 50 per cent EC content, regardless of the firm's national origin.

"The good point is that [now it will be] uniform," said Allen R. Frischkorn Jr., president of the Telecommunications Industry Association in Washington. "The bad point is, it doesn't do anything for exports." U.S. sales of telecommunications equipment to the EC have grown almost 90 per cent in the past five years, according to Frischkorn, and now total $750 million, about a fifth of all U.S. telecommunications exports.

Because previous public procurement reforms were often ignored by EC member nations, American telecommunications experts are wary of European intent. "Europe must be developed for the benefit of Europeans," Pierre Suard, chairman of Alcatel, Europe's largest telecommunications group, told a recent meeting in Europe. "In the telecommunications equipment area, the goal of any European policy must be to maintain and improve the leadership of European industry over its foreign competitors by promoting fair competition." Such sentiments confirm some Americans' worst suspicions about the real objective of recent European reforms.

With such statements in mind, U.S. telecommunications experts are closely monitoring an unfolding drama in Brussels involving a proposed directive to deregulate telecommunications services. The directive would cover value-added services such as facsimile transmission, electronic mail and the use of data banks, all now the exclusive preserve of national authorities.

The telecommunications monopolies of

France, Greece, Italy and Spain want to keep at least some of this fast-growing, lucrative business for themselves. If they succeed, American companies with sophisticated services to offer could suffer.

The U.S. semiconductor industry is keeping a wary eye on another pending commission directive to establish a universal rule of origin for automobiles sold in Europe.

Currently, each country has its own standard. A common minimum domestic content could send automakers scrambling for European parts. The value of automotive electronics is rapidly approaching $1,000 per vehicle, and $591 million worth of automotive semiconductors were sold in Europe in 1988. Thus, this directive could have a significant impact on U.S. chip makers' trade and investment plans.

Forthcoming EC directives on product standards, testing and certification could have major effects on U.S. high-tech companies. Having to design, produce and market 12 slightly different models of the same product is a costly nuisance for U.S. multinational corporations already operating on the Continent and can be an insurmountable barrier to small American firms that would like to sell there.

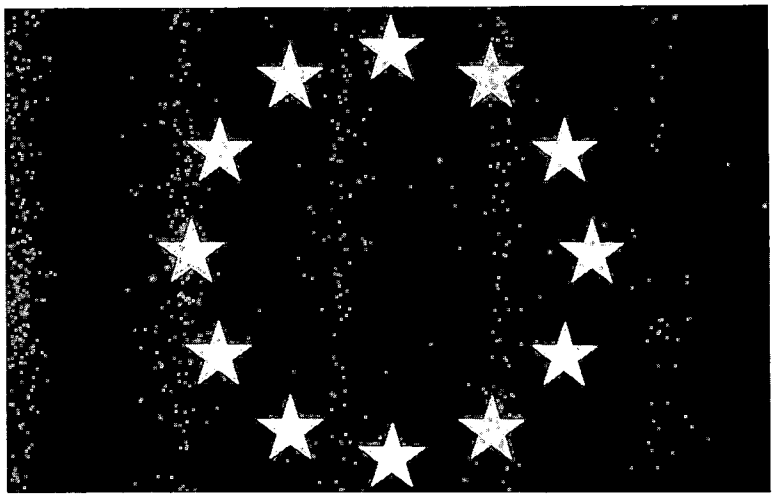
The most important new standard is likely to apply to high-definition television (HDTV), which uses an enormous quantity of computer chips and is widely expected to be a pace-setting technology.

"There is no intention on the Community's part to produce specific European standards which are out of step with world standards and could be used as protectionist measures," Riccardo Perissich, a high-ranking EC commission official, said during a conference last December in Washington.

But American companies may be shut out of the standard-setting process. "We are very concerned about how this is going to work as a practical matter," said Bill F. Hanrahan, senior director for standards and technology of the Consumer and Business Equipment Manufacturers Association in Washington. "We have a lot of questions to which we can't get answers, and that worries us."

There is similar apprehension about post-1992 European export controls on militarily sensitive technologies. Currently, each country has its own rules, some more stringent than others. U.S. producers of computers, semiconductors and other high-tech products fear a prolonged, business-disrupting hassle between the Pentagon and the EC commission over a common standard.

The post-1992 competitiveness of EC high-tech firms is being shaped by new business arrangements that are now emerging within the Community, some of



Making a New Europe

The 1985 decision by the European Community (EC) to complete the unification of its market by 1992 was driven by growing concern that Europe's fragmented economy was harming its consumers while hobbling EC businesses that compete in the international marketplace with U.S. and Japanese firms.

Philips Industries, N.V., the Dutch electronics giant, for example, has to make seven types of television sets to meet EC member-country standards, which requires 70 additional engineers and an added cost to the company of $20 million a year.

Costs of automobile insurance in Europe vary widely from one country to another, as do telephone charges. And a truck that is trying to cross an internal EC frontier has to wait an average of 80 minutes before the paperwork is cleared up; these delays, a study estimated, cost the EC economy $10 billion a year.

Little wonder that Europe's economy was stagnating.

An EC white paper detailing the implementation of the EC '92 program lists 279 measures that will be necessary to realize a unified market. They fall into several broad categories. The most important include:

- Eliminating border controls. Long truck lines at frontier check points should shorten as product standards and taxes are harmonized, eliminating much paperwork. But controls on narcotics, terrorism and illegal migration will continue, and intra-EC border crossings are likely to remain more difficult than interstate travel in the United States.
- Liberalizing movements of capital, people and services. Under EC '92, capital would move freely by 1992, and mutual recognition of professional qualifications would take effect in 1990. And, after a flap over reciprocity, deregulation of financial services is proceeding. Capital flight from poorer countries could lead to exchange rate instability and slow the liberalization of controls, however, and there may still be trouble ahead in deregulation of insurance and transportation.
- Harmonizing regulations and standards. The EC will establish a baseline of essential requirements regarding health, safety and environmental protection and leave to individual member states and business groups the establishment of standards, which would be considered valid by all other states.
- Equalizing indirect tax regimes. The goal is to limit differences in value-added and excise tax rates to 5 per cent to keep the removal of internal barriers from distorting consumer purchases. Reform is highly unlikely by 1992 because harmonizing tax rates will cost high-tax governments a lot of money and, in some countries, result in new taxes.

"The path to the single market will not be easy or fast," Michael Calingaert wrote in *The 1992 Challenge from Europe* (National Planning Association, 1988). "Indeed, '1992' should be looked upon as a process, not an event. The task will not be completed by 1992, but considerable progress will have been achieved."

them as part of the 1992 exercise, many independent of it.

Realizing that small national markets can't support major research projects, the EC commission has been encouraging partially publicly financed, cooperative R&D efforts, all with catchy names such as ESPRIT and RACE.

These projects were initially viewed with skepticism by many Americans. But after ESPRIT's development of gallium arsenide chips for the next generation of supercomputers and other successes, Malcolm Penn, director of Dataquest's European operations, said last year the program "has exceeded even the most optimistic of expectations."

To ensure continuation of such efforts, the EC has created a European Research and Technology Community, which for 1987-91 has a budget of $7.7 billion.

"The fact that they have all these programs says that Europe has decided it will be in high tech and that it is willing to put down billions of dollars to be there," Ehrlich of Unisys said. But the United States, he said, has Sematech, a partly government-financed computer chip manufacturing R&D effort, "and that is all."

PROBLEM OR OPPORTUNITY?

Europe's efforts raise broad questions about the competitive implications of cooperation among ostensible European rivals and about new subsidies that may distort trade.

With the success of some of these European programs, U.S. businesses have begun to complain about their exclusivity. IBM, which has participated in some European joint research efforts, would like to join the JESSI effort to develop a new generation of computer chips and the equipment to make them. But European companies object, arguing that they cannot join Sematech or the new U.S. HDTV research program.

The international trade problems posed by such activities, the EC '92 high-tech directives and related dumping and diffusion rulings are forcing trade officials in both Brussels and Washington into unmapped territory.

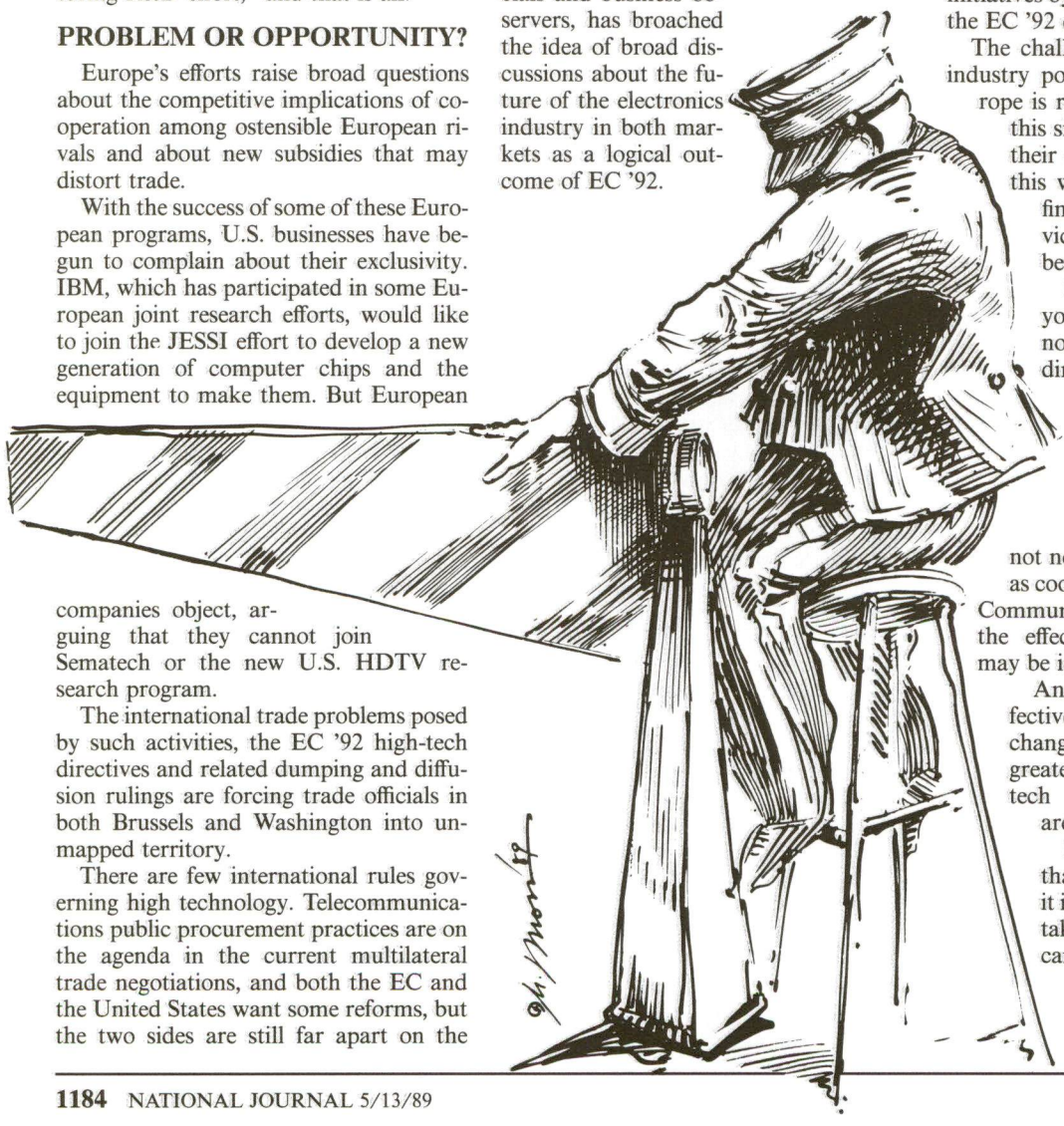
There are few international rules governing high technology. Telecommunications public procurement practices are on the agenda in the current multilateral trade negotiations, and both the EC and the United States want some reforms, but the two sides are still far apart on the details. As a result, the EC is unlikely to accede to U.S. proposals on telecommunications procurement and thus give up a bargaining chip that it could use in the talks in Geneva.

On a separate track, the United States, under a mandate in the 1988 U.S. trade law, and the EC are beginning talks about U.S. access to the European telecommunications market. The Europeans may be reluctant to negotiate in these sessions. But the law could force the Bush Administration to retaliate if the discussions lead nowhere.

At a Washington meeting of the Semiconductor Industry Association in March, there was some talk of asking the U.S. Trade Representative to file an unfair-trade-practices case against the EC if EC '92 appears to threaten U.S. interests.

Cooler heads see a complementarity of interests between high-tech producers in the United States and Europe—spiraling costs, market instability and the Japanese threat—that may establish a base for transAtlantic cooperation.

The U.S.-EC High Technology Working Group, made up of government officials and business observers, has broached the idea of broad discussions about the future of the electronics industry in both markets as a logical outcome of EC '92.



Recent unprecedented developments in the high-tech business—the alliance between the Semiconductor Industry Association and the American Electronics Association in the United States; the willingness of the Administration to consider changes in U.S. antitrust law to spur HDTV production; and the emerging conceptualization of the high-tech industry, component makers and product assemblers as an interdependent family of economic concerns—suggests that such pathbreaking talks may be in tune with changing times.

Some Europeans have already begun thinking along these lines. "Market globalization [by major European, American and Japanese firms] will make national industrial policies and managed trade impossible by the late 1990s," an EC official said. "Why not look at doing competitiveness strategies together?" the official asked.

Although this suggestion reflects a narrow desire for Europe and the United States to gang up on Japan, there is also an implicit understanding that developments in the business world may require initiatives by governments that go beyond the EC '92 exercise.

The challenge to America's high-tech industry posed by developments in Europe is real. "It is folly for people on this side of the Atlantic to suspend their critical facilities and go into this with the idea that all will be fine," said William T. Archey, vice president of the U.S. Chamber of Commerce.

But the challenge goes beyond the EC '92 initiative. "I'm not so worried about the 1992 directives per se," a U.S. trade official said. "I'm concerned that there appears to be an increasing view that there has to be an activist effort to promote European industry. That is not new, but it hasn't been done in as coordinated a way before. As the Community becomes more integrated, the effectiveness of their programs may be increased."

And the interaction of more-effective government support with a changing industry structure means greater competition for U.S. high-tech companies in Europe and around the world.

It is against this backdrop that some high-tech analysts say it is time for the United States to take a look at how the American high-tech sector structures itself and how it deals with foreign competitors in the years ahead. □

Sprouting in Brussels

Richard A. Bloom

American lawyers, lobbyists, executives and consultants are setting up shop in the European Community capital, which they foresee as an EC version of Washington.

BY W. JOHN MOORE

From its new offices at 65 Avenue Louise in Brussels, culturally and politically a world away from its Texas origins, the law firm of Akin, Gump, Strauss, Hauer & Feld can see the future.

On May 15, Akin, Gump, which has offices in Dallas and Washington, will begin a special relationship with a new 12-member Brussels law firm, DeSmedt & Dassesse. To shore up the alliance, two members of the firm, an Akin, Gump affiliate, will become partners in Akin, Gump.

Credit Robert S. Strauss, perhaps Washington's craftiest lawyer, for instigating his firm's transAtlantic venture. More than a year ago, Strauss encouraged the bold gamble. Akin, Gump's ambitions are clearly defined. It has wagered money and prestige to establish a toehold in Brussels, headquarters of the European Community (EC) and budding capital of the new Europe. Akin, Gump lawyers aren't shy about predicting a boom in Brussels. And the firm has backed up its boasts by leasing enough space for 40 lawyers.

"After several visits to Brussels, I became a convert to the belief that Brussels did indeed offer a very, very significant market for legal services and that an American law firm, particularly a Washington law firm, could bring the Washington approach to solving the problems of regulated businesses to Brussels and be quite successful at it," said R. Bruce McClean, an Akin, Gump partner in Washington.

Akin, Gump's move could signal a stampede of attorneys, consultants, lobbyists and trade association officials to Brussels. Lawyers at powerhouse law firms such as New York City's Dewey, Ballantine, Bushby, Palmer & Wood, Cleveland's Jones, Day, Reavis & Pogue or Philadelphia's Morgan, Lewis & Bockius admit they are examining a Brussels office. Other firms with London offices will devote a chunk of time to EC affairs. Brussels veterans such as New York's Cleary, Gottlieb, Steen & Hamilton are growing.

The consulting arms of the Big Eight U.S. accounting firms, often allied with British law firms, also have become fixtures in Brussels. The major public relations firms likewise are expanding their presence there. Hill & Knowlton, for example, has 20 people in its Brussels branch, up from a half-dozen several years ago. "We see an explosion of business for the service sector," said Robert L. Dilenschneider, chairman and chief executive officer of Hill & Knowlton Inc. in New York City.

Trade associations may be next. Paving the way is the Pharmaceutical Manufacturers Association (PMA), which expects to open a Brussels office in July, and others may follow. And multinational corporations have established public affairs departments in the EC capital.

What sparked American interest was the realization that the EC's 12 member nations were serious about the 1992 deadline for eliminating business and trade barriers. "EC '92" has become a catchphrase for the emerging single European market, a market with more than 320 million consumers of goods and services. That development alone would have created business for international trade lawyers, as commercial barriers crumbled. American corporate executives and trade lawyers envision a flood of international financial transactions and a booming business in Europe.

Washington professionals gaze at Brussels for different reasons. As Brussels becomes the capital of a more economically unified Europe, they predict, the Belgian city will be transformed into a European version of the American capital—but with rainier weather and better beer. There will be bureaucrats to buttonhole, officials to consult, ministers to convince. The European Parliament in Strasbourg, France, is likewise expected to gain more power in a truly integrated Europe.

"It will be fascinating to see if Brussels can become the Washington of Europe," said Thomas B. Wilner, a Washington lawyer with the New York City law firm of Shearman & Sterling.

Already the Americans have exported one of Washington's oldest traditions, the revolving door for government officials. Key officials of the EC are being wooed by American firms with promises of big bucks. The New York law firm of LeBoeuf, Lamb, Leiby & MacRae, for example, hired the head of the EC's Bureau of Competition as managing partner of its Brussels office. Others are looking for EC officials willing to defect.

Unlike Washington during the Reagan era, Brussels buzzes with political and regulatory activity that has a far-reaching impact on virtually every type of American business, from banking to television. At the heart of the 1992 program is the EC's 1985 *White Paper on Completing the Internal Market*, a mammoth collection of about 300 policy directives calling for eventual harmonization of European laws in areas such as finance, intellectual property rights, mergers and acquisitions and public procurement.

Also on the regulatory table are a host of new European-wide product standards, designed to establish uniformity for everything from silicon chips to telecommunication equipment. If American companies fail to meet these standards, their products could be excluded from the European market.

Almost overnight, some companies and industries have found themselves enmeshed in regulatory squabbles. The Motion Picture Association (MPAA) of America fought proposed limits on the amount of foreign-made programming on European networks. Banks opposed rules that would have restricted their role in Europe unless the United States responded by easing its interstate banking laws. Pharmaceutical companies don't want a supranational drug agency.

Expensive political squabbles, hundreds of complex rule-makings, multinational corporations scrambling for advantage. No wonder some Washington lobbyists swoon over Belgium. "Gucci Gulch has moved to Brussels," exulted George H. Lesser, publisher of a month-old newsletter at the Bureau of National Affairs Inc. *(For more on the newsletter boomlet, see box, p. 1187.)*

Some dispute the rosiest predictions. "There will be an increase in the demand for legal services," said Robert C. Cassidy Jr., a trade lawyer with the Washington firm of Wilmer, Cutler & Pickering. "But you won't see this quadrupling or tenfold increase in business that some people imply will happen in 1992."

Other lawyers and lobbyists predict a resurgence in Washington lobbying: As American companies find themselves stymied by the European bureaucracy, they say, many corporations will turn to Congress or the executive branch for help. And European companies are expected to seek American representation of their interests here as governments and corporations jockey for position in Washington as well as in Europe.

BOOTY FROM BRUSSELS

Nobody may have more ambitious plans than Akin, Gump, widely considered one of the more aggressive law firms in Washington. "We could have set up a very nice three or four-lawyer office in Brussels with American lawyers and have made that office pay for itself simply by providing information to our American clients," McClean said. "It was our position that would not maximize the opportunity there is in Brussels. It was worth making a much bigger investment."

Gump intends to be a full-service firm in Brussels, offering clients advice on everything from antitrust to trade issues. What Akin, Gump wants in Brussels is a firm that provides the same kind of clout the firm has in Washington. To demonstrate its commitment to Europe, Akin, Gump in Washington recently hired George S. Vest, a former U.S. ambassador to the European Community, as a special adviser.

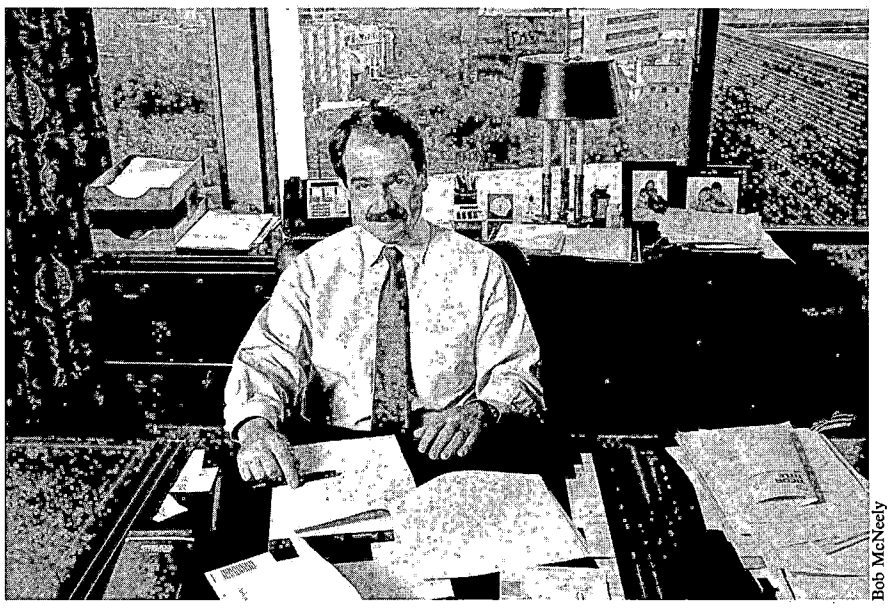
Despite added costs, Akin, Gump attorneys say that a physical presence in Brussels is crucial to influence EC policy. And so do other attorneys and consultants familiar with EC politics. "If you're not there, you're not in the game," a public relations expert snapped.

But American firms already are playing catch-up, warns Giancarlo Chevallard, director of press and public affairs at the EC delegation to the United States. Although the EC released its white paper in 1985, U.S. firms discovered EC 1992 only last year, Chevallard added: "In one year, there has been a dramatic reaction—but for three years, the impact was ignored."

Major league law firms are following that credo. The American Chamber of Commerce in Brussels estimates that more than 10 law firms have branch offices in the EC capital, with another 5-10 having established informal relationships with Belgian law firms. The St. Paul (Minn.) law firm of Oppenheimer Wolff and Donnelly, long a mainstay in Brussels, helps the state of Minnesota on international trade issues. Cleary, Gottlieb now has 30 lawyers of 10 nationalities in its Brussels office, up from 21 lawyers in 1985, said Richard deC. Hinds, a partner in Cleary, Gottlieb's Washington office.

"Any major law firm, be it American, British or in any country on the Continent, is either in Brussels or thinking of going there," said Ronald S. Beard, one of two partners in the Los Angeles firm of Gibson, Dunn & Crutcher who recently traveled to Belgium to survey the landscape. Gibson, Dunn has offices in London and Paris, and Beard said that it is considering a Brussels office, which could service not only American corporations but European and Far Eastern clients as well. "It is necessary to be in Brussels," Beard said, for the same reason most of the leading U.S. law firms decided a decade ago that a Washington office was needed. "Brussels is where a certain degree of the action is going to take place, and for both credibility and clients, we need to be there," he said.

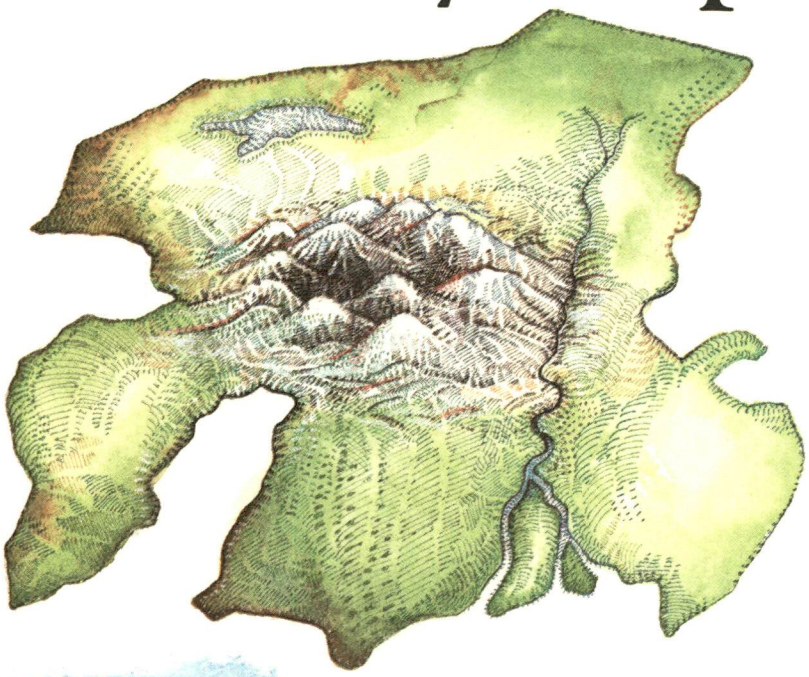
Washington-based trade associations might be next. "It is a good bet that we



Bob McNeely

Washington lawyer R. Bruce McClean
His firm plans to be part of the boom in Brussels.

Why You Won't Find This Great State On Any Map.



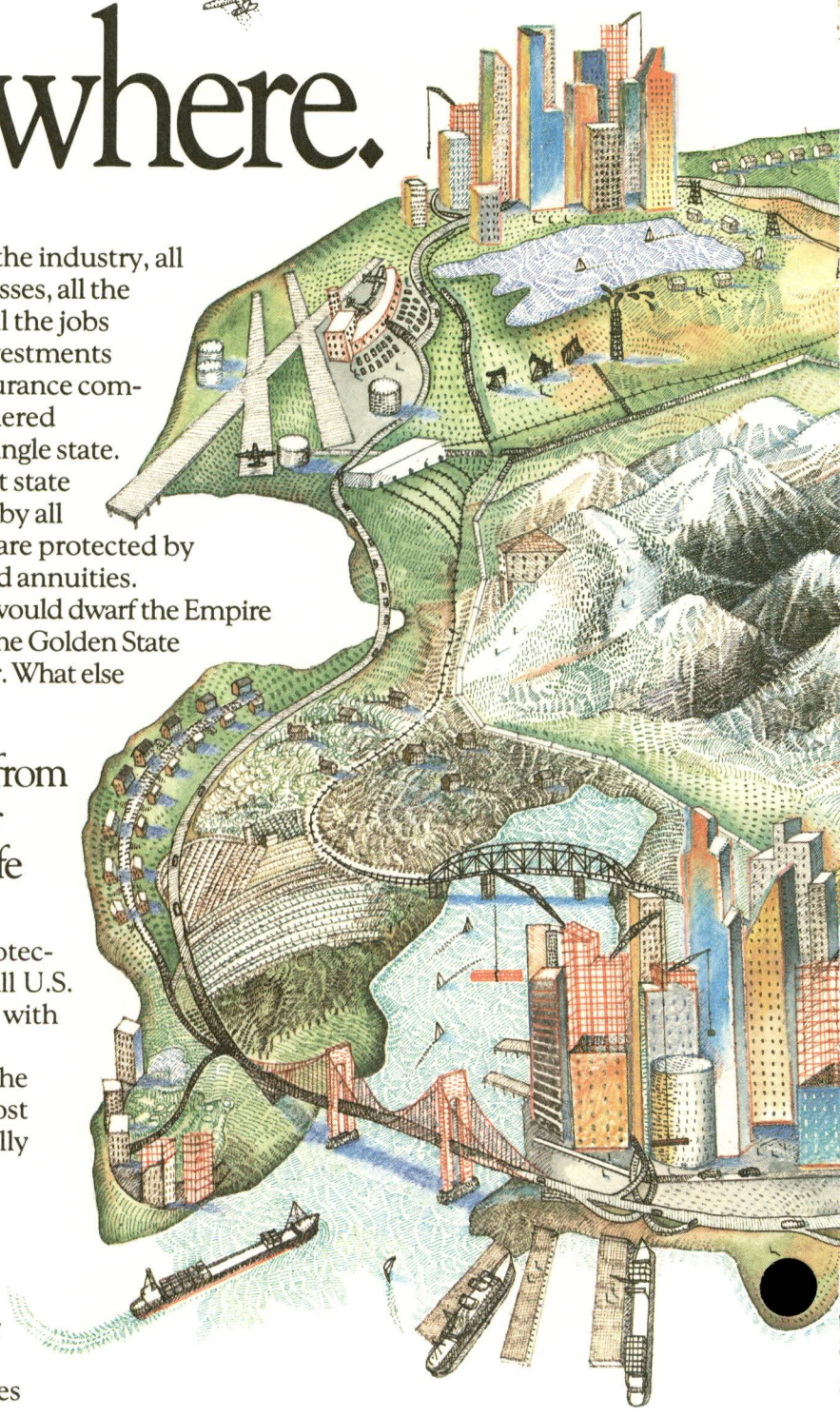
Because The State Of Life Insurance Isn't

It's Everywhere.

Imagine if all the industry, all the small businesses, all the buildings, and all the jobs generated by investments made by life insurance companies were gathered together into a single state.

Imagine if that state were populated by all the people who are protected by life insurance and annuities.

Such a state would dwarf the Empire State and make the Golden State lose much of its luster. What else would you call it but the State of Security?



The Great State of Security grows from the state of security enjoyed by over 155 million Americans who own life insurance and annuities.

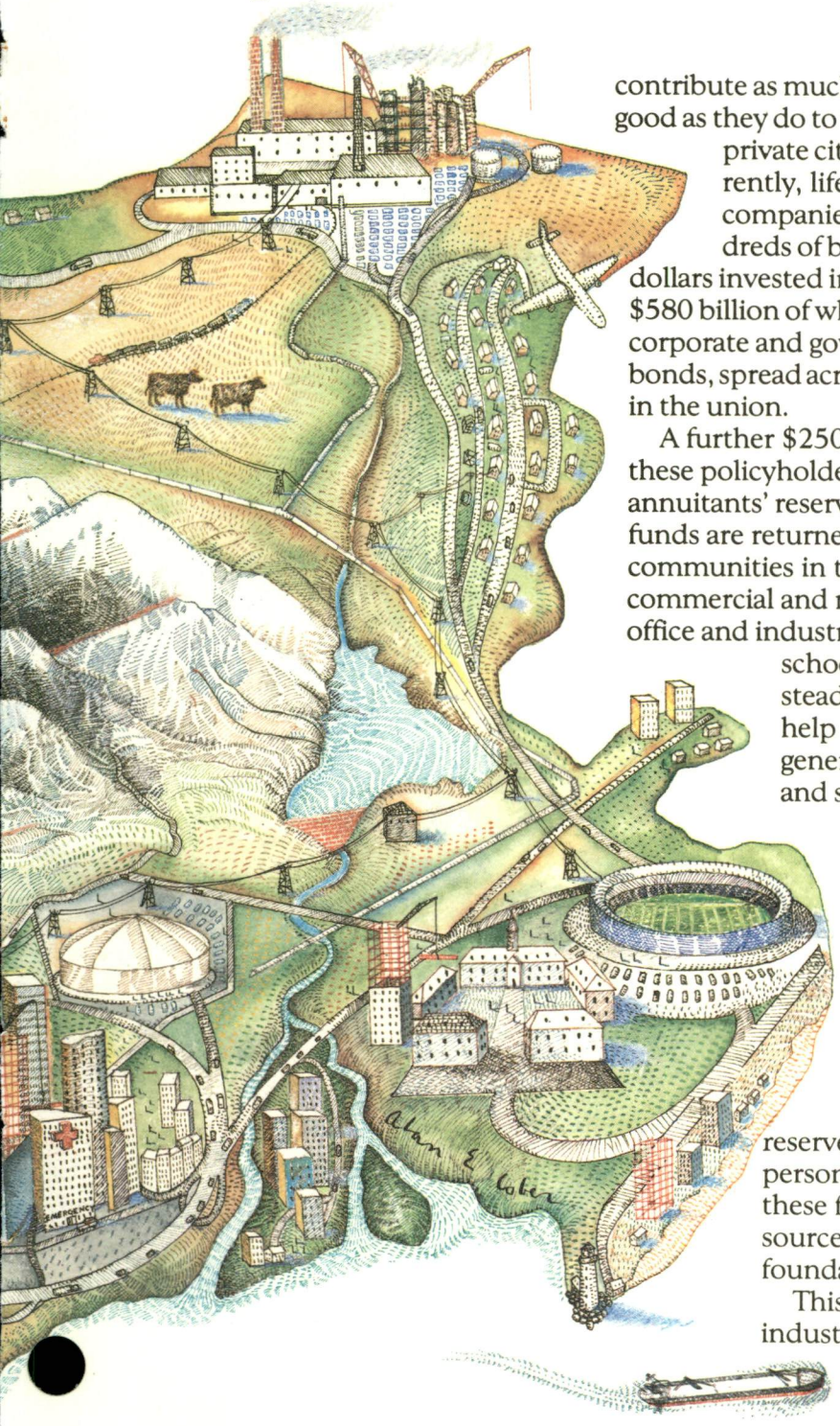
Today, far more families enjoy far more protection than ever before. Eighty-one percent of all U.S. households have some form of life insurance, with an average coverage of $110,000.

There are few better bargains. Since 1960, the cost of living has increased 300%, while the cost per $1000 of life insurance coverage has actually come down by 30%.

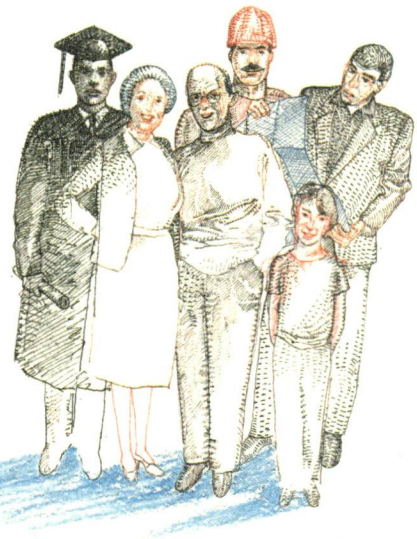
How big is the Capital of the State of Security?

By providing 12% of the available funds for America's capital markets (the second largest private sector source), life insurance companies

Security Built By Anywhere.



contribute as much to the public good as they do to the security of private citizens. Currently, life insurance companies have hundreds of billions of dollars invested in America, over $580 billion of which is held in corporate and government bonds, spread across every state in the union.



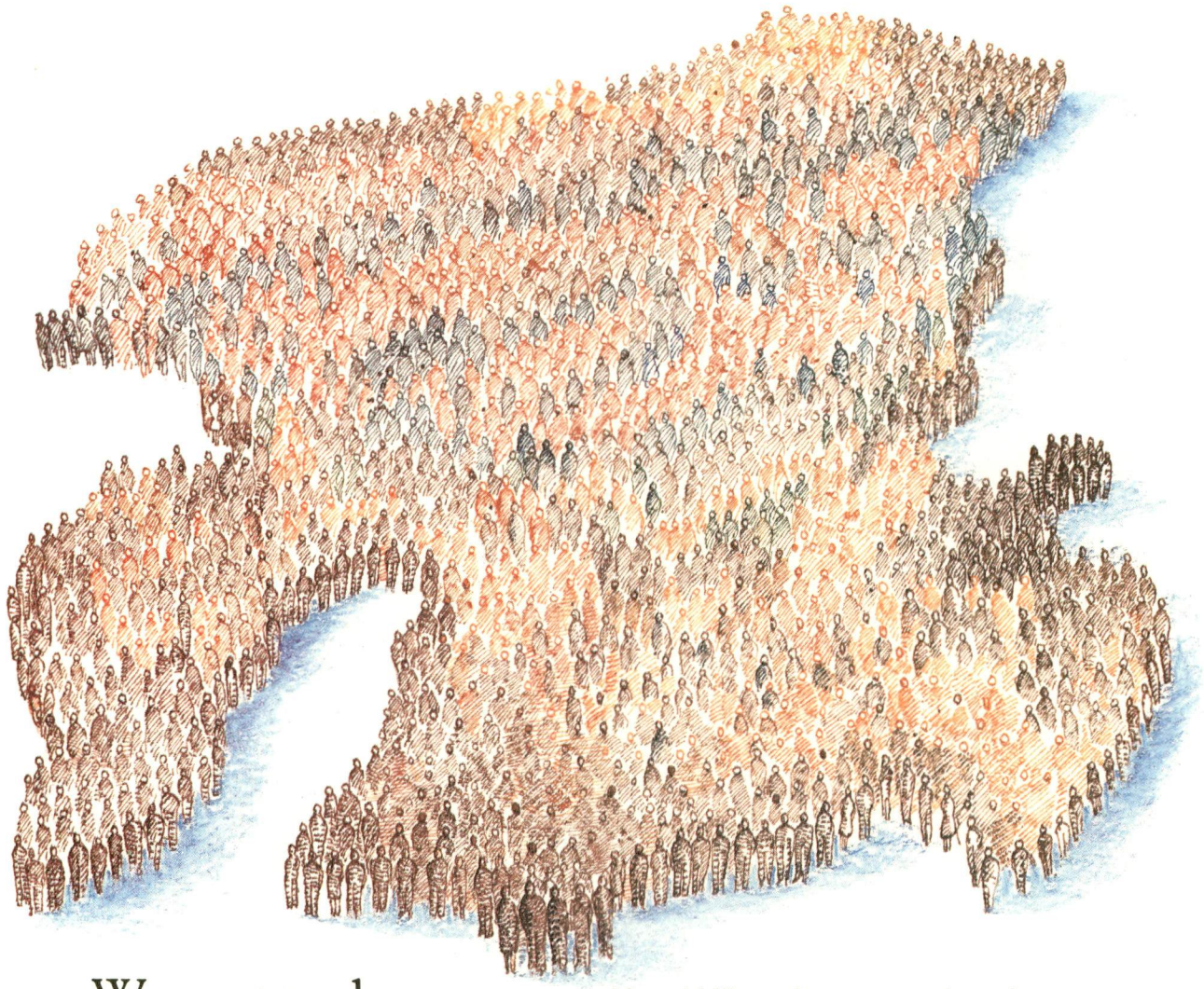
A further $250 billion of these policyholders' and annuitants' reserve funds are returned to communities in the form of commercial and residential mortgages and direct investments for office and industrial buildings, stores, homes, hospitals, and schools. Thus the life insurance industry provides a steady source of funds to modernize America and help keep interest rates reasonable. All of this generates work for builders, laborers, suppliers, and subcontractors.

As you see, every insurance policy has two beneficiaries: the family who buys it, and the nation's economy.

The State of Security benefits not just a few of us, but all of us.

In a time when the U.S. savings rate compares so unfavorably to that of other countries, increases in life insurance and private pension reserves account for over one third of all long-term personal savings in the U.S. Unlike foreign sources, these funds provide a particularly stable and reliable source of long-term capital — capital that serves as a foundation for America's future economic growth.

This constant cycling of funds from families to industry and back to families and their communities makes life insurance America's greatest industry for growth.



We want to show you how many people from your state are living in the State of Security.

If you'd like to learn more about how our industry actually benefits families in your state, please call. We've got lots of facts and figures broken down state-by-state and we'd like to share them with you. We'd like to show you how we are helping to make your communities better places to live not only through investments, but also through our grants, our volunteers, and our targeted social investments.

Write the American Council of Life Insurance:

1001 Pennsylvania Avenue, N.W.
Washington, D.C. 20004-2599.
Or call: 1(202)624-2410. We're there when you need us.

LIFE INSURANCE. AMERICA'S GREATEST INDUSTRY FOR GROWTH.

American Council of Life Insurance

will have some kind of presence over there by the end of the year,"said Brian P. Wynne, senior manager for international trade affairs at the American Electronics Association.

The PMA has already hired Michael Calingaert, a State Department official who wrote a book on EC 1992 while on leave at the National Planning Association. He will open the PMA's Brussels office on July 1. "It is important for any industry sector that has an interest in the European Community to watch what is going on over there," Calingaert said.

With American pharmaceutical companies controlling 27 per cent of the highly regulated European drug market, PMA president Gerald J. Mossinghoff noted, the trade group needs to be in Brussels to monitor EC policy. "We want to make sure that whatever is done by the EC is done with the best information we can provide them," he added. The PMA also wants to set up shop in Brussels to coordinate its policies with the European pharmaceuticals industry groups, Mossinghoff said.

American corporations are also climbing on the Brussels bandwagon. *Business & Public Affairs Fortnightly*, a Washington newsletter, estimated last December that 6-10 corporations recently established government relations offices in Belgium. Most are major multinational corporations with years of experience in Europe. "Below the *Fortune* 100 or, at best, the *Fortune* 200, there is not too much activity that has manifested itself yet," said Kevin Phillips, the newsletter's editor and publisher.

American Express Co. recently shifted a senior government affairs official from London to the company's corporate office in Brussels. Motorola Inc. plans a government affairs office there by the end of the year. Texaco Inc. expanded its government affairs operation several years ago, giving an executive a full-time job in Brussels. James A. McNamara, Texaco's director of government relations in White Plains, N.Y., said the oil company now faces a barrage of EC regulations, including environmental regulations. The EC effort to equalize taxes obviously affects the differing excise taxes on gasoline, McNamara said. Texaco also tracks EC directives on corporate governance and mergers and acquisitions, he added.

Some American consulting firms and law firms have decided against a full-scale invasion of Belgium, preferring an informal arrangement with a Brussels firm. "I think you have to have eyes and ears in Brussels. Whether you need a whole body really depends on your clients' needs," said Paula Stern, president of the Stern Group Inc., a Washington trade consulting firm reviewing its options in Belgium.

Testing the Market

Before an issue in Washington reaches critical mass, somebody produces a newsletter about it. Next year's buzzword is this season's newsletter. Remember the hoopla over synthetic fuels, the Edsel of American energy policy? A half-dozen newsletters were launched to monitor that boom, which soon fizzled. On a happier note, a handful of publications have scrutinized Federal Communications Commission deregulation decisions over the past eight years.

Three Washington firms have already gambled a newsletter on the promise of European unity in 1992. International Advisory Services Group Ltd. (IAS), a small consulting firm, began its monthly, *EuroMarket Digest*, last November. Frank J. Loftus, a company director, said it started as an internal memorandum to keep the partners abreast of European Community (EC) developments. When the partners realized the information was valuable to clients, law firms and Washington corporate affairs officials, the company created a joint venture with a former *BusinessWeek* editor, John C.L. Donaldson.

In February, Lafayette Publications Inc. started its twice-monthly newsletter, *Europe-1992 The Report on the Single European Market*. Owned by two Washington economic consultants, Guy Erb and Alan L. Madian, the newsletter's readership includes trade lawyers and corporate affairs officials in Chicago, New York City and Washington, with some subscribers in Canada and Japan.

The new kid on the block is *1992-The External Impact of European Unification*, the latest venture by Buraff Publications, a 16-newsletter division of the Bureau of National Affairs Inc. (BNA), a heavyweight in the Washington publishing arena. A newsletter on the EC was a natural, publisher George H. Lesser said.

None of these publications come cheap, ranging from about $500-$700 annually. BNA and Lafayette Publications both have prominent lawyers and consultants on their editorial boards who write for the publications. Only BNA has full-time correspondents in Brussels. The other two newsletters rely on a network of law firms and consultants for their EC information. On editorial matters, IAS's Loftus estimated that there is about a 50 per cent overlap, but he said that at least three or four newsletters on the EC could thrive. All three Washington-based publications compete a bit with a London-based newsletter. An Atlanta company might enter the fray.

The general press, especially the *Financial Times* in London, *The Economist*, the *Journal of Commerce* and *The Wall Street Journal*, have all boosted their EC coverage. But the general news media pose few problems for newsletters. "Our audience is self-selected. We're writing for experts," BNA's Lesser said.

Only big policy disputes, not nitty-gritty EC directives or standards, are covered by the general press, Loftus added. *The Washington Post*, he said, "is not going to give a damn about that."

Former deputy U.S. trade representative Michael B. Smith, president of SJS Advanced Strategies Corp.—an affiliate of the Washington law firm of Steptoe & Johnson—thought about setting up a Brussels office but decided his trade consulting firm could do just as good a job by working with a Brussels law firm.

Other experts expect to follow EC developments from other capitals. The Washington law firm of Covington & Burling recently established a London office last year and in April hired Charles F. Rule, the former head of the Justice Department's Antitrust Division, as a partner in that office. Rule said he expects to spend much of his time tracking the EC's antitrust and merger directives.

The consulting arms of the Big Eight accounting firms are also arriving. In 1987, Coopers & Lybrand formed a joint venture, C&L Belmont, with a British law firm. And KMPG Peat Marwick has done the same thing with a Belgian law firm, said a Washington-based accounting firm executive.

EUROLOBBYING

For an American in Brussels, lobbying may superficially resemble what occurs in Washington. "It is a mistake to use the U.S. public affairs model for public affairs system in Europe," cautioned James E. Post, director of the public affairs research program at Boston University. "European companies have simply got a broader and richer understanding of how to get things done with government officials and government agencies" on the Continent, he said.

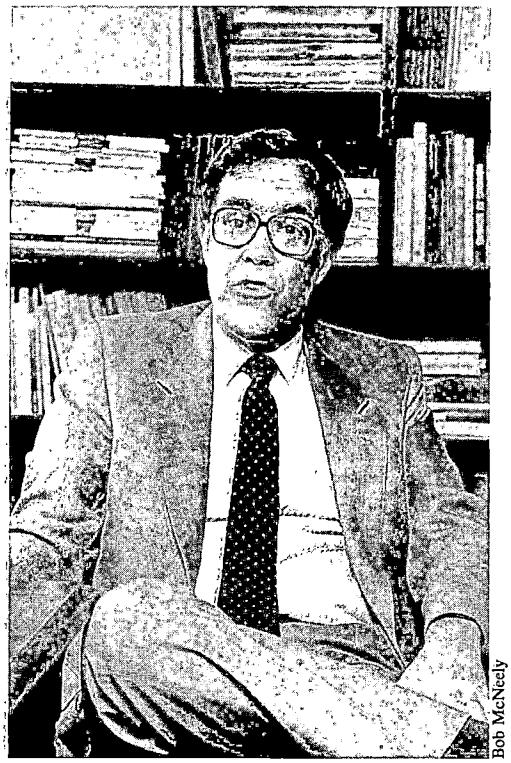
Style is definitely different. In Brussels, hardball tactics won't work. "An oblique approach is better than a frontal attack," noted John M. Eger, president of Worldwide Media Group in New York City, a communications consulting firm that tracks EC developments.

"Low-key is the name of the game in Brussels," Michael Bartholomew, an EC expert based in Brussels, wrote recently in an op-ed column in *The Wall Street Journal*. "Europeans are more reticent. Officials see things in European shades of gray, not American black and white. That is not to say Eurocrats are less open to traditional methods of persuasion than their Washington counterparts. They love champagne and caviar as much as anyone else. But don't dump it over their heads."

The governmental process also differs in Brussels and Washington. Politicos call fewer shots in Brussels than they do in Washington, while Eurocrats, who play a professional role similar to that of congressional committee staff members, have far more clout than their American counterparts have. Historically, the civil service in European countries attracts the best and brightest.

The process is also less formal. There are no equivalents to congressional hearings to allow interested groups to present their case. Getting information to the EC bureaucracy is easier than it is in Washington, where public policy experts are regularly deluged with paper. And decision making seems to move faster—but with less visible action—in Brussels.

As the European Parliament in Strasbourg becomes a more important legislative body, it will also rely on outside expertise for help. Much of this aid will come from European trade associations that traditionally work with the commission. "As more businesses—including European ones—seek to monitor EC developments, there will be heightened demand for consultants and law firms to provide and analyze that material," Ann J. Polya, director of public affairs at Pfizer International Inc. in New York City, said at a March conference on Europe '92 sponsored by the Public Affairs Council.



Bob McNeely

Brussels-bound Michael Calingaert
He'll represent U.S. drug companies.

WASHINGTON CONNECTION

Washington attorneys, consultants and lobbyists also expect business to boom here as well. For example, the Conference Board Inc., a New York City-based business group (with a Brussels office), reported earlier this year that the Commerce Department's Office of European Community Affairs receives about 1,000 inquiries a month about EC regulations. Virtually every major trade association has a task force on EC 1992.

A reason for the optimism is the view that the U.S. government can be a key ally for a U.S. corporation at the EC. Senate Finance Committee chairman Lloyd Bentsen, D-Texas, wants more government lobbying, noting that the USTR has only one official at the EC mission in Brussels.

The U.S. semiconductor industry has warned Congress about an EC rule adopted in February that could restrict American exports of silicon chips to Europe. *((See p. 1180.)* At issue are EC content rules effectively requiring semiconductors to contain a part made in Europe. Executives from the Semiconductor Industry Association have testified on Capitol Hill about the problem. And the group's attorney, Alan Wm. Wolff of Dewey, Ballantine in Washington, said the matter has been discussed with the Office of the U.S. Trade Representative.

Lobbying a U.S. agency on behalf of a client unhappy with an EC directive is expected to increase. "It is perceived that the U.S. government has more clout than an individual," said Barbara L. Waite, an international communications attorney with the law firm of Venable, Baetjer, Howard & Civiletti in Washington. And this kind of lobbying is cheaper and easier than going to Brussels, she added.

If the EC restricts American programming, MPAA president Jack Valenti warned in March, "then we have no choice but to ask our government to intervene." Valenti vowed to alert the White House on the issue.

Roger A. Lindberg, a vice president with Hill & Knowlton's public affairs division in Washington, expects major battles on Capitol Hill between multinational companies favoring open markets and smaller companies with a more protectionist bent.

Washington is likely to be a battleground for another reason, Lindberg predicted. Companies unhappy with EC results will live to fight another day, first in a European capital and then in Washington. "The action is now in Brussels," he said. "But as clients win or lose in Europe, Washington becomes the next place to pursue" a lobbying strategy.

Certainly, other Washington professionals perceive the same opportunities, even if there is a bit of a herd mentality to all of this. "Where there is this much smoke," a Washington trade lawyer concluded, "people are willing to bet there is at least some fire." □

A new name.

Sun Exploration and Production Company is now Oryx Energy Company.

North America's largest independent oil and gas producer.

A billion barrels strong.

Big. Financially sound.

Oryx Energy Company.

A new world of opportunities.

Like our namesake, the oryx antelope, we are proud, aggressive and resourceful.

Seeking energy opportunities in North America.
And throughout the world.

Oryx Energy Company.

Oryx Energy Company
P.O. Box 2880
Dallas, TX 75221-2880

Oryx Energy Company is traded on the New York Stock Exchange under the ticker symbol ORX.

Did Members Break the Rules?

By Richard E. Cohen

Dozens of House Members may have violated House rules last year by keeping aides on the public payroll while the aides also performed campaign work.

A *National Journal* investigation found that many House aides also served as their bosses' top campaign aides, often while they continued to be paid for their congressional work. Some aides took full or part-time leave to do the political work, but others worked for the campaigns during vacation time or after their regular work schedule. Members set the work and vacation rules for their offices.

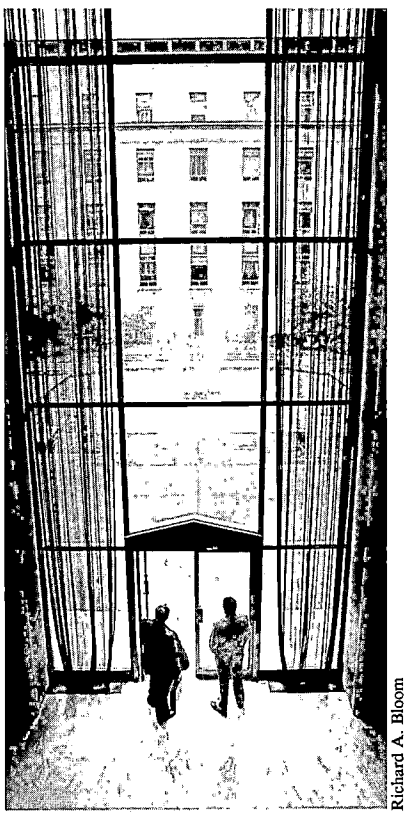
The possible violations stem from the long-standing ambiguity in House rules over the proper line between official duties and election work. There is also virtually no enforcement of the House standards.

When Members submit their monthly payroll records, they must certify that the employees "have performed their assigned official duties." Although House regulations bar aides from campaign duties during official work hours, the rules also make each of the 435 Members an independent employer. "There is no way for our office to determine if a staffer is doing campaign work," said Michael Henry Jr., assistant chief of the House's finance office. "We have no procedures to look into that."

The use of staff to perform campaign work is one of many advantages—such as franked mail, special-interest campaign contributions and access to local news outlets—that House incumbents have and that have contributed to their unprecedented reelection successes. In both the 1986 and 1988 general elections, more than 98 per cent of all House Members who sought reelection were returned to office. Moreover, the number of close contests steadily declined during the past decade.

Of the 408 Members who sought reelection last November, at least 40 per cent had one or more of their chief congressional aides serving in a top campaign post. These findings are based on an initial survey of each Member's campaign office last fall as well as a review of congressional payroll and federal campaign records and dozens of interviews with House aides that showed that lawmakers frequently make little effort to separate their House and campaign operations. Here are some examples:

- Ronald Gyure, who was paid roughly $50,000 a year as administrative assistant to Peter J. Visclosky, D-Ind., said that he ran the lawmaker's "low-key" campaign during the evenings "out of my home here in Northern Virginia." During the three weeks before the Nov. 8 election, Gyure worked out of Visclosky's district office in Gary during the day and did campaign work after hours. He received no campaign salary. Visclosky, who raised $222,620 during the 1987-88 cycle, won 77 per cent of the vote.
- Brian Bennett, who has been paid $80,000 annually as chief of staff to Robert K. Dornan, R-Calif., also served as campaign manager for no pay. Although Bennett did not take a leave of absence, he was actively involved in the 1988 campaign. "I debated the opponent five times," he said. "That was during the evening." Dornan was reelected with 63 per cent of the vote and raised more than $1.7 million in 1987-88.
- Robert Bush served last year as administrative assistant to Mike Espy, D-Miss., although he received all but $100 of his nearly $5,000 monthly salary from the Budget Committee, of which Espy is a member. Bush, who no longer works for Espy, also served as Espy's campaign manager but was not paid a salary; he did, however, receive nearly $8,000 from the campaign for reimbursement of travel and supplies during the final three months of 1988. Likewise, Espy press secretary Karen Hinton held the same title for the campaign. She received $2,550 a month in House salary and nothing from the campaign. Espy won 66 per cent of the vote in winning his second term; he raised $880,227.



Richard A. Bloom

Espy wrote to the House Standards of Official Conduct (Ethics) Committee last Oct. 3 asking if these arrangements raised any problems. Committee chairman Julian C. Dixon, D-Calif., and ranking Republican John T. Myers of Indiana responded in an Oct. 18 letter that there are no formal rules prohibiting a House aide from doing campaign work but cited "general guidelines and House rules which should be observed when this is done." They suggested that Espy "keep separate documentation for the hours worked in each area." Members who keep such records are not required to make them public.

The appropriate use of an aide's time was raised by Rep. Newt Gingrich, R-Ga., in the ethics complaint that he filed in May 1988 against Speaker Jim Wright, D-Texas. Gingrich charged that time spent by Matthew C. Cossolotto in helping Wright prepare his book, *Reflections of a Public Man*, should not have been charged to the official payroll.

The Ethics Committee accepted the recommendation of its special outside counsel, Richard J. Phelan, to dismiss that complaint. Though Wright's office failed to keep records of the hours the aide spent working on the book and on official business, the committee concluded that there was no evidence

that "Cossolotto's fulfillment of his official responsibilities suffered as a result of his efforts on the book."

In 1988, at least 94 House Democrats and 69 Republicans had one or more aides moonlighting on their campaign. For the Democrats, 67 campaign managers—47 of whom worked in the Member's district office—received at least some official income in the second half of 1988. At least 39 Republican campaign managers were drawn from the House staff.

In many cases, House Members ran modest reelection campaigns because they had token opposition. Often, the incumbents had no formal campaign office or shared one with local officials and candidates. Even in those cases, many Members raised substantial campaign sums in Washington and often relied on their top aides to raise the money.

"Anybody doing legislative work on the Hill gets involved in fund raising," a lobbyist who has worked for several House Democrats said. "You can't divorce reelection from the conduct of the office. . . . Some staff are more sensitive than are others to the rules, because they don't want to get caught by an opponent or the press. But it is very hard for outsiders to get a handle on what is going on."

Toby Roth, R-Wis., was the subject of recent local news stories in which several former aides said that they did campaign work for him while they were on the House payroll. A former press secretary said he spent several weeks before the 1986 election producing campaign advertisements. Roth dismissed the charges as those of "disgruntled former employees" and said that aides did campaign work on "a voluntary basis."

Even when staff assistants left a Member's official payroll to join the campaign immediately before the election, some lawmakers helped to make up the difference in compensation by making what several aides described as a postelection "bonus" payment. Marianna Rowe, for example, who is press secretary to Bill Emerson, R-Mo., took a leave of absence from Emerson's House payroll in September and October. But Rowe's year-end bonus left her fourth-quarter income nearly the same as her $19,000 annual salary from January to March, when she worked full-time. In addition, she received compensation from the campaign roughly equal to her regular congressional salary.

House payroll regulations specifically proscribe bonuses to employees. But a lawyer in the House general counsel's office said that Members "can make a onetime payroll adjustment to aides' annual pay." Aside from the monthly certification, the only restrictions are that a Member cannot spend more than the annual clerk-hire allowance, including no more than 10 per cent of the total in a single month. The 1988 allowance for a maximum of 18 permanent aides was $414,720; in 1989, the total is $432,716. The maximum salary for an aide to a House Member is $82,500. Members earn $89,500 annually.

Several veteran House aides said that separating official and campaign duties can be difficult. Kathy McLaughlin, who was campaign manager for Thomas J. Downey, D-N.Y., took a nearly three-month leave from her position as operations director in his Capitol office. "We didn't have a tough race last year," she said. "But I still worked 7 days a week, 18 hours a day, on the campaign. You've got your finger in scheduling, in media, in writing, in direct mail and TV in some cases. I don't think that I could do that and do another job, too. . . . Somebody who didn't work on the Congressman's staff certainly could manage the campaign and look at those issue papers. But they would have to turn to a staffer to ask certain questions, because it could only be answered by somebody who was here all of the time, not just three months of the year."

In contrast with other perquisites of incumbency, campaign use of congressional staffs has generated little attention from politicians or watchdog groups. The only notable lawsuit challenging the practice was dismissed in 1981 by the U.S. Court of Appeals for the District of Columbia Circuit. The Justice Department had brought suit against then-Sen. Howard W. Cannon, D-Nev., for keeping his administrative assistant on the payroll in 1975-76 while he worked "extensively and exclusively" for Cannon's reelection. But the court ruled that the department had failed to state a legal offense under the federal False Claims Act. In recent years, the use of staff aides in campaigns has become less of a problem in the Senate, where multimillion-dollar campaigns demand separate staff operations.

The House ethics manual, citing the standard of "a full day's labor for a full day's pay," states, "The absence of a definitive ruling should not be read as suggesting that it is appropriate under the House rules to compensate an employee for campaign or other nonofficial work."

Current and former congressional aides agree that their work hours change constantly, depending on events and their bosses' whims. □

Richard A. Bloom

Rep. Julian C. Dixon, D-Calif., chairman of the Ethics Committee
Though formal rules are lacking, general guidelines should be followed.

Research assistance by Jennifer Caspar and Matt Sucherman

No Millionaire Valuable Than One

For the one million millionaires in America, housing affordability is rarely a concern. But for millions of the rest of us, it often is.

Still, owning a home of our own remains at the heart of the American way of life. It's a big part of what we all work for. It's a big part of what makes America work.

Yet, buying a home is becoming more and more difficult for millions of Americans, despite the increase in two-income families.

The median-priced home of today absorbs nearly 50% more income than it did in 1968. The rate of homeownership for 25-to 34-year-olds declined from 53% in 1978 to 45% today.

At Fannie Mae, we're doing what we can to help keep homeownership within reach.

Some 30% of the mortgages we financed in 1988 were for $40,000 or less. That's just about what it takes for a household with a yearly income of $19,000 to buy a home. Last year, we helped nearly 300,000 such families buy homes.

As the USA's Housing Partner, we will keep working with lenders, builders, real estate brokers, nonprofits and governments at all levels in the search for solutions to the problems of housing affordability.

After all, the millionaires may not need our help to buy a home, but there are millions of other hard-working Americans who do.

FannieMae
The USA's Housing Partner

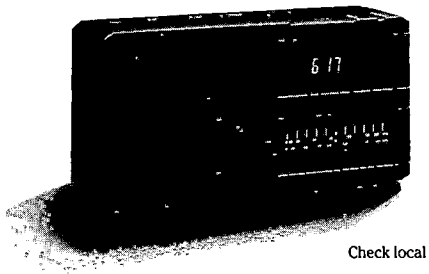
’s Mansion Is More $50,000 Home.

Consider a whole new beginning

to the end of the day.

All Things Considered.

The evening news program with intelligence, depth, wit. More than the headlines, we make sense of the day's events. That's why millions of people begin the end of the day with All Things Considered.



Check local listings for your public radio station or call NPR at (202) 822-2323.

NATIONAL PUBLIC RADIO NEWS

Division in Mail-Order Tax Coalition

By Dick Kirschten

An effort to get the federal government to put the arm on mail-order merchants to collect state and local sales taxes has been launched anew in Congress. There are strains, however, in the coalition supporting the movement.

Jack Brooks, D-Texas, the new chairman of the House Judiciary Committee, introduced legislation on May 4 to correct what he described as the "perverse situation" that places in-state merchants at a competitive disadvantage while depriving state and local treasuries of an estimated $2.9 billion a year in potential revenues.

But Brooks's bill offers more direct relief to states than it does to counties or cities, and that has rekindled discontent within the fraternity of intergovernmental lobbyists who had been lined up, along with business and labor interests, to press for the measure.

The problem centers around the collection of so-called nonuniform local sales and use taxes, levied in varying amounts by a multiplicity of tax jurisdictions in most states. To meet the objection by national mail-order houses that it is too complex and costly for them to determine what taxes are due, the Brooks bill requires the collection only of state sales taxes and the handful of local taxes that are set at a uniform level by state law.

To accommodate local jurisdictions, the bill includes a provision permitting states to enact an "in lieu fee," which in effect would be a uniform average add-on to the state sales tax that would be distributed on a pro rata basis to jurisdictions with varying local sales tax rates.

But that was not the agreement city and county lobbyists had worked out with their state counterparts. According to Alan Beals, executive director of the National League of Cities (NLC), "we spent a year and a half negotiating a set of principles, and the understanding was that the in lieu fee was to be mandatory."

During those talks, Beals said, "our members gave up some things in order to simplify the collection problem; in all cases, they were not going to receive the full amount." In the end, he added, "there was an agreement supported by the governors' and state legislatures' [associations] that there was a need for national legislation" to require the collection of local as well as state taxes.

Richard A. Bloom

Alan Beals of the League of Cities
The league wants to amend the bill.

Beals said that Brooks's decision to make the in lieu fee permissive caught his organization by surprise. A review of the matter "over the weekend" with the NLC board, he said, resulted in a decision to continue to pursue mandatory collection of local sales taxes. Beals said an attempt will be made to amend the Brooks bill in the House and a sponsor will be sought to introduce a Senate bill more to the liking of the cities and counties. He declined to say what his troops would do if the Brooks bill emerges as the only viable legislation.

Spokesmen for several organizations that lobby for state officials expressed annoyance with the response by the local groups. One of them asserted that "the local governments need to change their crybaby attitude; they are always emphasizing the negative." State spokesmen argue that because a large share of state revenue is spent at the local level, the cities and counties stand to benefit handsomely from the recapture of lost sales tax revenues.

It was also pointed out that Brooks gave forewarning of his position at an NLC workshop on March 13. At that session, he acknowledged the agreement on nonuniform local taxes. But he also said he had been informed that the in lieu language was unsatisfactory to California officials.

"I cannot see the sense of trying to go forward with a controversial piece of legislation—one that is hard to sell under the best of conditions—if the 44-Member California delegation that includes my committee's third-ranking Democrat (the dean of the delegation) and its second-ranking Republican is not on board," Brooks said.

Previous attempts to collect sales taxes from cross-border merchants and out-of-state catalog sales firms have not gone far in Congress. And, according to Robert J. Levering, legislative counsel for the mail-order Direct Marketing Association, the mail-order houses have a $1.5 million war chest this year to defend the precedent, established by a 1967 Supreme Court decision, that businesses are not obligated to collect taxes for a state in which they do not have a physical presence.

On the other side of the skirmish line, James M. Goldberg, Washington lobbyist for the Chicago-based National Association of Retail Dealers of America, tried to minimize the impact of the dissension developing within the sales tax collection coalition.

"It's like any bill that gets introduced," Goldberg said in an interview. "I don't think anybody expects a bill to be passed as introduced." He added that some retailers in the coalition would have preferred lower thresholds than those in the Brooks bill, which would require sales tax collection only by out-of-state retailers with gross sales of $12.5 million annually or $500,000 in a particular state.

With regard to the city and county lobbyists, Goldberg said, "I understand their concern about the permissive nature of the in lieu provision." He said he didn't know how harmful the loss of their support would be. "I've had people on the Hill tell me this is a retailer issue more than a state and local government issue. The real grabber for them is the issue of the unfairness to local merchants who have to collect sales taxes while competing against big firms that don't."

Goldberg acknowledged that some Members of Congress may be more concerned about revenue needs. "From a retailer point of view, to be candid, [the in lieu provision] doesn't make a whole hell of a lot of difference," he concluded. □

Want Clues to Bush's Character? . . .

While warming up on the White House tennis court, he apologized almost every time he hit it out. Once he was heard to mutter, "Shit." He also apologized to his doubles partner, Bjorn Borg, for blowing a shot. But George Bush, the accomplished politico-athlete, otherwise played quite well, hitting enough hard winners so that he and Borg, the former Swedish tennis great, edged Swedish Ambassador Wilhelm Wachtmeister—the tennis star of the diplomatic corps—and a onetime Swedish Davis Cup champion in a tiebreaker (7-3). Meanwhile, waiters served soft drinks to the dozen or so men in suits and women in summery dresses who were watching. An onlooker found it "comfortably elegant," reminiscent of the Newport (R.I.) social scene.

Tennis, long popular in Washington's fast lane, is bound to be all the more so with Bush in the White House. Bush has played tennis since he was five, evidently inspired by his mother, a "national caliber" junior player in her day, writer-sportsman George Plimpton reported in *Sports Illustrated* late last year. Over the years, Bush has been devoted to sports galore—baseball, hunting, fishing, golf, jogging and, most recently, horseshoes. He seems to like tennis and horseshoes best, said his youngest son, Marvin, the family's finest tennis player. "The problem now is trying to get my dad on a court. If I had control of his schedule, he'd play a lot more." He used to play twice a week in good weather, but now, only once a week—a half-dozen times so far as President.

Bush's game "is pretty solid all around," according to Fred Drilling, a Washington tennis shop proprietor who is friendly with the Bushes and ranks fifth among male U.S. tennis players aged 45-50. Bush, who turns 65 next month, could compete nationally against men of his age "and get a few games probably against anybody," Drilling said. Those who've watched Bush play say he has a strong forehand and return of service and is exceedingly quick at the net. He has "very, very good reactions," Marvin Bush said. Not so hot are his serves, lobs and what Plimpton called his "almost nonexistent" backhand.

On Washington's courts, Bush can hold his own. He was a fixture at a tennis tournament run for years by CBS Inc., and once won it. Bush, who likes to challenge players at least as good as he, wins more than half of his matches, said David Q. Bates Jr., his Cabinet secretary and most frequent doubles partner. That's no mean feat, for tennis reigns as "the social game of Washington, I would say," said former Federal Communications Commission chairman Richard E. Wiley, now a Washington telecommunications lawyer.

Golf, too, has its place, especially on Capitol Hill, where House Ways and Means Committee chairman Dan Rostenkowski, D-Ill., has been known to strike deals on the golf course and where then-Sen. Dan Quayle, R-Ind.—considered the finest golfer ever to be Vice President or President—kept up his game. But among "Administration types [who] don't have time to play golf," tennis remains the premier "power sport," said former White House aide Joseph W. Canzeri, a Washington events planner who organized Nancy Reagan's tennis tournaments to raise money to combat drugs. In a city

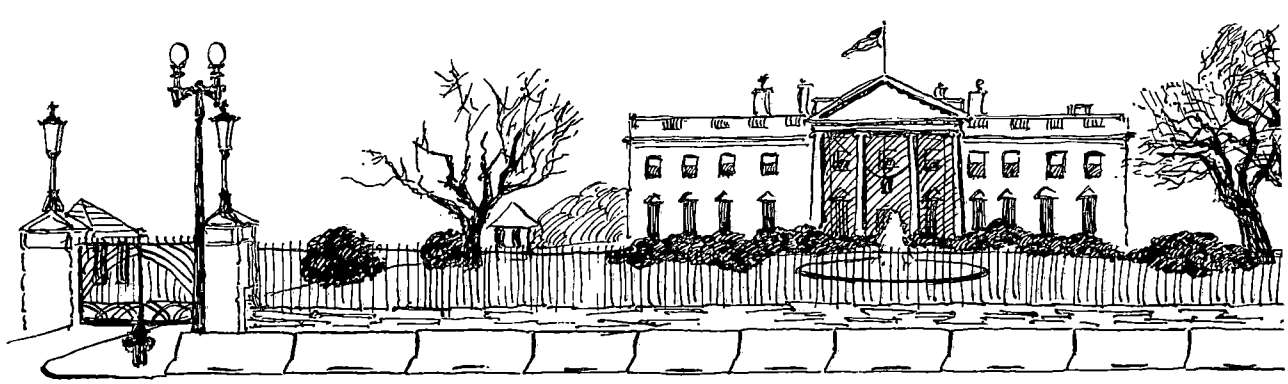
White House Notebook

BY BURT SOLOMON

of busy people, tennis offers a chance both to socialize and exercise in no more than an hour and a half.

Washington, crammed with ardent competitors, is home to many who show talent with rackets in their hands. "There is no such thing as a friendly game in Washington—everyone wants bragging rights," said Susan E. Alvarado, an aide to Bush from 1980-83 and now (as executive vice president of Capital Legislative Services, a fledgling lobbying firm) considered the top tennis player among female Washington lobbyists. The fact that skills in politics and in tennis correlate doesn't surprise her. The concentration, perseverance and sportsmanship that characterize good tennis "transfer" into professional success, Alvarado explained. When Members of Congress scrap for every point on the tennis court, "you also know that in legislative battles, they will stay with it to the bitter end."

In the Senate, John B. Breaux, D-La., with picture-perfect strokes, is described as the most proficient, with J. Bennett Johnston, D-La., and Majority Leader George J. Mitchell, D-Maine, in the running. House hotshots include Republican Howard Coble of North Carolina and Democrats Norman D. Dicks of Washington, Byron L. Dorgan of North Dakota and Stephen J. Solarz of New York. (The best in memory was former Republican Rep. John R. McKernan Jr., now Maine's governor.) Lobbyists, celebrity journalists and even Supreme Court Justices indulge. John Paul Stevens is thought the ablest on the Court. (Stevens once asked a young doubles partner to judge whether a ball had gone long because, he told her, he couldn't face making another decision.) Antonin



. . . Watch Him on the Tennis Court

Scalia plays very aggressively, a tennis buddy said—"just like his personality."

On a tennis court, where proficiency depends profoundly on a player's mental state, "you really reveal a great deal about yourself unknowingly," one of the Administration's better players said. "It just comes out."

For Bush, it highlights a puzzling but familiar apposition in his nature—a yearning to conciliate juxtaposed with competitive drive. Bush's sportsmanship is regarded as pristine. "If it's close, he calls it in," said White House domestic policy adviser Roger B. Porter, who has never encountered "a single instance when I had reason to question his line calls." Bates has never known Bush to criticize his partner's game. His mother gave him no choice. "If you scaled your racket across the court," Bush told Plimpton, "you were history."

But Bush also is aggressive in his play. The competitiveness evident in last year's election campaign is obvious, too, on the court. The President can play with finesse but tends not to, Drilling said, preferring to rush the net and "force an opponent into a weak shot or an error rather than running down balls [at the baseline] and getting them back." He is "a creative player," Marvin Bush said, who is "not afraid to try low-percentage shots."

He also uses his smarts. He banters continually to unnerve his opponents, uses good placement to compensate for his vulnerable serve and is skilled at moving his opponents around on the court. He knows, too, "when he needs to set [a winning shot] up" and when he should put it away, Bates said. Porter called him "an extraordinarily strategic tennis player" who gets the most out of his skills. Increasingly, Bush relies on savvy, Marvin Bush said—"like most 64-year-old doubles players."

Bush plays only doubles, a strategically challenging game. (It's also a sign he's no loner.) He ordinarily plays on the right-hand side of the court, which minimizes the use of his backhand. (Bush, who throws left and bats right in baseball, plays tennis right-handed.) He's also good at attracting the best partners, which suggests to Alvarado that "he wants to win."

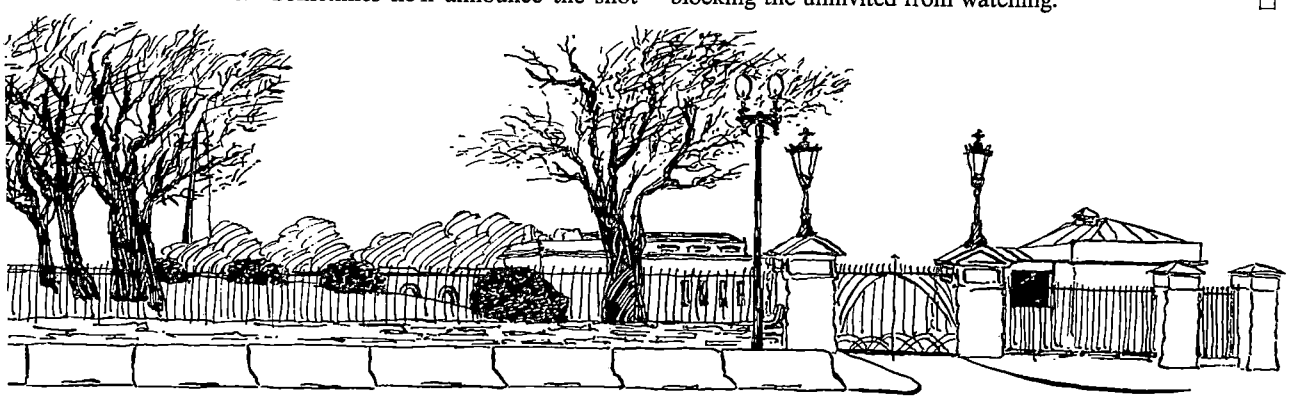
He also may want something more. Witness one of his distinctive shots, a chipped backhand return of service that he calls "the falling leaf." It floats and falls at his opponent's feet, forcing the server to dive for the ball, looking "like a total jackass doing it," Marvin Bush said. That's "the moment George Bush loves," he said—"that and the exercise and the camaraderie." Sometimes he'll announce the shot before the serve just loud enough for his opponents to hear. "He loves to tease people," his son explained. "Tennis gives him an outlet to do it."

It also has made him some friends. In 1957, Bush and James A. Baker III, now his Secretary of State, forged their friendship on a tennis court after Bush moved to Houston from West Texas; each was in search of a doubles partner, and they reigned as country club champs. Bush's friendship with Treasury Secretary Nicholas F. Brady also began on a tennis court, according to *Fortune*. Indeed, a foursome is easy to find at Bush's Cabinet table. U.S. Trade Representative Carla A. Hills, who was a West Coast champion while in college and remains gutsy at the net; Housing and Urban Development Secretary Jack F. Kemp; and Commerce Secretary Robert A. Mosbacher all know how to handle a racket.

White House aides could give them a good match. Besides Bates and Porter, Council of Economic Advisers chairman Michael J. Boskin, counsel C. Boyden Gray and national service director C. Gregg Petersmeyer play. (Chief of staff John H. Sununu is a golfer.) Barbara Bush plays perhaps twice a week and isn't bad. Quayle, too, is pretty good, though his wife, Marilyn, is said to be better. Two Bush sons, Marvin and Jeb, will face off on May 16 against Chris Evert and Pam Shriver (who often teams with Bush) to see whether the Bush boys can win more than five games in two sets.

The match will probably take place on the White House court, built by Theodore Roosevelt in 1903 and moved to its present spot by President Taft, whose family played. Tragedy has been no stranger to it: Calvin Coolidge Jr. died at age 16 as a result of blood poisoning from a blister raised there. More recently, Presidents Ford and Carter have played tennis, and for Carter it proved politically hazardous. Carter's reputed control of the tennis court's schedule became a metaphor for his style of micromanagement.

On the court, Bush compares well with both predecessors but may face dangers of his own. He might recently have averted one, countermanding a staff decision to reserve the court for his family's exclusive use. (He decreed that any of his top 14 aides may use it and charged a West Wing receptionist with keeping the schedule.) But some Washingtonians discern another danger, arising from tennis's elitist tradition. "He wants to downplay tennis" and instead flaunt his love for down-home horseshoes, a Bush partisan suspects. White House aides deny it. But they've revealed no plans to remove shrubs that Jacqueline Kennedy planted around the court, blocking the uninvited from watching. □



Richard A. Bloom

In the Driver's Seat For Foreign-Car Dealers

By Jennifer Caspar

Last year, as Robert M. McElwaine was testifying about what he saw as the detrimental effects government restrictions on Japanese-made vehicles would have on consumer prices and the imported car market, a member of the Senate Finance Committee challenged his patriotism.

At a time when politicians and government administrators are increasingly concerned about the trade deficit and preserving domestic manufacturing jobs, it's an accusation that McElwaine, president of the American International Automobile Dealers Association (AIADA) for nearly 20 years, is encountering with increasing frequency.

"I don't want to sound like a cornball flag-waver, but... we are Americans first and imported-automobile dealers second," McElwaine, whose Washington-based group includes about 9,400 foreign-vehicle dealers and salespeople, said in a recent interview.

Not sounding like a cornball flag-waver might be tough for someone who's been in the public relations and advertising trade for more than four decades. After World War II, when he served in the Navy, McElwaine, a native of Los Angeles, made his way to Washington after stops in Hollywood and New York City. He was Mercedes Benz of North America's first PR director before joining Ketchum, McLeod and Grove, a Washington ad agency to which he brought the account for Volkswagen of America, which at that time had 60 per cent of the imported car market.

In 1970, responding to complaints by Volkswagen executives that they had little political influence in Washington, he set about organizing the country's foreign-car dealers. McElwaine and the AIADA have subsequently shown themselves to be adept lobbyists, pressing their cases on Capitol Hill and all around the executive branch.

In recent years, the association has been called on to launch PR campaigns to defend Audi and Suzuki against widely publicized consumer complaints.

This winter, the association was deeply involved in a debate involving sport utility vehicles, centering on what industry analysts agree is the increasingly nebulous definition of what constitutes a truck. The outcome meant the difference between a 2.5 per cent and a 25 per cent import tariff. In the end, the Treasury Department overturned a ruling by the Customs Service, in the process saving foreign-vehicle manufacturers an estimated half-billion dollars a year.

Pat Choate, vice president for policy analysis of TRW Inc., who is writing a book about foreign influence in Washington, sharply criticized the AIADA's position in the dispute and called the Treasury ruling an example of the loss of U.S. bargaining power. The ruling amounted to "a half-a-billion-dollar-a-year gift" for Japan, he said. "Why couldn't we have gotten them to take a half-billion more of rice a year, and do something straightforward? It didn't even hit the table."

Defending the association, McElwaine said: "We are unique in terms of a Washington lobby, because I don't think we've ever gone to the government asking for anything,... [saying] help us out, give us a tax break or give us an advantage over our competition. The only thing we've ever lobbied for is a fair and free market.... This is a difference between us and the domestic dealers—they don't have to worry about the competition going to the government and trying to get government help to put them out of business, which is what we're up against all the time."

The AIADA has come to be known for its effective grass-roots efforts. One annual event brings nearly 3,000 foreign-vehicle salespeople to Washington for a well-planned assault on Capitol Hill that involves meetings with nearly every Member of Congress. "You put a dealer in the room with [a Member], and he says, 'If this bill passes, it's going to close me up. You're going to put 45 families in your district on the street without a job. And no income. Is that what you really want?' *That.* has an effect," McElwaine said.

By and large, he and his staff keep a low profile. "They're an organization that tends to send in the troops, not the leaders," said a congressional aide who handles trade matters.

This fall, the 64-year-old McElwaine will retire from the AIADA, though he'll continue to do some consulting for the group. He plans to return to the creative writing he was pursuing when World War II interrupted. "I've never stopped writing since I was in the motion picture business and Hollywood," he said. "I've accumulated probably the world's largest supply of unpublished novels, unproduced plays and unfilmed screenplays, and I intend to add to it." □

Now Available
The Spring 1989 Edition

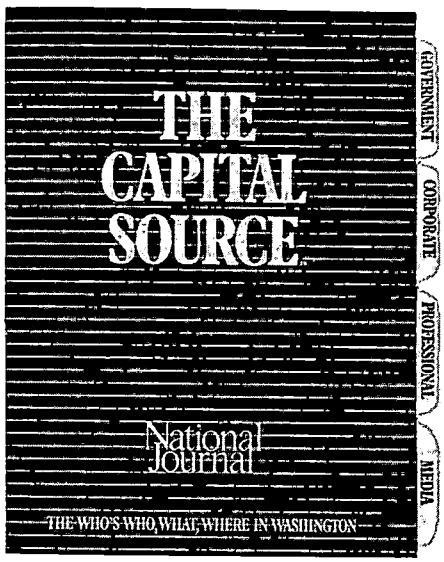
CAPITAL CONTACTS

The Most Useful Washington Directory Ever Published

One comprehensive directory is your source for the names, addresses, and phone numbers of the people in power: THE CAPITAL SOURCE...including the new Members of Congress and top appointees to the Bush Administration.

The Washington power structure reaches far beyond the "official" government... so does THE CAPITAL SOURCE. Here you'll find comprehensive listings not only of the government, but of all the influential corporate, professional and media organizations in Washington as well.

All this information yet small enough to carry in your briefcase!



THE CAPITAL SOURCE's quick-reference, tabbed sections cover the three branches of the Federal government; foreign embassies and local government; major corporations, unions and interest groups; trade associations, law firms, ad agencies and PR firms; national, foreign and local news media; and everybody else who's anybody in Washington.

If you need to get things done in Washington, you can't afford to be without this one-of-a-kind directory.

Call or send for your copy today.

☐ Please send _____ copy(ies) of the **Spring 1989** Edition of **THE CAPITAL SOURCE** @ $30 each.
☐ Send me _____ copy(ies) of the Spring Edition now **and** the Fall Edition **in October,** @ $50, a savings of $10.

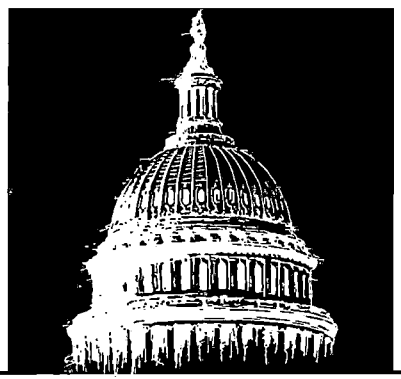
Name _____ Title _____
Organization _____ Business Phone _____
Address _____
City, State, Zip _____

☐ Check enclosed (payable to NATIONAL JOURNAL)
☐ Charge to: ☐ MasterCard ☐ Visa ☐ American Express (D.C. residents add 6% sales tax)
Signature _____
Account # _____ Exp. Date _____

For faster service, or for special discounts on bulk orders, call toll-free 1-800-424-2921. (In D.C. call 857-1491). MAIL TO: National Journal, 1730 M St., NW, Washington, D.C. 20036.

National Journal
What the Leaders Read.

It's Not Much, But It's Something



CONGRESSIONAL CHRONICLE

By Richard E. Cohen

The federal budget deficit has so preoccupied Congress in recent years that it often has seemed that the debate would never end over such esoterica as baselines, Balanced Budget Act targets and reconciliation bills. This year, the new twist has been complaints by lawmakers in both parties and by other budget insiders, unhappy with the meager proposals and dim outlook, that the debate has not begun.

The recently passed budget plan "merely postpones the difficult steps we must take to bring the deficit down," Sen. J. Bennett Johnston, D-La., said. House Budget Committee member Richard K. Armey, R-Texas, decried "business as usual."

True enough. But the handwringing over the current budget deadlock overlooks broader points about how things work on Capitol Hill. For decades, the reality on nearly every issue has been that the President proposes from his bully pulpit and Congress reacts by fine-tuning the details. Because the nation's lawmakers generally represent widely diverse viewpoints and because the House and Senate are not well-suited to provide leadership in resolving complex problems, Congress rarely finds a solution when neither the President nor the public has prepared the way.

Serious action by Congress this year to cut the deficit, in short, became unrealistic after the presidential nominees, the party platforms and the voters in 1988 gave short shrift to clear-cut proposals along those lines. Likewise, when President Bush after the election dismissed calls from Capitol Hill for more-heroic measures, the die was cast.

The budgetary consequences of the 1980 and 1984 presidential campaigns also confirm the unsurprising tendency of Congress to read the election returns. In 1980, when candidate Ronald Reagan called for a big tax cut and defense-spending boost, a skeptical Congress went along. After the 1984 campaign, in which President Reagan had little new to say about the deficit, "responsible" Senate Republicans tried to force his hand with politically painful steps on taxes and social security; but they were slapped down by Reagan and both parties in the House, and seven Republican Senators lost reelection bids in 1986.

Realpolitik does not excuse Congress's failure to take comprehensive action on the fiscal 1990 budget. But critics who expected anything else may have been misguided. In fact, the overwhelming rejection by the House and Senate of an array of proposals—from a budget "freeze" to a tax hike—showed that Congress wasn't about to take bold action, given Bush's hard line against new taxes or major spending changes.

Some Democrats have argued that their leaders were too quick to endorse the "summit" agreement announced in the White House Rose Garden in mid-April. "A fair number of Senate Democrats are upset with the result," said a Democratic Senator who did not want to be named. "It was a loss of a major opportunity to push the issue. I would have preferred that we force a sequestration"—automatic spending cuts under the Balanced Budget Act.

But members of both Budget Committees and Democratic leaders said their decision to hold bipartisan "summit" talks with the Bush Administration and to support the package, despite some misgivings, was justified by the comfortable margins by which the House and Senate passed budget plans on May 4. "What we have presented in the committee budget resolution," Budget Committee chairman Leon E. Panetta, D-Calif., told the House, "with all of its limitations and while it is not perfect, is the only chance for us to fulfill our budget responsibilities under the Budget Act."

The outcome, which offers some evidence of congressional cooperation with Bush, is also notable for the change from the continual conflict of the Reagan years. "We have been through eight years of bitter confrontation between the executive and Congress," said David E. Bonior of Michigan, the House Democrats' chief deputy whip. "There is a lot of exhaustion by many Members. When the President extended his hand of cooperation in a very genuine way, it would have been difficult politically for us to reject that."

The budget agreement—like Bush's proposal—was filled with accounting gimmicks, unrealistic economic assumptions and smoke-and-mirrors savings. *(See this issue, p. 1213.)* But it also is true that the deal—which is close to a real freeze on defense outlays and includes modest revenue increases and cuts in entitlement programs—is about as far as leaders of the divided government are prepared to go. Like legislation to provide aid to the Nicaraguan contras and to bail out the savings and loan industry, the budget package represents the art of the possible. And each agreement replaced a deadlock of the Reagan years.

Probably the most intriguing prospect in the budget dance is that the summiteers will embrace a comprehensive deficit reduction plan for fiscal 1991. Senate Majority Leader George J. Mitchell, D-Maine, and others have said the talks will resume soon and have a good chance to succeed. That prospect has been enhanced by White House-based suggestions that Bush never intended that his "no new taxes" pledge extended beyond a year.

Democratic leaders, most of whom realize that it makes no sense for Congress to initiate a tax hike that a President might not approve, would gladly join yet another bipartisan agreement. But they are waiting to see whether Bush's extended hand includes anything of substance. They want the President to take the lead, and they have limited patience for more budget palaver.

"We will give the Administration breathing space and hope for something positive by next year," a prominent Democratic lawmaker said. "Otherwise, there will be confrontation." □

When Will Nation's Lottery Fever Finally Peak?

With the national news media feeding the frenzy, people flew in from all over America in late April to gamble on Pennsylvania's $115 million record-setting jackpot, the biggest since Illinois set its $69 million record earlier in the month.

"I'll be rich tomorrow," a postal worker tells a reporter after standing in line three hours to buy her tickets.

Whatever the long, snaking queues and 500 ticket-per-second sales have to say about our national condition, it isn't good. Government lotteries, once the blight of impoverished Third World countries, are mushrooming across 28 of the 50 states—even as the national savings rate for the United States sinks to the lowest level in the industrialized world.

Why this lottery craze, now? Sheer materialism, fed by media hype? Lack of individual or national purpose? Erosion of the work ethic?

There's no one answer. But players for the Pennsylvania jackpot did repeatedly tell interviewers they'd use the loot, if they won, for a house. Until the 1970s, the American dream—and practice—was to work hard, save weekly, then make the downpayment on your own home. Now peoples' hopes get boiled down to million-to-one odds. Perhaps our national standard of living is plummeting faster than we realize.

> Many states have become hooked on lotteries, regarding them as no-risk substitutes for politically dangerous taxes.

States used to treat gambling as a faintly tainted activity, at best. No longer. Now for many states, it's a silver bullet, a substitute for politically dangerous taxes. States are hooked, like their gambling citizens. A decade ago, fewer than $2 billion worth of lottery tickets were sold nationwide; states netted $730 million.

But last year, Americans bought more than $15 billion worth of lottery tickets. Net revenue soared to $5.8 billion. New Jersey and California may soon net $1 billion each.

So the money's getting deadly serious. And the lottery rash keeps spreading.. A last bastion, the Deep South, is now crumbling. Florida and Virginia recently succumbed; Louisiana and Georgia are teetering. Lottery bills have been introduced in North Carolina and South Carolina; pressure is also growing in Mississippi and Alabama. The pitch of lottery supporters in all of the southern states: They need lotteries because they're losing valuable gambling revenue to the Florida and Virginia games.

State lottery officials and gambling opponents alike now predict that by the mid-1990s, every state with the possible exception of Mormon-dominated Utah will have its own lottery. Discussion has even surfaced in a few states on the possibility of legalized gambling on sports other than horse racing.

Lotteries have become a massive, regressive, debilitating tax—especially on lower-income people. Statewide sales of more than $100 per adult per year are commonplace, and certainly, hundreds of thousands of people are spending more than $1,000 on the tickets. A study in New Jersey found that nearly a third of families that live in poverty at under $10,000 a year spend about a fifth of their income on lotteries.

If lotteries were a harmless form of entertainment, who could oppose them? But they can become an addiction.

"We're building a nation of gamblers," said Arnold Wexler, executive director of New Jersey's Council on Compulsive Gambling. Buying a state lottery ticket is many people's first brush with gambling—a potentially "devastating illness that takes away your whole life," said Wexler—a compulsive gambler who kicked the habit 21 years ago.

Lottery-driven gambling might indeed become the national addiction of the 1990s, as serious as alcohol, drug abuse and cigarette smoking.

So what do we do other than turn the wheel of history back to 1964, when New Hampshire unleashed the first state lottery of the 20th century? A huge scandal, like the corruption that killed Louisiana's lottery in 1894, might dampen, even kill off today's craze. Short of that, several stopgap steps come to mind:

First, curb the outrageous $400 million-a-year lottery advertising campaigns that so many states finance and countenance. A billboard in a Chicago ghetto reads: "This could be your ticket out." A New York TV ad, cited by the Citizens League in Minnesota, showed a mother telling her daughter that she should stop striving for a scholarship because Mom's buying lottery tickets. An Illinois ad showed a man scoffing at people investing in savings bonds, saying that he's investing in the lottery and that's the only way he'll be a millionaire.

All lottery ads should be banned. The media hype the games enough—for free. Short of that, state-sponsored ads should conform to some minimal standards of truth telling, noting the massive odds against winning, and warning that gambling can become dangerously addictive.

Second, the states ought to print warnings about compulsive gambling directly on the tickets (as the federal government now requires for cigarette packaging).

Third, state lotteries should funnel a lot more cash into treatment programs for the addicts that their own public gambling helps create. Reserving a minimal 1 per cent of New Jersey's massive lottery and casino revenues, for example, would create an $8 million-a-year treatment fund, compared with the measly $275,000 the state spends now.

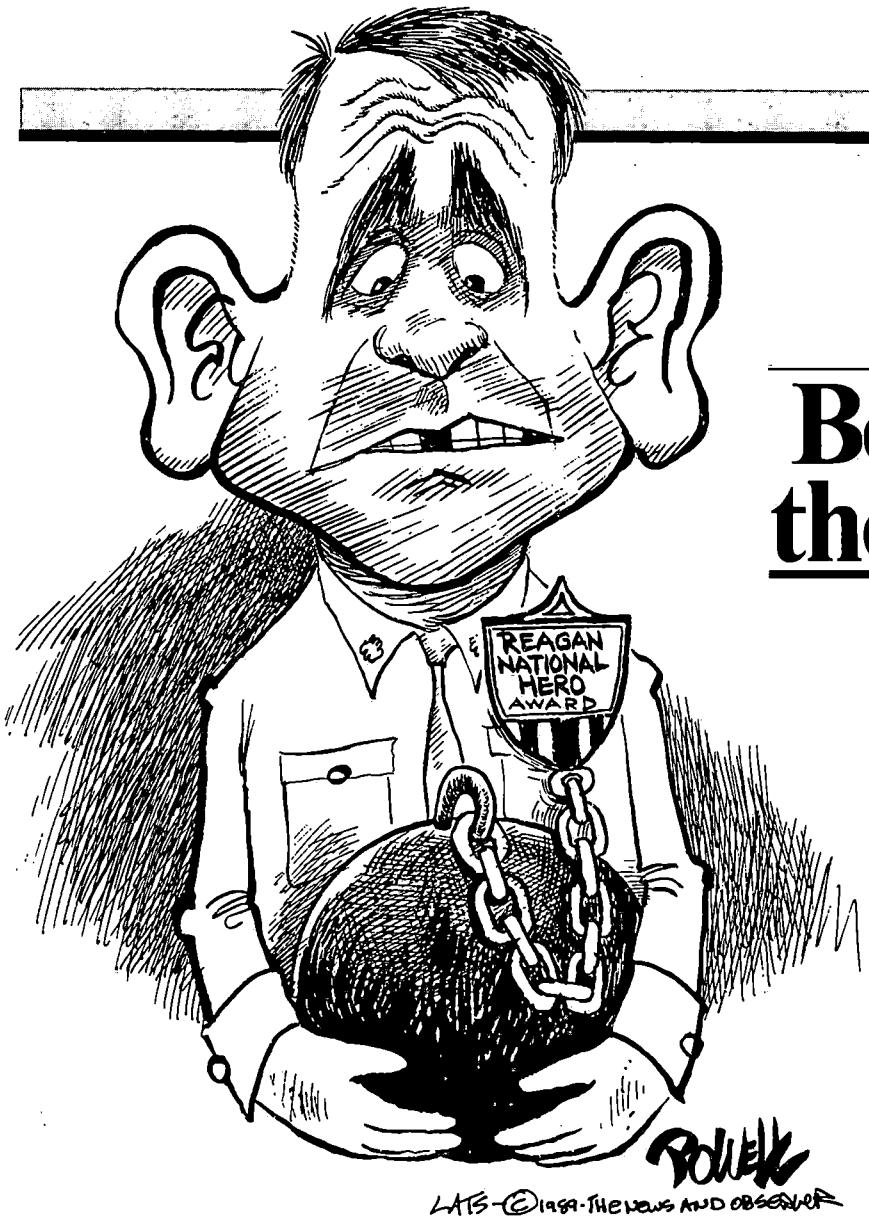
Fourth, cap the size of jackpots. They have a spiraling effect, drawing more and more people, siphoning off more and more cash needed for family budgets.

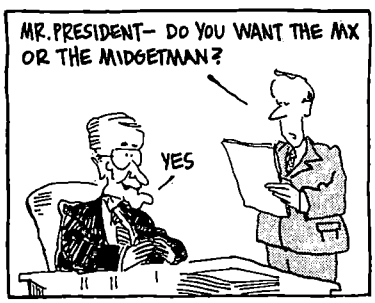
Fifth, limit the spread of lottery outlets. An example of today's abuse: California has started putting mini lottery terminals in every checkout line of some supermarkets.

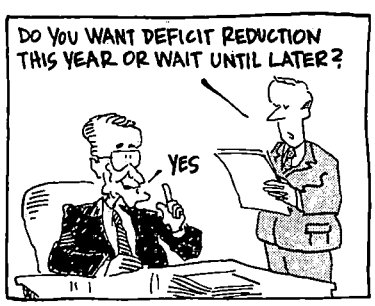
Sixth, stop pretending that education, old folks' programs or economic development really benefit from lottery sales. Lottery financing just supplants other necessary state appropriations. It encourages people to think that in government, as in gambling, you can get what you want for nothing.

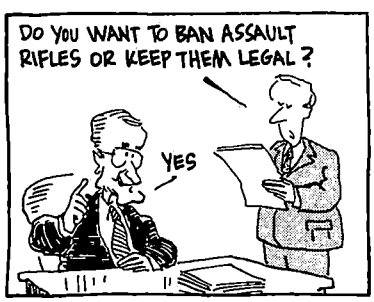
A final suggestion: If you hear anyone seriously propose starting up a national lottery, tell him the facts. □

Between the Lines









INSIDE POLITICS

Jack W. Germond and Jules Witcover

President Bush Seems Paralyzed by Indecision

Six months after the presidential election, the electorate and political community alike are discovering that the campaign jokes about George Bush and "the vision thing" weren't so funny after all. In fact, the record of his performance so far suggests that the President has not decided what he thinks or intends to do about an impressive number of serious questions.

And it is a harsh comment on the efficacy of the political system that Bush managed to get elected by a comfortable margin without ever having faced up to these issues.

The bubbling controversy over the global warming trend—the so-called greenhouse effect—is a case in point. Although Bush called it a serious problem during the campaign last year, he was never obliged by either the press or his political opposition to put forward specific proposals for dealing with the problem. So his Administration has chosen now to temporize. That policy is apparent in its decision to keep its distance from attempts to write an international treaty controlling emissions. And it is equally clear in the decision to censor the congressional testimony of a leading scientist, James E. Hansen, director of the National Aeronautics and Space Administration's Goddard Institute for Space Studies.

> The Administration's temporizing on solutions to the global warming trend appears to be only part of a pattern on major policy issues.

White House press secretary Marlin Fitzwater said in explanation that the President "hasn't made a judgment about scientific assessments" of the seriousness of the threat—a puzzling explanation in light of the fact that concern about the greenhouse effect grew geometrically during Bush's eight years as a Vice President ostensibly immersed in policy questions.

The policy on global warming seems to be a case of Bush and his advisers putting their heads in the sand. The censorship of the warning Hansen attempted to deliver in congressional testimony seemed to suggest, as Sen. Albert Gore Jr., D-Tenn., who has taken the lead on the issue, put it, that the Administration "is afraid of the truth" about the dangers of the warming trend.

It seems equally logical to suggest, however, that this is another case of an Administration paralyzed by indecision on a serious question. There are several other conspicuous examples.

Bush came to office promising a "review" of foreign policy in general and the U.S. response to the Soviet Union on disarmament in particular. But the President has known for six months that he would be the man responsible for formulating such a policy. He has known for the entire time that his Secretary of State would be James A. Baker III. And, again, he has presumably been familiar with the choices from his service as Vice President. So far, however, he has failed to come to grips with the question and has made himself vulnerable to politically damaging criticism about whether he has the vision to do so.

Similarly, the problems in the Western Alliance have been brought into sharp focus by the dispute with West Germany over whether to negotiate the withdrawal of nuclear weapons. But this controversy has been building for at least two years, long enough that the Administration shouldn't be puzzled or affronted by Chancellor Helmut Kohl's intransigence. As Vice President, Bush presumably was fully briefed on the tensions within NATO, and he has known for six months that they would have to be confronted. But up to now, Bush has not evolved a policy approach that has any realistic chance of winning either bipartisan support in Congress or backing from other NATO members except Great Britain.

On the domestic agenda, Bush knew long before his election that the most serious problem would be the budget deficit. During the campaign, while promising that he would not raise taxes, he proposed a "flexible freeze" to reduce the growth in the debt burden. And he gave lip service to the view that the deficit problem had to be addressed quickly. Instead, he has punted on the entire question with a budget that is shot through with onetime windfalls and unrealistic revenue assumptions, thus putting off any attempt at a serious solution. In this case, he has been aided and abetted by Democratic congressional leaders who seized upon the budget agreement rather than risk being perceived as advocates of tax increases.

There are many other examples of decisions on narrower questions that Bush has not been able or willing to make. He was elected knowing he would have to decide on a land-based missile, but has opted instead to delay by refusing to choose between the MX and Midgetman. He was elected as a stern opponent of gun control, but he still has not arrived at a firm view on whether semiautomatic weapons should be restricted. He ran with a promise to be the "Education President," but he has come forward with only a modest, gimmick-laden proposal that does little or nothing to address the inadequacies of the public schools.

The failure of the political system is evident. All of those major issues—the threat of the greenhouse effect, the relationships with the Soviet Union and U.S. allies in Europe, the economic health of the nation—are basic, precisely the questions that require judgments from national leaders. And yet, not one of them was discussed thoroughly enough during the 1988 campaign that Bush was forced to spell out his vision for the future. The voters learned what he thought about Willie Horton and prison furloughs as well as his views on the Pledge of Allegiance, but not what he intended to do about protecting the ozone layer.

To Bush, "the vision thing" was only a political matter, a question of whether he could persuade the voters that he did indeed have some plan covering what he would do in office other than warm the seat. He succeeded in that political goal, at least for the time being. But there is an obvious long-term political risk for the President in failing to address basic concerns. □

Voice and data communication to and from vehicles virtually anywhere in North America will soon be possible through a satellite system under development by Hughes Aircraft Company and seven other companies that form the American Mobile Satellite Consortium. The system would allow drivers unrestricted contact with any telephone anywhere in the world. Current cellular telephone systems require drivers to be within range of special two-way radio towers, leaving about 15 percent of the United States population without service. Initial customers for the new system will be trucking companies, fire fighters, search and rescue teams, and personnel working in remote areas. The service will also be available to aviators and mariners.

A new test fixture precisely determines the capabilities of integrated circuit chips with frequencies up to nine gigahertz. Developed by Hughes, it provides clear electrical characterizations of gallium arsenide chips, which operate six times faster than chips made of silicon. Accurate information about how these chips perform under a variety of conditions is required before a circuit can be designed. The new test fixture can be used to generate data showing component performance characteristics such as voltage, current, and frequency as functions of environmental stress.

Future and existing U.S. fighters may soon be armed with a multi-spectral air-to-air missile that will intercept and destroy advanced threats at unprecedented ranges from fleet center. Hughes, in a joint venture with Raytheon Company, is developing this next-generation long-range Advanced Air-to-Air Missile (AAAM) for the U.S. Navy. The design concept features a Sparrow-sized integral rocket ramjet missile carrying a very robust and versatile multimode guidance system which combines an imaging infrared sensor and an active radar seeker. The missile will be compatible with existing aircraft, including the F-14, F/A-18, and F-15, and is equipped with special features to optimize its use with stealthy aircraft including the Advanced Tactical Fighter and the Advanced Tactical Aircraft.

An advanced concept in helicopter dipping sonar will provide a significant increase in anti-submarine warfare (ASW) capability. Under development by Hughes for the U.S. Navy's Airborne Low Frequency Sonar (ALFS) program, the new sonar is designed to operate from both the LAMPS MKIII and the CV helicopters. This will enhance the Navy's Airborne ASW effectiveness in both inner and middle zones of battle group deployment. Hughes, and its teammate Thompson Sintra ASM, will demonstrate the performance of this new sonar in flight tests aboard an SH-60B helicopter in early 1989. The team's ALFS concept embodies leading-edge technologies in the areas of high gain acoustic arrays, electro-mechanical kinematics, fluid dynamics, signal processing and man-machine interfaces.

A small, low-power oscillator uses a microprocessor for improved temperature compensation. The Microprocessor-Controlled Crystal Oscillator (MCXO) developed by Hughes occupies 1.5 cubic inches, and typically consumes less than 75 millowatts, and offers a stability of $\pm$ 0.4 parts per million over the full military temperature range. The MCXO achieves its combination of stability and size by employing a microprocessor to digitally compensate the oscillator frequency over temperature. This digital compensation provides increased performance and stability compared to analog frequency compensation techniques currently in use.

For more information write to: P.O. Box 45068, Los Angeles, CA 90045-0068

HUGHES

© 1989 Hughes Aircraft Company

Subsidiary of GM Hughes Electronics

Richard A. Bloom

Miller: Leaves public affairs post at Justice

John Eisele

Mengebier: Moves to gun-control group

JUSTICE'S PR

Loye W. Miller, director of the Justice Department's Office of Public Affairs, has left, just nine months after he moved over from the Education Department, where he was press secretary to then-Education Secretary **William J. Bennett.** Miller got the job shortly after **Dick Thornburgh** came in as Attorney General. Miller, a former reporter for *Time* magazine and Knight Newspapers, left his job as White House correspondent for Newhouse News Service in 1985 to take the Education post. He's now expected to become a public relations officer in the Washington office of Northrop Corp., a defense contractor headquartered in Los Angeles.

Miller's departure is the latest in a series of cutbacks in Justice's public affairs office that has brought the number of public affairs officers down from 11 to 3. The initial cuts came in February as a result, according to the department, of general belt-tightening in the government. Most of the staff members who left, all of whom held the title of assistant director, have found other jobs at Justice. **John K. Russell** is now a special assistant in the office of special investigations, the Nazi-hunting unit. **Thomas M. Stewart** is now at the department's Drug Enforcement Administration, where he's a preventive program adviser in the demand reduction section. **Dean St. Dennis** is in the public affairs shop at the U.S. Marshals Service, assigned to the research analysis division, where he's a writer-editor. **Bradley L. Marman** is with the Bureau of Prisons, where he's in the corporate marketing division at the Federal Prison Industries section; originally he went to the office of U.S. Trustees, the government's bankruptcy oversight team, where he was doing public affairs work. **Mark T. Sheehan,** who originally took early retirement from the public affairs office, replaced Marman at the U.S. Trustees.

The public affairs office is being restructured. **David Runkel** has worked for Thornburgh for the past six years, first as press secretary when Thornburgh was governor of Pennsylvania, and then as deputy director of the Institute of Politics at Harvard University's John F. Kennedy School of Government, where Thornburgh was serving as director when he was tapped for AG last year. Runkel carries the title of assistant to the Attorney General for public affairs, and he'll now supervise the public affairs operation and serve as Thornburgh's spokesman.

Amid all the departures, there has been one addition: **Daniel G. Eramian,** who was chief of staff to the Republican leader in the Massachusetts Senate, **David H. Locke.** Eramian, who takes the title of deputy director, is a former assistant to the regional administrator for the General Services Administration in Boston; before that, he was executive editor of Suburban World Newspapers Inc., a group of weeklies in the Boston area.

INTEREST GROUPS

David Mengebier, legislative director to Rep. **Carl D. Pursell,** R-Mich., is leaving to become legislative counsel to the advocacy group Handgun Control Inc. It's a new position. No replacement has been named.

AROUND THE AGENCIES

Johanna I. Schneider, press secretary to House Minority Leader **Robert H. Michel** of Illinois, is leaving to become the Labor Department's deputy assistant secretary for public affairs. No replacement has been named.

John C. Dugan, minority general counsel on the Senate Banking, Housing and Urban Affairs Committee, will become deputy assistant Treasury secretary for financial institutions policy. He'll be replaced by minority counsel **Raymond Natter.** At Labor, Dugan succeeds **Gregory P. Wilson,** who's becoming a financial consultant in the

PEOPLE

Richard A. Bloom

Seppy: Leaves AP for Hill post

Richard A. Bloom

O'Donnell: Goes to Rep. Gephardt's office

Washington office of McKinsey & Co., an international management consulting firm headquartered in New York City.

MEDIA

Cass Peterson, who's been covering energy and natural resources at *The Washington Post*'s national desk since 1986, is leaving to practice organic farming in Warfordsburg, Pa. No replacement has been named. Peterson has been at *The Post* for a decade.

Mark A. Kellner, Washington correspondent for *MIS Week*—short for Management Information Systems Week—is moving to the home office in New York City, where he'll be editing the news and industry sections for the computer and communications business weekly. No new Washington correspondent has been named by *MIS Week*, which is put out by Fairchild Publications, a part of Capital Cities/ABC Inc. Kellner was one of the insurgents who won election to the executive committee of the congressional Periodical Press Gallery last year, having run in opposition to a new effort by members of the committee to force detailed disclosure of outside income before applicants could receive a gallery press card. Traditionally, when a member leaves, the committee appoints a replacement from the departing member's company, in this case, Fairchild Publications. But the outside-income disclosure flap has left the committee rather fractious this year, and it's possible that some gallery members could insist on a special election to fill the vacancy.

ON THE HILL

Tom Seppy, an Associated Press reporter for more than two decades, has joined the House Banking, Finance and Urban Affairs Subcommittee on Financial Institutions Supervision, Regulation and Insurance, where he's communications director. The position was created by the new subcommittee chairman, **Frank Annunzio,** D-Ill., who came over from the Consumer Affairs and Coinage Subcommittee. Seppy came to Washington for the AP in 1966 and covered a variety of beats. For the past three months, he's been a night editor on the national desk; for two years before that, he covered the Senate.

In what may be an early tactical move in the 1992 presidential race, **Thomas J. O'Donnell,** political director at the Democratic Congressional Campaign Committee, has made plans to go to work for Rep. **Richard A. Gephardt** of Missouri, who lost a bid for the Democratic nomination last year. O'Donnell, a former political science professor at the American University, will be Gephardt's chief of staff, a new position that will give him responsibility for fund raising, Gephardt's political action committee and office operations. Everybody else at Gephardt's place stays put.

A couple of new press people have come on in the office of Senate Minority Leader **Robert Dole** of Kansas. **Paul E. Jacobson** has begun as deputy press secretary, replacing **Dale Triber Tate,** who has been nominated as assistant Labor secretary for public and intergovernmental affairs. Jacobson, who worked for Dole's unsuccessful presidential campaign last year as regional press liaison for the New England area, comes over from the office of Sen. **Warren Rudman,** R-N.H., where he was deputy press secretary. No replacement has been named.

Thomas L. Freedman, press secretary and legislative assistant to Rep. **Charles E. Schumer,** D-N.Y., will become Schumer's legislative director. It's a new position. Schumer has not named a new press secretary.

TOP DOC'S EXIT

C. Everett Koop announced that he will resign as Surgeon General of the United States as of July 13. During his confirmation hearings in 1981, Koop was attacked from the left for his opposition to abortion; once in office, however, he was denounced

from the right for his stance on the AIDS epidemic, namely his opposition to widespread testing and his open urging of gays and unmarried persons to use condoms. Koop did not announce specific plans, but an associate said he will write books and work on health issues for television.

IMAGE MAKERS

There has been a slew of new hires at Robinson, Lake, Lehrer & Montgomery, the Washington public relations, lobbying and consulting firm. **Carolyn Cheney** has come aboard as a vice president, a new position. Three years ago, she had opened a Washington office for A.E. Staley Inc., an agribusiness company headquartered in Decatur, Ill., and served as its vice president for government relations. The company, which was taken over a year ago by Tate & Lyle, a British agribusiness firm, has closed its Washington office, but Cheney brought them to Robinson, Lake as a client. Cheney was staff director on the House Agriculture Subcommittee on Domestic Marketing, Consumer Relations and Nutrition from 1980-83, and administrative assistant to former Rep. **Frederick W. Richmond**, D-N.Y., from 1978-80.

Mary Helen Thompson, once press secretary to former Sen. **Paul E. Tsongas**, D-Mass., who retired in 1985, leaves her position as executive director of the American Association of Blacks in Energy, a trade group; no replacement has been named there. She's now an associate at Robinson, Lake. **Kendall M. Hooker**, who was deputy press secretary for Tennessee in the Democratic presidential campaign of Michael S. Dukakis last year, has also become an associate.

Alexandra Glowacki, research director for *American Interests*, a weekly foreign affairs program on the Public Broadcasting System, has also joined Robinson, Lake as an associate. She used to be public affairs director and congressional liaison at the National Endowment for Democracy, a bipartisan foundation established by Congress in 1983 to promote democracy overseas. No replacement has been named at *American Interests*.

Another Robinson, Lake associate, **Cynthia H. Rapp**, is a former director of surrogate scheduling for Campaign '88, which was operated out of Democratic National Committee offices in Washington; before that, she was media coordinator at the National Abortion Rights Action League.

Mary E. Morrison, a staff correspondent at *. . . home health line*, a weekly newsletter on the business of home health care, has also joined Robinson, Lake as an associate; no replacement has been named. Morrison once worked as a speechwriter for **Virginia H. Knauer**, the longtime consumer affairs adviser to several Presidents. Associate **Aimee U. Dubuisson** was a legal and research assistant at the Washington law firm of Shea & Gardner. And **Mary Gotschall**, a former reporter for *The Bond Buyer*, recently took a master's in business administration from Columbia University in New York City. She, too, is an associate at Robinson, Lake.

John Eisele

Thompson: Becomes associate at PR firm

MACK'S MOVE

John P. Mack, the top legislative aide to Speaker **Jim Wright**, D-Texas, resigned as executive director of the House Democratic Steering and Policy Committee. His action came a week after a *Washington Post* article on a violent assault he committed against a woman in 1973, when he was 19. Mack said he had planned to resign last December but had "postponed my departure for obvious reasons."

D.C. INC.

Richard M. Hadsell, the General Services Administration's regional administrator for the Washington area, is joining the Vienna (Va.) real estate firm of Huntman Associates Ltd. No replacement yet at GSA.—**David L. Wilson**

Richard A. Bloom

Hadsell: Moves to real estate firm

OPINION OUTLOOK

Views on Presidential Performance

HOW'S HE DOING?

Do you approve or disapprove of the way George Bush is handling his job as President? (Gallup Organization Inc.)

	1/89	2/89	3/89	4/89
Approve	51%	63%	56%	58%
Disapprove	6	13	16	16
Don't know	43	24	28	26

THE DRUG SCENE

Do you approve or disapprove of the way the Administration is handling the nation's drug problems? (NBC News)

	3/89
Approve	45%
Disapprove	31
Not sure	24

Do you think an effective President would be able to reduce significantly the nation's illegal drug problem, or do you think reducing the nation's drug use is a problem beyond any President's control? (NBC)

	3/89
President could help	38%
Problem beyond President's control	53
Not sure	9

SPILLED OIL

Do you think the Bush Administration reacted quickly enough to the oil spill in Alaska or not? (NBC News-*The Wall Street Journal*)

	4/89
Yes	32%
No	57
Not sure	11

Do you approve or disapprove of the way Bush is handling the nation's economy? (ABC News-*The Washington Post*)

	4/89
Approve	61%
Disapprove	31
Not sure	8

Do you approve or disapprove of the way Bush is handling foreign affairs? (ABC-*Post*)

	4/89
Approve	67%
Disapprove	25
Not sure	8

QUAYLE REPORT CARD

Is your opinion of Vice President Dan Quayle favorable, not favorable, undecided, or haven't you heard enough about Quayle yet to have an opinion? (CBS News-*The New York Times*)

	4/89
Favorable	15%
Not favorable	22
Undecided	26
Not heard enough	36
Don't know	1

If something happened to President Bush, do you think that Quayle would make a good President or not? (NBC-*Journal*)

	4/89
Yes	25%
No	51
Not sure	24

A Long Queue for Government Assistance

A Welfare State

Almost one of every five people in America received some kind of federal welfare benefit for at least a month during a 32-month period that ended in 1986, according to a just-released Census Bureau survey. The study involved about 26,000 families. Recipients participated in one of the following programs: cash assistance—including aid to families with dependent children (AFDC), general assistance and supplemental security income (SSI)—medicaid, food stamps and federal and state rent assistance.

Nearly 18.3 per cent of the people surveyed signed up for at least one of the major assistance programs, according to the survey; 7.2 per cent got benefits during each month of the study. Approximately 8.8 per cent received cash assistance; 3.4 per cent got some kind of benefit every month. Food stamps went to 13.4 per cent of the population, with 3.3 per cent drawing stamps every month.

In 1983, when the survey began, average monthly payments to families under AFDC were $321 a month, rising to $358 by 1986, according to the most recent edition of the Census Bureau's *Statistical Abstract of the United States.* An average of 3.7 million U.S. families were in the program during each of those years. Under SSI, monthly payments ranged from $212-$244 during the same period, with an average of four million families participating. About 20 million people participated in the food stamp program, from a high of 21.6 million in 1983 to a low of 19.4 million in 1986; the average federal contribution for food stamps was $10.7 million each year.

A Family Affair

Nearly 11 per cent of those in the survey who spent all 32 months in a married-couple household got assistance of some form during the period. But 67.1 per cent of those who spent all 32 months in families headed by husbandless females who had related children under 18 received assistance at some point. In all, 16.4 million people were members of such families during the period. Only 3 per cent of those who spent all 32 months in a married-couple family got welfare aid each month; 42.1 per cent of those who lived in a household headed by a single female got assistance every month. Those who spent the entire period in such a household were about 12 times as likely to have gotten cash assistance and 7 times as likely to have signed up for food stamps.

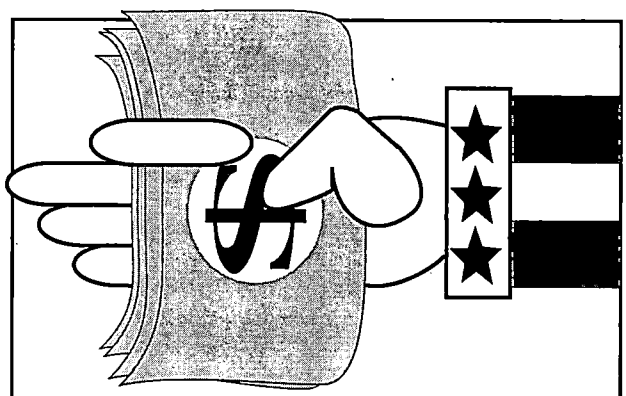
STATISTIC OF THE WEEK

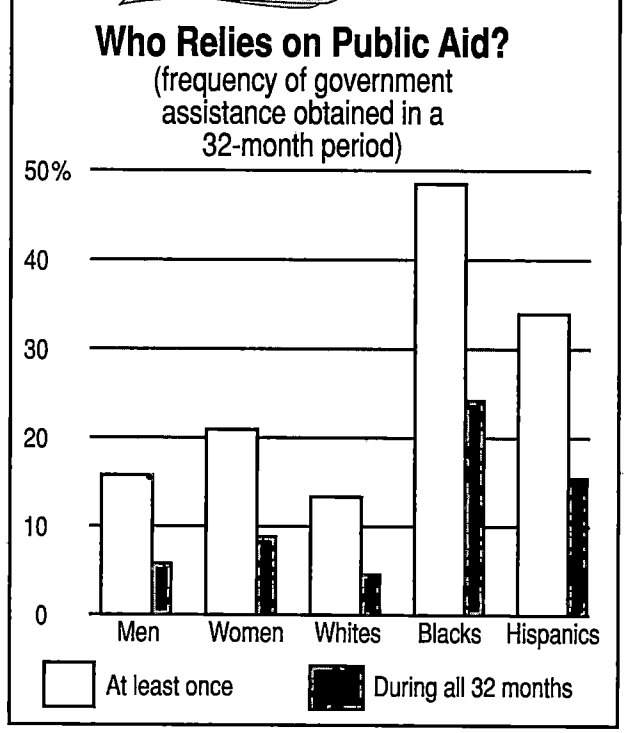
What's a diploma worth? . . . Of the people surveyed in a recent Census Bureau study, nearly 30 per cent of those who didn't finish high school got some kind of public assistance during a 32-month period that ended in 1986; 14.6 per cent got help every month. Among college graduates, 3.2 per cent received some aid, 0.6 per cent for as long as 32 months.

Other Differences

Race and gender appear to be important predictors, as shown in the chart, which is based on Census Bureau data. About 1.5 per cent of the men and 2.6 per cent of the women surveyed by the bureau relied on public assistance for 100 per cent of their income during the 32 months. For whites, the comparable figure was 1.3 per cent, for blacks 7.5 per cent and for Hispanics—who can be of any race—5.7 per cent.

The young and the old were the people most likely to receive aid. More than 30 per cent of the population who were under the age of 6 received public assistance for at least one month; 12.8 per cent received aid every month. Almost 27 per cent of those younger than 18 received some welfare benefits. Nearly 18 per cent of those 65 and older received some support; more than half of the welfare recipients in this age bracket received assistance for the entire 32-month period.—**David L. Wilson**





AT A GLANCE

CONGRESSIONAL OPERATIONS

Senate noncandidates... Senate Democratic campaigners suffered a setback when two House Members who had been expected to seek Senate seats in 1990 announced on May 5 that they will stay where they are. Ben Nighthorse Campbell of Colorado had been considered the front-runner for the Democratic nomination for the Senate seat being vacated by Republican William L. Armstrong. With Campbell out of the picture, Democratic attention turned to Rep. David E. Skaggs and state party chairman Buie Seawell; Rep. Hank Brown is the almost-certain GOP nominee. Rep. Jim Jontz of Indiana said he will not challenge GOP Sen. Dan Coats, who was appointed to the seat vacated by Vice President Dan Quayle. Jontz's decision, following a similar action by Rep. Lee H. Hamilton, makes him the second Indiana House Democrat to turn down what Democrats consider a good opportunity. Though the same-day timing was coincidental, the decisions by Campbell and Jontz are a reminder of the heavy personal and financial costs involved in mounting a Senate campaign, compared with the relatively easy task of retaining a House seat.

FINANCIAL INSTITUTIONS

S&L bailout... President Bush's plan to shore up the faltering savings and loan industry ran into a fiscal roadblock when the House Ways and Means Committee gave preliminary approval to including the cost of the $157 billion thrift bill in the budget—though excluding it from the deficit targets of the 1985 Balanced Budget Act. A similar proposal has already been rejected by the Senate and by the House Banking, Finance and Urban Affairs Committee. The Ways and Means panel's 25-11 vote on May 10, if subsequently confirmed when the bill is officially before the committee, would run up against the Bush Administration's insistence that the bailout be financed by selling bonds off-budget. Advocates of the on-budget financing process say that reduced interest costs would save the government as much as $4.5 billion over 30 years. The Administration promised to fight the change, which could tie up the bailout legislation and invite a presidential veto if Congress adopts the on-budget financing provision. *(See NJ, 3/25/89, p. 769.)*

INTERGOVERNMENTAL AFFAIRS

HUDache... Administrative malpractice at the Housing and Urban Development Department has been added to the litany of housing problems HUD Secretary Jack F. Kemp inherited from his predecessor, Samuel R. Pierce Jr. A 700-page audit released last month by HUD inspector general Paul A. Adams details abuse and favoritism during Pierce's tenure in the award of millions of dollars in HUD contracts to restore apartments for the poor. The report alleges no criminality, but paints a damaging portrait of insider dealings at the agency. In one case, a former top HUD official used his contacts to short-circuit normal HUD procedures and win contracts for himself and his associates. Other developers paid six-figure fees to former Reagan Administration officials—including Interior Secretary James G. Watt—to lobby HUD on their behalf. Congress has launched hearings, and Kemp has suspended most 1989 allocations under the so-called moderate rehabilitation program until the matter is cleared up. Some housing advocates relish the irony. "In an Administration that trashed HUD programs, that preached that government should get out of the housing business, some Reaganites obviously decided to get into the housing business for their own personal benefit," said Bud Kanitz, director of the National Neighborhood Coalition.

INTERNATIONAL AFFAIRS

Arafat in Paris... Despite the efforts of Palestine Liberation Organization chairman Yasir Arafat to look and sound like a moderate, the mainstream organizations of the American Jewish community are not buying. In Paris early this month, at a meeting with French President Francois Mitterrand, Arafat said that the 1964 PLO charter, which calls for the destruction of Israel, has been "superseded"—he used the French word *caduque*, which means "null and void," "lapsed" or "obsolete." Back at his headquarters in Tunis, Arafat forcefully rejected the call from Iranian parliamentary speaker Hojatolislam Hashemi Rafsanjani for Palestinians to kill five Westerners for every Palestinian killed by the Israeli Army in West Bank uprisings. But the French Jewish community demonstrated against Mitterrand's invitation to Arafat. And mainstream American Jewish organizations remain skeptical. "The PLO really has to convince the Israeli government and people" that it has changed, said Jess Hordes, a spokesman for the Anti-Defamation League of B'nai B'rith in Washington.

* * *

Panama's troublesome elections... In the dramatic aftermath of Panama's elections, the Bush Administration was carefully weighing actions against the government, concentrating on efforts to protect U.S. citizens in Panama while not appearing heavy-handed. Supporters of Gen. Manuel A. Noriega badly beat opposition presidential candidate Guillermo Endara and his running mate, Guillermo Ford, and killed a bodyguard during a march to protest what critics called blatant election fraud. U.S. citizens were also hit with violence. The Noriega-controlled Election Tribunal declared the election void because of international interference, not because of irregularities attributed to Noriega. The Bush team has a policy of "fierce neutrality" in dealing with all Latin American elections, but the Panama election is particularly delicate because of U.S. treaty obligations to turn over control of the Panama Canal.

LOBBYING

The Ollie lobby... Oliver L. North's supporters, heartened by opinion polls showing considerable public support for a pardon of the former White House aide, are stepping up pressure on President Bush. On May 5, the day after a federal jury convicted North on three felony charges in the Iran-contra affair, the American Freedom Coalition announced a direct-mail campaign that organizers hope will generate 10 million letters to the White House in support of a pardon. The Washington conservative group last year collected a million signatures on petitions asking then-President Reagan to pardon North, who was convicted of obstructing Congress and accepting an illegal gratuity. Jerry Falwell and several

conservative Members of Congress also are pressing for a pardon. A Cable News Network-*Time* magazine poll on the day of the verdict showed 45 per cent favoring a pardon and 39 per cent opposed; a *Newsweek* poll the next day showed 51 per cent in support and 38 per cent opposed. Both polls showed that more than 60 per cent believe Bush was more deeply involved in the Iran-contra affair than he has acknowledged.

* * *

Unsigned mail from the NRA... Critics cried foul over a National Rifle Association mass mailing that didn't identify the association as the sender—but the NRA says its name was omitted by mistake. An April 25 letter on stationery headed "Curtis R. 'Sam' Cross, Chief of Police, Retired" went to 140,000 law enforce[illegible]

Save $70 on National Journal

New Subscribers Only... Special Introductory Offer!

Check One:
One Year (50 issues)
6 Months (25 issues)

Bill Me
☐ $589
☐ $295

Check or Credit Card
☐ $519 (Save $70!)
☐ $260 (Save $35!)

(D.C. residents add 6% sales tax.)

☐ Payment enclosed ☐ Charge my: ☐ Visa ☐ MasterCard ☐ American Express ☐ Bill me

Account number _____ Exp. date _____

Signature _____ Date _____

Name _____ Title _____

Organization _____ Business phone _____

Address _____

City, State, Zip _____

Please check the *one* box which best describes the field in which you work:

Federal Government:
☐ Executive Office of the President
☐ Cabinet Dept. or Federal Agency
☐ Congress
☐ State or Local Government
☐ Foreign Government
☐ Business & Industry, including Law, Medicine, Consulting, etc.
☐ Trade Union, Professional Association, Political Organization, or Interest Group
☐ Media
☐ Think Tank, Research Organization, Educational Institution
☐ Library (academic or public)
☐ Other: _____

For faster service, call TOLL-FREE: 1-800-444-4078. (In D.C., call 857-1422.)

National Journal
What the Leaders Read.
1730 M Street, NW
Washington, DC 20036

[illegible] agency has failed to carry out a study requested by the White House five years ago on the verification requirements of a chemical weapons treaty, for instance, and, the report says, is "lagging badly" in addressing similar issues pertaining to the Conventional Forces in Europe talks launched in March. The Bush Administration's fiscal 1990 budget allots only $200,000 to ACDA's research efforts, compared with $900,000 this year. The report urges an increase in funds and recommends that the On-Site Inspection Agency, established in 1987 to monitor compliance with the Intermediate-Range Nuclear Forces Treaty, be transferred from the Defense Department to ACDA, a proposal the Pentagon will resist.

* * *

Nuclear weapon accident... The Pentagon acknowledged that a 1965 naval accident involving a B-43 thermonuclear bomb occurred much closer to land than initially noted in a 1981 report. Defense Department spokesman James M. Kudla admitted that the stated location of the accident, 500 miles from land, referred to the distance from the Asian mainland, whereas islands in the Japanese Ryukyu chain are only 80 miles from the site; Okinawa is 200 miles away. The issue was raised by authors of a forthcoming study by the Institute for Policy Studies and Greenpeace that chronicles maritime nuclear accidents, including the aircraft carrier *Ticonderoga*'s loss of an A-4 attack jet carrying the B-43 bomb. They say the Pentagon's first acknowledgment in 1981 was also deceptive in failing to mention that the ship was sailing from combat duty in Vietnam to port in Japan, regarded as a hint of possible planned use of nuclear weapons in Vi[illegible] and a violation of a h[illegible]

[illegible] Wendell H. Ford, D-Ky., introduced a registration bill (S 874) that also has a motor voter feature.

TRADE

Updating Jackson-Vanik... Pressure is building from the business community to waive for at least a year a provision of the 1974 Trade Act, known as the Jackson-Vanik amendment after the late Sen. Henry M. Jackson, D-Wash., and former Rep. Charles A. Vanik, D-Ohio, which ties most-favored-nation tariff treatment for the Soviet Union to Soviet liberalization of emigration. With businesses salivating over prospects for increased U.S.-Soviet trade in light of recent Soviet economic reforms and general easing of East-West tensions, major business groups, noting that Soviet emigration is now averaging 38,000-43,000 per year, are expected to push for change. "It is time to normalize this economic relationship and to get American companies involved in export opportunities to the Soviet Union," said Donald J. Hasfurther, director for East-West Trade at the U.S. Chamber of Commerce.

INFOFILE

A Digest of Studies, Surveys and Books

DEFENSE

Affording Defense

Pentagon officials must develop an integrated strategy that addresses strategic and conventional forces and arms control before discussing particular weapons systems, Harvard University defense expert Jacques S. Gansler contends. U.S. policy makers must agree upon a multiyear budget, increase the military's use of commercial items, pay attention to growing regional conflicts, develop alternatives to military personnel, coordinate better with U.S. allies and integrate the military branches more effectively. MIT Press, Massachusetts Institute of Technology, Cambridge, Mass., 02142. 415 pages. $24.95 (ISBN 0-262-07117-7).

EDUCATION

It's Education's Turn to Restructure

American schools should be subjected to free-market principles, a business professor argues in one of four essays presented at a 1988 symposium on education reform. "Political rather than consumer control" limits schools to bland educational agendas. Teachers should be judged more on competence than credentials. Governments should institute a voucher system, financing schools based on "ability to compete for the patronage of parents." Center for the Study of American Business, Washington University, Campus Box 1208, 1 Brookings Dr., St. Louis, Mo., 63130-4889. 28 pages. Free.

ENVIRONMENT

Cleaning Up: U.S. Waste Management Technology and Third World Development

The U.S. waste disposal industry's lack of international experience and its fragmented structure, poor public image and focus on technology suited for North American markets inhibit the industry from contributing to sustainable Third World development, two environmental experts assert. In the long run, however, intensified domestic competition will encourage the export of environmental technologies and services. Third World governments should pursue local solutions whenever possible. World Resources Institute, Box 620, Holmes, Pa., 19043. 80 pages. $10 (ISBN 0-915825-28-7).

INTERNATIONAL AFFAIRS

ASEAN-U.S. Initiative: Assessment and Recommendations for Improved Economic Relations

The Association of South East Asian Nations and the United States should enter an umbrella agreement that provides for specific bilateral arrangements, says a joint report issued by a U.S. and an ASEAN research institute. The agreement should promote trade and investment liberalization, limit government intervention, design an effective dispute-resolution process and establish guidelines for negotiating secondary pacts relating to subsidies, double taxation, intellectual property rights and nontariff barriers. Institute of Southeast Asian Studies, Heng Mui Keng Terrace, Pasir Panjang, Singapore, 0511. 206 pages. Free (ISBN 981-3035-22-6).

Proceedings of the U.S.-Cuba Roundtable

The United States cannot negotiate with Cuban revolutionary government leader Fidel Castro so long as he sets as preconditions to such talks the lifting of the U.S. trade embargo and the restoration of diplomatic relations between the two nations. Castro must be willing to give ground on issues involving human rights and the Cuban and Soviet military presence around the world, according to one of the participants in this roundtable discussion. The group of nine academics, policy experts and Cuban defectors met last September to discuss the future relationship between the two countries. International Freedom Foundation, 200 G St. NE, Suite 300, Washington, D.C., 20002. 100 pages. $4 (ISBN 0-923128-00-X).

LABOR

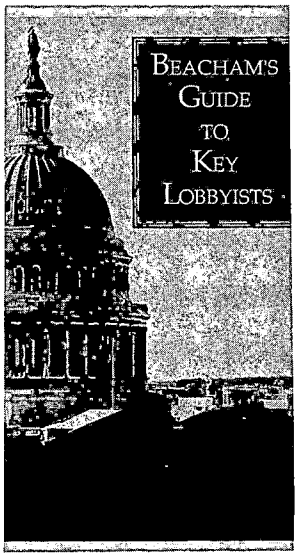
Pay Equity: Empirical Inquiries

"Occupational segregation by sex and race significantly affects the earnings of all sex/race groups, even after controlling for differences in productivity and industrial characteristics," an economist writes in 1 of 10 research papers. The volume analyzes the effect of race and sex on pay scales for individuals and occupations. Comparable worth programs in firms and governments are examined. National Academy Press, 2101 Constitution Ave. NW, Washington, D.C., 20418. 258 pages. $37.95 hardcover (ISBN 0-309-03981-9); $27.95 paper (ISBN 0-309-03978-9).

LOBBYING

Beacham's Guide to Key Lobbyists

If some lobbyists "have louder voices than others because of their contacts, knowledge, corporate power or constituencies, their influence is usually hard-earned, and often well deserved," columnist Jack Anderson says in the introduction to this reference volume. It profiles 125 lobbyists, including information on their personal and professional backgrounds, clients, issues, political action committee activity and honoraria to Members of Congress. Beacham Publishing, 2100 S St. NW, Washington, D.C., 20008-4011. 638 pages. $195 (0-933833-13-X).



NATIONAL SECURITY

Intelligence Requirements for the 1990s: Collection, Analysis, Counterintelligence, and Covert Action

Previous U.S. intelligence methods, particularly in the area of personnel recruiting and training, will not meet the needs of the intelligence community in the future, concludes a group of current and former intelligence practitioners and officials. The nation's population provides a diverse pool of potential recruits who would be capable of secretly penetrating foreign cultures. The major elements of the intelligence gathering network must be more effectively integrated. Lexington Books, D.C. Heath and Co., 125 Spring St., Lexington, Mass., 02173. 269 pages. $45 hardcover (ISBN 0-669-19555-3); $22.95 paper (0-669-19556-1).

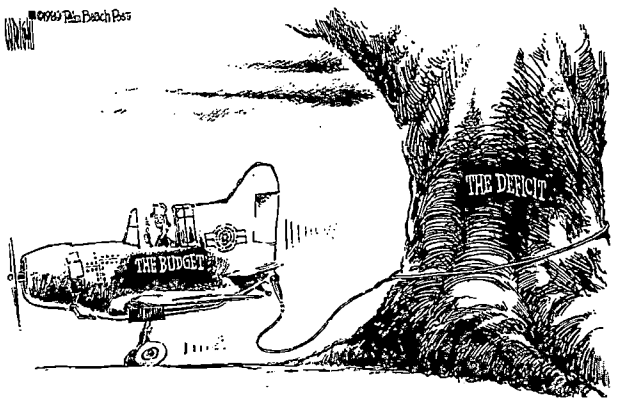
Fiscal Gimmickry

The unusually swift pace of fiscal action this year has, ironically, only contributed to the heavy pall of despair now hovering above Washington's budgeting community.

How strange it is! For is this not what the budget experts wanted: an end to the yearlong ideological struggles, the senseless bickering between the parties and the branches of government, the last-minute action that kept all but a handful of lawmakers and Administration officials shut out?

Perhaps. But hopes for early action were always accompanied by a key, if often unspoken, assumption—that an early deficit-cutting agreement would be generated through serious efforts by the President and Congress to *solve* the problem.

What onlookers in and out of government have discovered, however, is that early action can be a vehicle not only for taking bold steps to cut the deficit, but for choosing not to.



The Bush Administration wanted a deal. Congress wanted a deal. Political realities, particularly George Bush's "read my lips" proclamation, precluded significant deficit-cutting action. The contradictory motives would be reconciled with an extra dose of verbal chutzpah. The negotiators would paper over the gimmicks and proclaim victory.

This should be a time of triumph for the Administration and Congress, as those who engineered the fiscal 1990 deficit-cutting agreement have tried to portray it. Announced on a sunny April 14, in the Rose Garden, the deal would set a framework for fulfilling Washington's requirements under the 1985 Balanced Budget Act. In the brightest assessment, Office of Management and Budget (OMB) director Richard G. Darman said the agreement was akin to hitting "a double."

Less than three weeks later, the House and Senate Budget Committees had shaped the framework in their own image and sent a budget resolution through their respective chambers. A House-Senate conference was expected to iron out differences in short order.

What's so striking to budget experts around town, though, is the disjunction between political achievement and fiscal evasion. Indeed, the former was built on the latter. Only by agreeing among themselves not to debate the tough issues of fiscal policy could the White House and congressional players get their deal.

Surely, fiscal evasion has not been uncommon in the deficit-riddled 1980s. A combination of optimistic economic assumptions and onetime budget savings seems an annual ritual, a key component of any agreement to cut the deficit.

But with deficit targets under the 1985 budget law scheduled to drop, the gap between projected deficits and the targets would only grow larger. Thus, budget experts assumed that sooner or later, real decisions would have to be made: real spending cuts, real tax hikes and a real look at spiraling entitlement programs, such as medicare.

What the experts now fear is that lower targets lead only to a larger dose of evasion. Rather than getting down to serious deficit cutting, the White House and Congress would embrace more-optimistic economic assumptions and a stranger assortment of onetime savings than ever before. Thicker smoke and bigger mirrors, if you will.

"Typically," said Carol G. Cox, president of the Committee for a Responsible Federal Budget, "the Administration is a kind of fire wall." In other words, the career professionals at OMB have acted as a good-government buffer to ward off silly ideas that in the interest of making phony budget savings, violate all standards of good budgeting and good taste.

But if OMB itself offers some eye-raising suggestions on how to save money, at least on paper, then all bets are off. The sky is the limit. Who else would tell Congress that it couldn't take OMB's ideas and add some of its own games?

Speaking of OMB's highly criticized proposal to help bail out struggling savings and loan institutions, Cox said, "When the President proposes something like that, there's no fire wall anymore between the kinds of things that people are tempted to do and the kinds of things that people get a red face for even thinking about."

"In the old days," Rudolph G. Penner, a senior fellow at the Urban Institute, said of the early 1980s, "one played these games in an effort to fool the public. Now, the games are played with no pretense of fooling the public. Everybody admits that they're games."

From Capitol Hill came a nod of agreement from Ronald S. Boster, chief of staff to Rep. Willis D. Gradison Jr., R-Ohio. "I would say that we seem to have gone beyond the stage of even fooling ourselves," Boster said. "Bad laws are bad enough in their own right. But the bad thing is how they undermine credibility in government."

What, after all, has happened in recent years? Deficit targets have gradually declined. Although their drop was delayed when Congress revised the 1985 budget law two years later, the targets have fallen from their starting point of $171.9 billion in fiscal 1986 to $136 billion in fiscal 1989 to next year's $100 billion.

And what about the deficit? Well, if projections for fiscal 1989 turn out to be correct, the deficit will have risen for the third straight year—from $149.7 billion in 1987 to $155.1 billion in 1988 to a projected $161.5 billion in 1989. Thus, the 1985 budget law doesn't guarantee that the deficit will fall, only that the target will.

With the deficit target scheduled to drop further in fiscal 1991, to $64 billion, the gap between the projected and targeted deficit will grow larger. So, it would seem, Washington has run out of smoke and mirrors, games and gimmicks.

Or has it? While the gap seems too large to paper over with more gimmicks, experts are worried. If the fiscal 1990 deal is a precedent, the big task ahead is not how to find bigger budget savings for 1991 but how to lift all pretense of honesty and find more-ingenious gimmicks next time.

Assessing possible scenarios for action, Penner, a former director of the Congressional Budget Office, said of the $64 billion target, "There's no way to get to that, even assuming the wildest games." But, in an aside, he added, "I would never have guessed they would play the games of this agreement." □

Slip-Sliding

The Bush Administration's vacillating response to the disastrous oil spill in Alaska revealed one more of those nasty legacies of Jimmy Carter's presidency for Washington policy makers: avoid tough decisions on energy issues, and don't even think about calling on the American public to make sacrifices.

Carter made energy a top priority when he came to Washington and spent a good bit of time lecturing the country about its profligate consumption habits. It would take nothing less than "the moral equivalent of war" to rectify the nation's energy problems, he said.

The 1980 election put an end to such "gloom and doom" rhetoric, as Ronald Reagan derisively referred to it. Indeed, Stuart E. Eizenstat, Carter's top domestic policy adviser, recently said in an interview, "One lesson of the Carter Administration is that [energy] is a miserable issue to make a centerpiece of your first year because it is so inherently difficult to solve, and ... it requires a sacrifice that Presidents don't like Americans to make unless there is a real and a perceived crisis." That area is better "to be dealt with at a more quiet secondary level than with a major drum and flourish," he added.

Today, of course, U.S. energy policy is not being formulated in the midst of a crisis featuring long lines and soaring prices at gasoline stations, as was the case in the Carter years—although prices at the pump have risen noticeably in recent weeks. Nevertheless, an increasing number of analysts believe that national leadership is needed to head off a potentially destabilizing problem—the country's rapidly increasing dependence on oil imports.

The fragility of U.S. oil supplies was underscored when the *Exxon Valdez* plowed into Bligh Reef in Prince William Sound—an accident that in addition to the environmental damage it wrought, threw a temporary scare into oil markets. But the Administration was unwilling to use that tragedy to dramatize the country's increasing vulnerability to uncertain oil supplies and to take the lead on a problem whose dimensions may not yet be apparent to the public. "Our system gives no brownie points for being early and avoiding crises," said Daniel Yergin, president of the consulting firm Cambridge Energy Research Associates in Cambridge, Mass.

Bush's sensitivity to the political fallout from the spill—particularly the widespread criticism directed at the Administration for initially relying on Exxon Corp.'s assurances about the cleanup and then deciding to virtually federalize the effort—has made him even more gun-shy about energy issues.

On a recent West Coast trip in which he was originally scheduled to tout his decision to delay offshore oil exploration along the California coast, Bush avoided that issue. Instead, he told aerospace workers that he was there to give "the high-five symbol to high tech."

Despite the Administration's apparent reluctance to tackle energy issues, the numbers tell the magnitude of the problem. In 1988, the United States consumed more energy than in any previous year, according to the Energy Department's Energy Information Administration (EIA). Demand for petroleum hovered at about 17 million barrels a day, the highest level since 1980. Oil imports were up 50 per cent over the 1985 level.

The EIA projects that by the year 2000, net imports of crude oil and refined products will increase from 1988's level of 6.3 million barrels a day to 10.2 million barrels. The highest annual import level was 8.6 million barrels a day in 1977, when imports accounted for 46.5 per cent of domestic consumption. The EIA predicts that the country will depend on imports for 55 per cent of its petroleum—mostly in the form of crude oil—by 2000.

These figures mean that "the days of cheap oil use are probably behind us," said Daniel F. Becker, director of the Sierra Club's global warming program. "I think we're headed for another crisis." Former federal energy official John C. Sawhill has also beat the drum about the "rapidly deteriorating" energy situation, noting in a recent article in *The Wall Street Journal* that "the domestic oil and [natural] gas industry is moribund; increasingly, explorers say the best place to look for new fields is outside the U.S." Although the Administration still favors oil exploration of the Arctic Natural Wildlife Refuge, that initiative died after the oil spill. *(See NJ, 4/8/89, p. 873.)*

The Administration has options, however, that may not exact too great a political price. It could tout the virtues of energy efficiency and conservation, for example. In recent Senate testimony, Steven E. Plotkin, senior associate of the congressional Office of Technology Assessment, noted that since the first oil price shock in the early 1970s, the "major factor in reducing U.S. oil imports has been the marked reduction in the energy intensity of the U.S. economy." The switch from oil to alternative fuels—including natural gas and, for electric utilities, coal, gas and nuclear energy—has helped, but "the key" to future successful efforts to reduce U.S. dependence on imported oil remains increased efficiency, he said.

Congress and the Administration now are debating the efficacy of federally mandated corporate average fuel efficiency (CAFE) standards for new cars as a way to promote energy conservation and combat pollution. The standard is currently 27.5 miles per gallon.

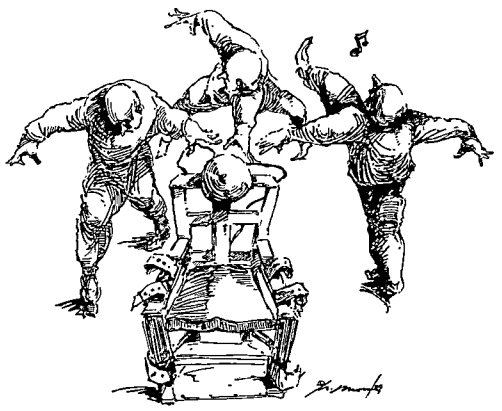
CAFE's significance must be viewed in light of the fact that automobiles now burn about 30 per cent of all oil consumed in the nation. Moreover, increasing the fuel economy of passenger cars and trucks since 1976 has resulted in an estimated savings of 2.5 million barrels of oil a day. Nevertheless, domestic automakers are seeking a reduction in the standard to 26.5, arguing that they will suffer competitively without a rollback and that higher standards will limit consumers' choices, including their increasing demand for gas-guzzling cruisers. The Reagan Administration granted such requests.

Although news reports suggest the Administration will deny a rollback in the standards, it has delayed a final decision on the issue and has evinced no position on the future of CAFE, which the Reagan Administration wanted to abolish. Maybe Carter's cardigan sweaters have something to do with it. □

Ultimate Penalty

The vicious April 19 assault against a female jogger in Central Park—for which six youths have been indicted—has unleashed a wave of revulsion and anger across the nation. Real estate magnate Donald J. Trump, typically, vented his views publicly in a big way. "These muggers and murderers," he contended in a full-page advertisement published in New York City's newspapers on May 1, "should be forced to suffer and, when they kill, they should be executed for their crimes. They must serve as examples so that others will think long and hard before committing a crime or an act of violence."

Thirteen years after the Supreme Court restored capital punishment in the United States, the death penalty remains the topic of a heated debate. Later this month, for instance, the New York Legislature will again debate overriding Gov. Mario M. Cuomo's veto of a bill reinstituting the death penalty; that vote is expected to be close.



The recent, highly publicized exonerations of two former death row inmates—Randall Dale Adams, falsely convicted of murdering a Dallas police officer, and James Richardson, a Floridian falsely convicted of poisoning his seven children—have reawakened public awareness of the danger that capital punishment poses of putting innocent people to death. (A 1987 *Stanford Law Review* study, in fact, found this to have happened in 23 cases in this country from 1900-85.)

And on May 1, a U.S. District Court judge for the Central District of Illinois ruled that the state's capital punishment law violated constitutional guarantees of due process and protection against cruel and unusual punishment because it allows prosecutorial discretion as to when to seek the death penalty.

The week before that ruling came down, Amnesty International launched a global campaign for abolition of the death penalty. "Today, we begin in earnest to challenge the death penalty, not only in the U.S., but around the world," John G. Healey, executive director of Amnesty International USA, said in an April 24 statement. "Our message is that the death penalty is a human rights violation. [It] is barbaric and, like drawing and quartering, it should be abandoned."

Eighty nations have already done so; among them, all of the NATO countries except the United States. *When the State Kills*, Amnesty's lengthy country-by-country analysis, offers a chance to compare the practice of capital punishment in the United States with that in the 100 other nations that continue to apply the ultimate sanction.

Over the past decade, 90 countries have carried out 15,320 recorded executions, Amnesty says, though "these figures may represent just the tip of the iceberg." Of the 3,399 executions recorded from 1985 to mid-1988, more than two-thirds were carried out by four countries—Iran, South Africa, Nigeria and China—while 66 were conducted by the United States. (The Soviet Union reported 64 executions during that time, Amnesty says, "but the true totals may be much higher.") All told, since 1976, 13 American states have killed 108 prisoners—the most recent being Aubry Adams Jr., who was electrocuted in Florida on May 4. But more than 2,000 prisoners wait on death rows in the 36 states that currently have capital punishment laws.

Hanging and shooting are the most common methods of execution today. Though these are generally viewed as expedient ways to kill, a botched hanging results in slow death by strangulation. And in Nigeria, armed robbers have been "executed slowly, by successive volleys of bullets fired at intervals, starting with shots fired at the ankles." Islamic law provides for beheading (in five countries) and stoning (in seven). "The stones should not be so large that the person dies on being hit by one or two of them," Iran's penal code provides, but "they should not be so small either that they could not be defined as stones." An Iraqi doctor has testified that more than 1,000 condemned prisoners in that country were bled to death to replenish its blood banks in 1982-83.

In the United States—where, even in this grisly realm, high technology reigns supreme—hanging and shooting are augmented by death by electrocution, poisonous gas and lethal injection. Used only in this country, these three techniques of killing were meant to be "cleaner," quicker and less cruel. But, in one of several cases cited by Amnesty, when the state of Mississippi gassed Jimmy Lee Gray with cyanide in 1984, he "had convulsions for eight minutes. . . . Some of the witnesses said that he did not appear to be dead when prison officials asked them to leave the witness room."

The United States is one of only six countries—the others are Bangladesh, Barbados, Iran, Iraq and Pakistan—that in recent years have executed prisoners who were under 18 years old at the time their offenses were committed. As of last August, according to Amnesty, death rows in 12 American states held a total of at least 28 prisoners of this description.

In the arguments advanced by Trump and most other death penalty advocates, the practice serves to prevent future crimes. Data collected from around the world by Amnesty, however, suggest that the threat of punishment by death has little measurable deterrent effect. In Canada, for instance, the homicide rate per 100,000 population stood at 3.09 in 1975, the year before abolition of the death penalty. By 1983, it had fallen to 2.74. Similarly, a criminologist found that armed robberies in Nigeria climbed from an average of 994 per year from 1967-70 to 1,500 annually from 1971-85, when that crime was a capital offense.

Though few advocates feel comfortable making the argument, some justify capital punishment as retribution. But, setting aside the question of whether revenge is a proper function of the state, the minuscule fraction of condemned murderers who are actually executed, criminologist Thorsten Sellin observed in a 1980 article, demonstrates an "actual, if not philosophical, repudiation of retribution by death. . . . We seem to be torn between a desire to see murderers suffer the ultimate penalty and a reluctance to exact it. Even those who ardently advocate retribution by death often paradoxically stress that it should be used sparingly, for fear that otherwise it would dull our moral sensitivity and lose its terrifying force." □

Weekly Index

(p) indicates a reference in the *People* section
A.E. Staley Inc.—1206 (p)
Abshire, David M.—1169
Acheson, Dean—1175
Adams, Aubry, Jr.—1215
Adams, Paul A.—1210
Aerospace Industries Assn.—1171-72
Agriculture Committee, House
  Domestic Marketing, Consumer Relations and Nutrition Subcommittee—1207 (p)
Agriculture Department—1163
Aho, C. Michael—1163
Akin, Gump, Strauss, Hauer & Feld—1185
Alcatel—1182
Alvarado, Susan E.—1196-97
American Assn. of Blacks in Energy—1207 (p)
American Broadcasting Co.
  ABC News—1208
American Chamber of Commerce (Brussels)—1187
American Electronics Assn.—1163, 1184, 1186
American Express Co.—1186
American Freedom Coalition—1210
American Interest—1207 (p)
American Intl. Automobile Dealers Assn.—1198
American Jewish Community—1210
American University—1206 (p)
Amnesty Intl. USA—1215
Anderson, Jack—1212
Annunzio, Frank—1206 (p)
Anti-Defamation League of B'Nai B'rith—1210
APCO Associates—1177
Arafat, Yasir—1176, 1210
Archey, William T.—1184
Arias, Oscar—1176
Arkansas Gazette—1157
Armey, Richard K.—1200
Arms Control and Disarmament Agency—1211
Armstrong, William L.—1210
Arnold & Porter—1177
Assn. of South East Asian Nations—1212
Associated Press—1206 (p)
Baker, James A., III—1175, 1197, 1203
Balanced Budget Act (1985)—1200, 1213
Ball, George—1177
Banking, Finance and Urban Affairs Committee, House—1206 (p), 1210
  Consumer Affairs and Coinage Subcommittee—1206 (p)
  Financial Institutions Supervision, Regulation and Insurance Subcommittee—1206 (p)
Banking, Housing and Urban Affairs Committee, Senate—1171, 1205 (p)
Bartholomew, Michael—1188
Bates, David Q., Jr.—1196
Baucus, Max—1163
Beals, Alan—1195
Beard, Ronald S.—1187
Becker, Daniel F.—1214
Bennett, William J.—1205 (p)
Bentsen, Lloyd—1163, 1186
Biden, Joseph R., Jr.—1166, 1218
The Bond Buyer—1207 (p)
Boskin, Michael J.—1197
Boston University—1188
Brady, Nicholas F.—1197
Breaux, John B.—1196
Brooks, Jack—1195
Brundtland, Gro Harlem—1218
Budget Committee, House—1213
Budget Committee, Senate—1213
Bureau of Natl. Affairs Inc.—1187
  Buraff Publications—1186
Bush, Barbara—1197
Bush President
  European Community '92, defense implications of—1166
  European Community '92, foreign policy implications of—1174
  European Community, high-tech impact on —1180
  European Community in '92, challenge facing U.S. on—1162
  major issues indecision, long-term problems over —1203
  tennis court behavior, character signs in—1195
  U.S. firms presence in Brussels, outlook for —1185
Bush, Marvin—1197
Bush, Robert—1190
Bushong, David W.—1171
C&L Belmont—1188
Caillot, Jean—1180
Calingaert, Michael—1183, 1186
Cambridge Energy Research Associates—1214
Campbell, Ben Nighthouse—1210
Cannon, Howard W.—1191
Canzeri, Joseph W.—1196
Capital Cities/ABC Inc.—1206 (p)
Carter, Jimmy—1162, 1177, 1197, 1214
Cassidy, Robert C, Jr.—1187
Castro, Fidel—1212
Center for Strategic and Intl. Studies—1167
Center for the Study of American Business—1212
Central Intelligence Agency—1197
Cheney, Carolyn—1207 (p)
Cheney, Dick—1166, 1175, 1218
Chevallard, Giancarlo—1187
Choate, Pat—1198
Circuit (District of Columbia) Court of Appeals —1191
Cleary, Gottlieb, Steen & Hamilton—1185
Coats, Dan—1210
Cohen, Calmen J.—1182
Columbia University—1207 (p)
Commerce Department—1163, 1176
  Census Bureau—1209
  Office of European Community Affairs—1188
Committee for a Responsible Federal Budget—1213
Conference Board Inc.—1188
Conference of Natl. Armaments Directors—1169
Consumer and Business Equipment Manufacturers Assn.—1183
Conyers, John, Jr.—1211
Coopers & Lybrand—1188
Coordinating Committee on Multilateral Export Controls—1171-72
Cossolotto, Matthew C.—1190
Council on Foreign Relations—1163, 1168, 1175
Covington & Burling—1188
Cox, Carol G.—1213
Cross, Curtis R. (Sam)—1211
Cuomo, Mario M.—1215
Dallas Cowboys—1157
Dataquest Inc.—1181
Defense Department—1172, 1175, 1211
  Air Force Department—1170
  Navy Department—1170, 1198
Defense Production Act (1950)—1171
DeGaulle, Charles—1176
Democratic Congressional Campaign Committee —1206 (p)
Democratic Steering and Policy Committee, House —1207 (p)
Democratic Natl. Committee—1207 (p)
DeSmedt & Dassesse—1185
Detroit News—1166
Dewey, Ballantine, Bushby, Palmer & Wood —1180, 1185
Dicks, Norman D.—1196
Direct Marketing Assn.—1195
Dixon, Julian C.—1190
Dole, Robert—1206 (p)
Donaldson, John C.L.—1186
Dornan, Robert K.—1190
Dow Jones & Co. Inc.
  The Wall Street Journal—1188, 1208, 1214
Downey, Thomas J.—1191
Drilling, Fred—1196
Dubusson, Aimee U.—1207 (p)
Dukakis, Michael S.—1207 (p)
Dulles, John Foster—1177
Eagleburger, Lawrence S.—1177
Economic Advisers Council—1197
Economic Policy Council—1177
The Economist—1186
Education Department—1205 (p)
Eger, John M.—1188
Ehrlich, Everett M.—1181
Eizenstat, Stuart E.—1214
Emergency Committee for American Trade—1182
Emerson, Bill—1190
Endara, Guillermo—1210
Energy Department
  Energy Information Administration—1214
Environmental Protection Agency—1163
Eramian, Daniel G.—1205 (p)
Erb, Guy—1186
EuroMarket Digest—1186
Europe-1992—1170, 1186
European Community—1162, 1166, 1174, 1180, 1185
  Bureau of Competition—1187
European Cooperative Defense Trade Alliance —1171
European Defense Community—1168
European Parliament—1185
Evert, Chris—1197
Exxon Corp.—1214
Fairchild Publications—1206 (p)
Falwell, Jerry—1210
Federal Communications Commission—1186, 1196
Finance Committee, Senate—1198
Financial Times—1180, 1186
Fitzwater, Marlin—1203
Foley, Thomas S.—1211
Ford, Gerald R.—1175, 1197
Ford, Guillermo—1210
Ford, Wendell H.—1211
Foreign Relations Committee, Senate—1166, 1218
  European Affairs Subcommittee—1166, 1218
Fortune—1197
Freedman, Thomas L.—1206 (p)
French Electronics Industry Assn.—1180
French Natl. Assembly—1168
Frischkorn, Allen R., Jr.—1182
Frye, Alton—1168
Gadbaw, R. Michael—1180-81
Gallis, Paul E.—1174
Gallup Organization Inc.—1208
Gansler, Jacques S.—1171, 1212
Garnham, David—1167
Gejdenson, Sam—1163, 1180
General Services Administration—1205 (p), 1207 (p)
George Washington University
  Elliott School of Intl. Affairs—1177
Gephardt, Richard A.—1163, 1206 (p)
Gesell, Gerhard A.—1157
Gibson, Dunn & Crutcher—1187
Gingrich, Newt—1190, 1211
Glowacki, Alexandra—1207 (p)
Gold and Liebengood Inc.—1171
Goldberg, James M.—1195
Goldman Sachs Intl. Corp.—1163
Goodby, James—1211
Gorbachev, Mikhail S.—1166, 1218
Gore, Albert, Jr.—1203
Gradison, Willis D., Jr.—1213
Gray, Jimmy Lee—1215
Griffith, William E.—1177
Gyure, Ron—1190
Hackett, Clifford P.—1175
Hadsell, Richard M.—1207 (p)
Hamilton, Lee H.—1210
Handgun Control Inc.—1205 (p)
Hanrahan, Bill F.—1183
Hansen, James E.—1203
Harvard University—1212
  John F. Kennedy School of Government —1205 (p)
Hasfurther, Donald J.—1211
Health and Human Services Department
Healy, John G.—1215
Heisbourg, Francois—1167, 1170
Henry, Michael, Jr.—1190
Hill & Knowlton Inc.—1185
Hills, Carla A.—1197
Hinds, Richard deC—1187
Hinton, Karen—1190
home health line—1207 (p)

Hooker, Kendall M.—1207 (p)
Hormats, Robert D.—1163
Horton, Willie—1203
House Administration Committee, House—1211
  Elections Subcommittee—1211
Housing and Urban Development Department —1197, 1210
Howe, Geoffrey—1168
Hunter, Robert E.—1167
Huntman Associates Ltd.—1207 (p)
Independent European Program Group—1169
Institute for Policy Studies—1211
Intel Corp.—1180
Intl. Advisory Services Group Ltd.—1186
Intl. Business Machines Corp.—1184
Intl. Institute for Strategic Studies—1167, 1170
Jackson, Henry M.—1211
Jacobson, Paul E.—1206 (p)
Johns Hopkins University
  American Institute for Comtemporary German Studies—1177
Johnson, Joel L.—1171
Johnston, J. Bennett—1196, 1200
Jones, Charlotte—1157
Jones, Day, Reavis & Pogue—1185
Journal of Commerce—1186
Judiciary Committee, House—1195
Justice Department—1191, 1205 (p)
  Antitrust Division—1188
  Bureau of Prisons—1205 (p)
  Drug Enforcement Administration—1205 (p)
  Public Affairs Office—1205 (p)
  U.S. Marshals Service—1205 (p)
Kanitz, Bud—1210
Katz, Abraham—1162
Kemp, Jack F.—1210
Kennedy, Paul—1175
Ketchum, McLeod and Grove—1198
Kinn, John M.—1170
Kissinger, Henry A.—1175
Knauer, Virginia H.—1207 (p)
Knight Ridder Newspapers Inc.—1206 (p)
Kohl, Helmut—1203, 1218
Koop, C. Everett—1206 (p)
Kudla, James M.—1211
Lafayette Publications Inc.—1186
LeBoeuf, Lamb, Leiby & MacRae—1187
Lesser, George H.—1186-87
Library of Congress
  Congressional Research Service—1169, 1174
Lindberg, Roger A.—1188
Livingston, Gerald—1177
Locke, David H.—1205 (p)
Loftus, Frank J.—1186
Lowenstein, James G.—1177
Lygo, Raymond—1171
Mack, John P.—1207 (p)
Madian, Alan L.—1186
Maibach, Michael C.—1180
Management and Budget Office—1157, 1213
Management Information Systems—1206 (p)
Marman, Bradley L.—1205 (p)
Marshall, George C.—1167
Massachusetts Institute of Technology—1177
McClean, R. Bruce—1185
McElwaine, Robert M.—1198
McKernan, John R., Jr.—1196
McKinsey & Co.—1206 (p)
McLaughlin, Kathy—1191
McNamara, James A.—1186
Mengebier, David—1205 (p)
Michel, Robert H.—1205 (p)
Micron Technology Inc.—1180
Miller, Loye W.—1205 (p)
Minnesota Citizens League—1201
Mitchell, George J.—1196, 1200
Mitterrand, Francois—1210
Morgan, Lewis & Bockius—1185
Mosbacher, Robert A.—1175, 1197
Mossinghoff, Gerald J.—1186
Motion Picture Assn. of America—1187
Motorola Inc.—1180, 1186
Myers, John T.—1190
Natl. Abortion Rights Action League—1207 (p)
Natl. Aeronautics and Space Administration—1203
  Goddard Institute for Space Studies—1203
Natl. Assn. of Retail Dealers of America—1195
Natl. Assn. of Working Women—1157
Natl. Broadcasting Co.
  NBC News—1208
Natl. Council for Industrial Defense—1171
Natl. Defense University—1166
Natl. Endowment for Democracy—1207 (p)
Natl. League of Cities—1195
Natl. Neighborhood Coalition—1210
Natl. Planning Assn.—1183, 1186
Natl. Rifle Assn.—1211
Natl. Security Council—1163
Natter, Raymond—1205 (p)
Nau, Henry R.—1177
NEC Corp.—1182
New Jersey Council of Compulsive Gambling —1201
The New York Times Co.
  The New York Times—1208, 1218
Newhouse News Service—1205 (p)
Niles, Thomas M.T.—1177
Nixon, Richard M.—1175
Noriega, Manuel A.—1210
North, Oliver L.—1157, 1210
Northrop Corp.—1205 (p)
Nussbaum, Karen—1157
O'Donnell, Thomas J.—1206 (p)
Oppenheimer, Wolff and Donnelly—1187
Palestine Liberation Organization—1176, 1210
Panetta, Leon E.—1200
Penner, Rudolph G.—1213
Periodical Press Gallery—1206 (p)
Perissich, Riccardo—1183
Peterman, James H.—1181
Petersmeyer, C. Gregg—1197
Peterson, Cass—1206 (p)
Pfizer Intl. Inc.—1188
Pharmaceutical Manufacturers Assn.—1185
Phelan, Richard J.—1190
Philips Industries Inc.—1183
Phillips, William G.—1171
Pierce, Samuel R., Jr.—1210
Pihl, Donald S.—1170
Plimpton, George—1196
Plotkin, Steven E.—1214
Polya, Ann J.—1188
Post, James E.—1188
Public Broadcasting System—1207 (p)
Puchala, Donald J.—1174
Pursell, Carl D.—1205 (p)
Quayle, Dan—1196, 1208, 1210
Quayle, Marilyn—1197
Rafanjani, Hojatolislam Hashemi—1210
Rapp, Cynthia H.—1207 (p)
Ravenel, Arthur, Jr.—1167
Reagan, Nancy—1197
Reagan, Ronald—1157, 1168, 1176, 1200, 1210, 1214, 1218
Republican Natl. Committee—1157
Richardson, James—1215
Richmond, Frederick W.—1207 (p)
Robinson, Lake, Lehrer & Montgomery—1207 (p)
Robinson, Tommy—1157
Roosevelt, Theodore—1197
Rostenkowski, Dan—1196
Roth, Toby—1190
Roth, William V., Jr.—1163, 1168
Rowe, Marianna—1191
Rudman, Warren—1206 (p)
Rule, Charles F.—1188
Rules and Administration Committee, Senate —1211
Runkel, David—1205 (p)
Russell, John K.—1205 (p)
Sawhill, John C.—1214
Scalia, Antonio—1197
Schneider, Johanna I.—1205 (p)
Schroeder, Patricia—1167, 1170
Scowcroft, Brent—1175
Seawell, Buie—1210
Seignious, George M., II—1166
Seitz, Raymond—1177
Sellin, Thorsten—1215
Semiconductor Industry Assn.—1180-81
Seppy, Tom—1206 (p)
Service Employees Intl. Union—1157
Shearman & Sterling—1185
Sheehan, Mark T.—1205 (p)
Shriver, Pam—1197
Sierra Club—1214
SJS Advanced Strategies Corp.—1188
Skaggs, David E.—1210
Sloan, Stanley R.—1169
Smith, Michael B.—1188
Solarz, Stephen J.—1196
Sound, William—1214
Sports Illustrated—1196
St. Dennis, Dean—1205 (p)
Standards of Official Conduct (Ethics) Committee, House—1190
Stark, Fortney H. (Pete)—1211
State Department—1175, 1186, 1210
Stern Group Inc.—1186
Stern, Paula—1186
Stevens, John Paul—1196
Stewart, Thomas M.—1205 (p)
Strauss, Robert S.—1185
Suard, Pierre—1182
Suburban World Newspapers Inc.—1205 (p)
Sullivan, Brendan V., Jr.—1157
Sununu, John H.—1197
Supreme Court—1215
Sweeney, John—1157
Swift, Al—1211
System Planning Corp.—1169
Tate, Dale Triber—1206 (p)
Tate & Lyle—1207 (p)
Technology Assessment Office—1214
Telecommunications Industry Assn.—1182
Texaco Inc.—1186
Texas Instruments Inc.—1180
Thatcher, Margaret—1176
Thompson, Mary Helen—1207 (p)
Thornburgh, Dick—1205 (p)
Time Inc.
  Time—1205 (p)
Treasury Department—1163, 1197-98, 1205 (p)
  U.S. Customs Service—1182
Treverton, Gregory F.—1175
Trump, Donald J.—1215
TRW Inc.—1198
Tsongas, Paul E.—1207 (p)
U.S-EC High Technology Working Group—1184
U.S. Chamber of Commerce—1184, 1211
U.S. Council for Intl. Business—1162
U.S. Trade Representatives Office—1177, 1188, 1184, 1197
Unisys Corp.—1181
University of South Carolina—1174, 1176
  Institute for Intl. Studies—1174
University of Wisconsin (Milwaukee)—1167
Urban Institute—1213
Valenti, Jack—1186
Vanik, Charles A.—1211
Vargo, Franklin J.—1177
Venable, Baetjer, Howard & Civiletti—1188
Vest, George S.—1174, 1187
Visclosky, Peter J.—1190
Wachtmeister, Wilhelm—1196
Waite, Barbara L.—1188
The Washington Post Co.
  Newsweek—1210 (p)
  The Washington Post—1186, 1206 (p)-08 (p)
Watt, James G.—1210
Ways and Means Committee, House—1210
Webster, William H.—1197
Western European Union—1168
White, Theodore H.—1163
Wiley, Richard E.—1196
Wilmer, Cutler & Pickering—1187
Wilner, Thomas B.—1185
Wilson, Gregory P.—1205 (p)
Wolff, Alan Wm.—1188
Worldwide Media Group—1188
Wright, Jim—1190, 1207 (p)
Wynne, Brian P.—1186, 1163
Yale University—1175
Yergin, Daniel—1214
Zakheim, Dov S.—1169

Can Détente and Deterrence Coexist?

The crisis in the Western Alliance reduces to one basic issue—whether détente and deterrence are compatible.

The Bush Administration is committed to both. It wants to reduce tensions with the Soviet Union while maintaining a credible threat of military retaliation against any potential Soviet attack.

The Soviet objective is to decouple the two policies. If you believe in détente, the Soviets say, there is no need for deterrence because the Soviet Union no longer presents a military threat. Mikhail S. Gorbachev has publicly renounced "the use or threat of force" as "an instrument of foreign policy" and has rejected "doctrines that justify the export of revolution."

Since 1957, the core element of NATO strategy has been nuclear deterrence. Now, several European allies led by West Germany want to renegotiate NATO's nuclear posture to take advantage of the opportunities presented by détente.

The Europeans feel they can maintain nuclear deterrence at a lower level of risk. The United States is concerned that these negotiations will result in the nuclear disarmament of Europe. That will mean the end of deterrence—and the end of the Western Alliance.

> Because Bush hasn't figured out how to package détente and deterrence in a grand design, he is left defending the status quo.

In order to make its case, the Administration must contend with a vision gap. Gorbachev offers the West an attractive vision: the end of the Cold War. He speaks to Western Europeans of a "common European home" and announces unilateral cuts in Soviet troop strength.

President Bush offers no vision to compete with that, except the warning that deterrence may be put at risk. Nuclear deterrence is not a very appealing idea to either Europeans or Americans. While people on both sides of the Atlantic accept the need for nuclear weapons, they do not approve of "mutually assured destruction" as the best way to prevent war. They would rather do it some other way.

Nuclear disarmament is a way. And many critics of nuclear deterrence are attracted to the idea of strategic defense. Ronald Reagan was a critic of deterrence. He tried to negotiate nuclear disarmament at the Reykjavik summit. He touted his Strategic Defense Initiative as an alternative to "nuclear terror." And he boasted that the 1987 Intermediate-Range Nuclear Forces Treaty resulted in the destruction of "a whole generation" of nuclear weapons.

Bush seems far more committed to the doctrine of nuclear deterrence than Reagan was. After all, Bush prides himself in being a practical man, and deterrence has worked for 40 years. What Bush has not done is figure out some way to package détente and deterrence together in a grand design. As a result, the Bush Administration is left defending the status quo. That is not a very gratifying position. It means that to most Europeans and Americans, the United States wants to perpetuate the Cold War.

The issue in contention is the status of short-range nuclear forces (SNF) in Europe. The United States wants to modernize these battlefield nuclear weapons. West German Chancellor Helmut Kohl, under intense political pressure from left-wing opposition parties, has called for immediate negotiations to reduce the number of these weapons, most of which are on German soil. "We want to modernize now and negotiate later," a U.S. diplomat explained. "The Germans want to negotiate now and modernize later."

So what's the big deal? The problem is that the Administration refuses to compromise on the issue of negotiations. "Everybody is dead set against the 'N' word," an Administration official said. That seems to be an odd position, given the fact that the West has only 88 short-range missile launchers to more than 1,400 such weapons in the Soviet bloc.

Defense Secretary Dick Cheney explained the Administration's reasoning as follows: "If you can't resist the pressure to get into the negotiations, how do you resist the political pressure . . . to accept the first Soviet offer, which is not going to be 50 but zero?" The Administration is concerned that the inevitable result of SNF negotiations will be what Cheney called "the denuclearization of Europe."

Because the Warsaw Pact nations enjoy an overwhelming edge in conventional weapons, the nuclear disarmament of Europe would leave Moscow in a position of commanding military superiority. The issue is not whether Moscow would make trouble or not. The fact is that without nuclear weapons, deterrence would be impossible. As the Supreme Allied Commander in Europe has written, "The pivotal role in deterrence has been, and remains, the nuclear weapon."

Administration critics dispute the notion that SNF negotiations would irresistibly lead to a ban on nuclear weapons. After all, the Germans are not calling for "the zero option." Prime Minister Gro Harlem Brundtland of Norway said the NATO partners "ought to be more self-confident about our own ability to decide and handle the issues."

The problem is that the Administration's hard line is generating antinuclear feelings in Europe. Sen. Joseph R. Biden Jr., D-Del., chairman of the Foreign Relations Subcommittee on European Affairs, recently wrote in *The New York Times*: "Stonewalling talks is perverse. It will not prevent Mikhail Gorbachev from making offers, but it could cost NATO the very unity needed for successful negotiations. Why pursue a policy that spawns antinuclear and anti-American sentiment on NATO's front line?"

Mindful of appearing too defensive and reactive, Bush ordered a comprehensive policy review to figure out how the United States should meet Gorbachev's bold challenge. After months of effort, the review concluded that the United States could no longer put itself in the position of defending the status quo. Instead, the report recommended that it broaden the agenda and offer the world something new. How's this for a visionary policy—"the status quo plus"? □

The difference between a shattered windshield and a shattered life.

On November 17, 1986, the car in which Tara Meyer was riding was in an accident. Unfortunately, she wasn't wearing her seat belt. So like 150,000 other victims each year, her head hit and shattered the windshield.

But unlike many of the others, Tara suffered no facial cuts or lacerations.

The difference?

A new idea developed by a group of DuPont engineers. They believed that a thin layer of plastic along the inside of the windshield would keep the razor-sharp, shattered glass on the outside—away from the occupants.

Their idea helped make more than just a safer windshield. . . it made a difference.

And that's something we try to do in everything we do.

At DuPont, we make the things that make a difference.

Better things for better living. DUPONT

REG. U.S. PAT. & TM. OFF

All of GM, going all out for you.

"Never thought it would work.

Send everybody from the assembly line to school. All 6,000. Give us union guys a say in running things.

Wasn't always easy. But we did it. A million cars out of this plant already.

I figure GM customers are getting some of the best-built cars in America. From right here. From these guys.

So I guess it is working."

Fact: The UAW-GM training program is now the largest private educational program in the world.

GM

MARK OF EXCELLENCE

1989 Cadillac Fleetwood at the GM Assembly Center in Orion Township, Michigan

Chevrolet, Pontiac, Oldsmobile, Buick, Cadillac, GMC Truck