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THE HERITAGE LECTURES

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**The Rule of Law
in the
Soviet Union:
A Necessary
Framework for
Democratic
Reform**

By Dick Thornburgh



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The Rule of Law in the Soviet Union: A Necessary Framework for Democratic Reform

By Dick Thornburgh

Whether or not the present 28th Communist Party Congress in Moscow is, as some predict and more hope, a true precursor to the “withering away of the Party,” the extraordinary debate which is taking place in that forum parallels in important ways President Gorbachev’s stated desire to create a “law-based state” — a Soviet Union founded on the rule of law.

Heritage Analyst Leon Aron has identified the creation of “a government vested with authority and having enough legitimacy to administer the very bitter pill of radical economic reform... as the central and most urgent issue of Soviet politics today.”

It is my view, in the context of recent exchanges between the Department of Justice and our Soviet counterparts, that the rule of law provides the only basis upon which such a government can eventuate from the upheaval under way in the Soviet Union and in Eastern Europe.

Our October 1989 trip to the Soviet Union — the very first by a sitting United States Attorney General — occurred at the very beginning of the Supreme Soviet’s effort at institutional reform and enabled us to open an historic, and continuing, dialogue on the rule of law and human rights.

It was a remarkable experience. At the invitation of Soviet Minister of Justice, Venyamin F. Yakovlev, we met for a week with Soviet leaders in the fields of law enforcement and the administration of justice — ministers, jurists, law students, even the Chief of the K.G.B., Vladimir Kryuchkov. Our agenda was a full one, devoted to topics central to what makes our democracy work: our Bill of Rights, our federal system, the principle of separation of powers, with its checks and balances, our two-party political process — all from that curriculum of liberties we teach (but don’t always learn) in our basic high school civics courses.

Placing in Context. And I have to credit our Soviet hosts, even at that early juncture, with a bold exercise in pursuing political discussions which were open and free-ranging, covering everything from our mutual interest in stopping international terrorism to their obligation — as we see it, and they increasingly recognize it — to allow freer emigration of Soviet Jews. But our talks still took place within an historical legal context that must be understood if their present difficulties are to be fully recognized, or ever surmounted.

To summarize abruptly a great deal of history, Soviet justice derives from three legal traditions: customary law among the peasantry, the imperial law of the Czars, and, much later, the Romanist law of civil codes. Customary and imperial law have had by far the overwhelming impact, creating a government of men above the law, from the Mongols to the bo-

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He spoke at The Heritage Foundation on July 10, 1990.

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yars to the Czars and beyond. Various formal codifications of imperial law did appear. But the operative legal power was still vested in what we commonly know as the *ukase*. "A proclamation of a Russian Czar," as Webster's says, "having the force of law."

Subordination of Law. This violently changed — yet did not really change — when the Bolsheviks came to power. Initially Lenin abolished imperial law, along with private property, and set up the people's courts. Judges were instructed to follow the decrees of the revolution — or their "socialist conscience." Later, Lenin and his successors moved to keep authoritarian sway over the courts by what became known as "telephone justice." Party officials frequently rang up judges, who then ruled in particular cases according to what the Party told them to do. The *ukase* had been reduced, by 20th century technology, to a phone call. The legalistic way was prepared for Stalin's Moscow show trials during the Great Terror and, thereafter, the habitual subordination of the law to Party interests.

Against this unpromising background, so-called new thinkers in the Soviet Union have now embarked upon what appears to be a truly idealistic and laudable attempt to establish the rule of law — or in Gorbachev's words, a "law-based state." Could it actually happen? So often you hear it optimistically said: remember that Mikhail Gorbachev was trained as a lawyer. Yes, but so was Lenin.

The chances are certainly there — as we saw during that week, and continue to see as we visit with Soviet officials and lawyers, both here and in the Soviet Union. Indeed, we are preparing for a return visit by Minister Yakovlev next month to extend our dialogue on democracy. But chances of success in this endeavor must always be measured against the long fatigues of history — the institutional neglect and political disrespect for what we know as the rule of law.

What is really missing is what might be called a "legal culture." Time and again, for example, we found an almost naive belief that all that was needed was to pass the correct statutes, to get the right laws on the books to create a "rule of law." We did our best to try to disabuse them of this legalistic and somewhat simplistic notion. Laws on the books, we explained, must be conscientiously obeyed and impartially enforced within a structure, and through a process, recognized and acknowledged by all — citizen and bureaucrat alike.

The rule of law works in a democracy, we pointed out, because of the supremacy of the judiciary, because men adhere to a government of laws, and act to see that the laws are enforced, in such ways that no man is above — or below — the law.

Practical Questions. Happily, the very things the Russians found most curious about our democracy let us discuss those practices in our law that really make our democratic process work. Our Ambassador to the U.S.S.R., Jack Matlock, reports this phenomenon is common — as Soviet citizens seek him out to gain insight into the functioning of the most basic of American institutions. Soviets quiz him on remarkably practical questions. If the Russians are writing a law on the press, they might query, for example, "How do Americans treat libel law? What can your press say? What can it not say?"

One of the first, most insistent questions I was asked by nearly everyone was, inevitably, a constitutional one: How does your federal system work? How did you weld together the separate states as the United States? How do you keep things from falling apart through incessant struggles between the national government and 50 different state governments?

Obviously, they are worrying about the unrest among their own republics. You only need look at the independence movements in Lithuania and the other Baltic states — as well as similar secessionist rumblings in the Republic of Russia under Boris Yeltsin and, most recently, in Uzbekistan — to understand their anxiety. They are also looking to us for ways, if you will, to deal with their own diversity.

Emphasizing Due Process. We gave them a very pragmatic answer to these inquiries. We did our best to explain, “Look, this is the way we do it, but the central thing about our system is its accommodation to change. Most of the mechanisms and components of our government are designed to accommodate change. And mastering that process is going to require far more than just the passage of new laws by the Supreme Soviet.” It is going to take a commitment to the lawful, democratic process, and we tried to emphasize legal process — due process of law — even over substantive rights, as the true safeguard of the people’s liberties.

Again, they asked us often, and in much confusion, about the separation of powers. The idea of *deliberately* building in a tension between separate branches of government — our concept of checks and balances — was extremely puzzling to them and, to some, utterly incomprehensible. Accustomed to their own monolithic system, they would have to struggle hard to understand, for example, Justice Brandeis’s observation that we adopted the separation of powers in 1787 “not to avoid friction, but by means of the inevitable friction incident to the distribution of government powers among the [branches], to save the people from autocracy.”



We called attention to their own guarantees of civil rights under the Soviet constitution. There they are, all fully documented, like our own Bill of Rights. Only there is also the carefully worded escape clause: “Civil rights shall be protected by law —” Just as our rule of law would hold, but with this kicker. “— Except as they are exercised in contradiction to their purpose in socialist society in the period of communist construction.”

That, of course, admits the ubiquitous specter of Party tyranny. Attempts are being made to toss this offensive language off the train by the new thinkers. But it’s not litter down the tracks of history yet. And still to come is the *real* test as to whether the Soviet courts themselves can and will act to protect the people’s rights. In short, will respect for legal process eliminate the prior abuses of “telephone justice”?

True reform must reach down into the legal culture itself, and create an inherent respect not only for individual rights, but for legal procedure and due process. In a statement before the Communist Party Congress last Monday, K.G.B. Chief Kryuchkov affirmed this elemental truth:

We cannot speak in favor of the universal development of democracy and at the same time refrain from speaking in favor of law and order, and the supremacy of the law. A society which allows the law to be mocked is a diseased society....

Fine words indeed, but one problem is that much of the motivation for legal reform is coming from a different direction altogether.

The Soviets face one great, dire urgency — besides national unrest — and that is their economy. To survive, they must enter the free world marketplace. To do that, they realize they must position themselves to recognize — and take advantage of — the rules of free commerce. The rule of law is the fundamental prerequisite for turning away from a command economy — to a market economy.

Respect for Contracts, Property. One of the Soviets' principal reasons for their great interest in the rule of law is just that — they have an immediate and pressing need to jump-start their participation in the world economy, to attract foreign know-how and investment. To do that, they realize they must display the predictability and stability that can only emerge from a body of commercial law — which, in turn, respects the sanctity of contracts and, yes, recognizes property rights as well. Fear of abrogation of contract rights or expropriation of investments can stunt otherwise attractive commercial and industrial initiatives.

This is one reason why property rights have been so hotly debated in the Soviet Union. A young reformer, whom my wife and I met last year, Ilya Saslavski, is involved in a property battle which typifies the disputes taking place on a local level across the Soviet Union. Saslavski, an elected member of the Congress of Peoples' Deputies, who is visiting here this week, has announced the take-over — for ordinary families — of an apartment building built for the Party elite. Though the controversy will be settled in court, such a confrontation would never have been attempted were Saslavski not assured of a favorable hearing from a pro-reform judge. The action taken by Saslavski is but one manifestation of the myriad crises arising as local leaders vie for power in the communist system which has an endemic antagonism to property rights reform.

On the very day we visited the Supreme Soviet — a semi-democratically elected legislature, and a developing seat of power — debate on the subject of property rights went on seemingly endlessly, and with very good cause. The Soviet Constitution says that property belongs to the state alone. But might such state property be legally leased to cooperative, joint ventures? And how does a Soviet citizen without ownership “act like an owner,” as Gorbachev has instructed, or even enjoy “something close to ownership” as espoused by Boris Yeltsin? As we watched, the late Dr. Andrei Sakharov, among others, rose to voice his objections to the government's bill. Finally, two bills, partially in conflict, were sent off to a commission for a further massaging, which continues to this day.



Adept legal accommodation can also be seen in the liberalization of their emigration policies. We are convinced they are now doing their legal utmost to facilitate the issuance of emigration visas — as a new exodus follows hard upon a rise in anti-semitism in Russia — but, here again, their interest is not wholly altruistic. They would like to meet the strictures of our Jackson-Vanik legislation in order to secure the most-favored nation status that would much enhance their prestige in world markets.

Still, we must be convinced — as in so much else undertaken in the name of Soviet legal reform — that not just the letter, but the spirit, of the law has taken root in the Soviet Union. That is the essence of the agreement reached between Presidents Bush and Gorbachev during the recent summit, that any trade agreement remains contingent upon legislative action by the Supreme Soviet in support of free emigration. We are, in short, watching to see that

opportunities to emigrate are institutionalized in law and practice, and are not just episodic, in the present uncertain flux of Soviet democratization.

All that being said, at the same time, I do not want to downplay their efforts to achieve the rule of law, or underestimate the modern-day difficulties of democratization. Two hundred years ago, we could call upon our English, common law heritage, and an American over-abundance of legal talent, to create our written Constitution, even in crisis. Also, we were then only four million, relatively homogeneous Americans, mostly concentrated on the Atlantic Coast — not 290 million multi-cultured Soviet citizens, spread across eleven time zones. Moreover, our Constitutional Convention deliberated in secret — not under glasnost. Imagine, if you will, George Washington on worldwide television, in the midst of a currency crisis, trying to suppress Shay's Rebellion, letting Vermont and New Hampshire pursue Yankeeism in their own way, negotiating with Quaker Solidarity, while trying to cut an arms deal with the British and French to put a cap on heavy frigates. George Washington, you will recall, said not one single word while presiding at Philadelphia.

The Soviets suffer all the drawbacks of history, including their own, most recent, flawed history. But *do* they now recognize these flaws, particularly in law, and *do* they sincerely want to counter them by establishing, for example, an independent judiciary — an institution they have never known, from Czarist times forward? The ultimate answers to those questions are unknown, but there are a few signs of an incipient legality. They have doubled judicial salaries, formerly below the average wage. And — good news to the Soviet law students I addressed at Moscow State University — they are allowing lawyers to charge *real* fees — instead of a scale of meagre fixed fees (plus money under the table) — and are taking steps to allow them actually to represent their clients.

Judicial Review. They have also been struggling to establish a rudimentary mechanism for judicial review — not unlike our Supreme Court, but far less august and lawfully empowered. A constitutional oversight committee is to review the constitutionality of Soviet law — in a sharp break with the past. But there are strict limitations upon their powers. The committee is advisory only, and it can rule on Soviet federal law, but not on the laws of the separate republics. In one curious anomaly, if any Soviet law is found to violate human rights — presumably as defined by the United Nations Charter — the committee is empowered to declare said law unconstitutional. There is much confusion over how the constitutional oversight committee will actually operate — let alone, legally prevail. What is needed — as Professor John Hazard of Columbia Law School says — is another John Marshall to arrive on the scene and guide their deliberations.

So there appears to be a will to a rule of law, if still much wandering in pursuit of untried, democratic ways. Going for such high stakes means that it is far too early to determine their chances of success. But I do remind you of two highly successful, post-war experiments in democratic reformations: Germany and Japan. Again, there are large differences in national circumstances — whole histories, wartime sufferings, other relevant factors. But we have seen the political adaptability of West German democracy overcome many obstacles from the totalitarian German past, and witnessed — sometimes to our chagrin — the Japanese experiment's continuing, modern triumph over centuries of emperor-worship. And both experiments were undertaken in similar adversity: by an undone people — even a conquered people — in economic extremis, at a moment of deep disillusionment with their own society.

Could something far different, yet alike, happen again? For the sake of world harmony, we can hope so, while also providing whatever encouragement is possible.

One final, positive observation. In 1979, when I visited the Soviet Union as a state governor, I found each official session invariably opened with an almost obligatory denunciation of the United States and our system of government. Ten years later, nearly every meeting with our counterparts began with a litany of woes — their recitation of the shortcomings of their system — and an almost wistful yearning for more knowledge about how our democracy works.

So I come away from my most recent visit to the Soviet Union — and our subsequent contacts with their legal delegations — well aware that Soviet justice does not yet embody what we know as the rule of law, but convinced that patience and example, and even some advocacy, might help certain determined Soviet officials to establish their own rule of law.

Like everybody else's democratic experiment, it will have to be attempted and achieved within their own society. If ever we needed dramatic reinforcement of that truth, it has come from the recent elections in Eastern Europe. On the one hand, East Germany has all but reunited with West Germany after its first free parliamentary election in four decades. On the other hand, Romania seems to have reverted to a government-sponsored vigilantism in the streets following the electorate's return to office of former communists.

Rule of Law. We cannot count upon constitutionalism simply to arise as virtue triumphant from the totalitarian ruins of Europe. Even where constitutionalism seems likely to prevail, the rule of law will be formalized differently by the Czechs, or the Poles, or the Hungarians — and most certainly, by the Russians. Nobody else but their own judges, lawyers, ministers, and citizens can evolve the judicial fairness and institute the legal restraint that underpin any rule of law. And it is only inherent respect for the law — such as we have seen people steadfastly demanding in the open squares and open parliaments and newly open societies — that will bring to a tolerable end the last vestiges of tyranny in these formerly closed communist monoliths.

In sum, only the rule of law can provide a sturdy bridge over the yawning political chasm between upheaval and democracy.

And we will know it when, and if, it appears. By the human rights the rule of law protects, by the governmental powers it limits, by the judicial independence it preserves. We will know it, constitutionally, when we see it. After more than two hundred years of experience and experiment on our own — who better to judge its emergence elsewhere?



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UPDATE

5/8/89 Number 99

THE "NEW" ABC CHILD CARE BILL: NOW IT SEEKS TO REGULATE GRANDMOTHERS

*Child care bureaucracy
subject grandmothers
of legislation*

(Updating *Executive Memorandum* No. 229, "Two Cheers for Bush's Family Tax Cut," March 22, 1989, and *Issue Bulletin* No. 145, "The 'ABC' Child Care Bill: An Attempt to Bureaucratize Motherhood," October 6, 1988.)

The full Senate is about to consider a revised version of the Act for Better Childcare (S. 5), the measure introduced by Christopher Dodd, the Connecticut Democrat. A similar bill (H.R. 30) has been introduced in the House by Dale Kildee, the Michigan Democrat. Known generally as the "ABC Bill," the legislation would spend nearly \$12 billion over four years to subsidize secular day care centers. Contrary to the claims of its sponsors, this expensive legislation still poorly serves parents with young children; recent changes have not corrected the bill's inherent flaws. In fact, ABC would deny parents choice in child care while taxing poor families to subsidize day care for the rich.

Among its many problems, ABC would provide no help to typical families. Only one pre-school child in ten is cared for in a day care center, while 75 percent of pre-school children are cared for by parents and relatives. And American parents overwhelmingly prefer care by parents, relatives, and neighbors for their children to care in formal institutions. Families that use day care centers, moreover, are far more affluent than those who do not.

ABC

No Funds For Families. Critics of the original ABC bill pointed out that it would fund bureaucrats and social service institutions while denying funds to parents. ABC backers responded by claiming that 70 percent of the bill's funding actually would be provided as "direct assistance" to families. This is untrue. In fact, families would receive virtually no ABC funds. Up to 30 percent of ABC funds would pay for administrative and regulatory costs; nearly all of the remaining money would be direct grants to day care centers.

True, ABC contains a provision allowing states to give "childcare certificates" to parents. But experience with the highly flexible Social Service Block Grant day care funds, which can in part be distributed as vouchers, suggests that most states will not offer such certificates. More important, only a tiny fraction of ABC funds would be disbursed to parents in this manner even were a state to introduce a certificate program. These ABC certificates, moreover, would not offer genuine parental choice because, unlike true vouchers, they could not be used with a wide variety of licensed day care providers. To use an ABC certificate, parents would have to enter into a written contract with the state, which would select and approve the child care arrangement. Day care providers also would have to receive specific approval and enter into a written contract with the government for each certificate received. Thus in practice there would be little difference between certificates and direct grants to government-selected centers; bureaucrats and not parents would select the child care.

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grandmothers could qualify - as long as they certified themselves.

This certificate provision – which baits with talk of parental choice and then switches with government selection – is characteristic of the entire bill. ABC backers appear hostile toward any type of child care that is not “professional” and bureaucratically controlled. Indeed, Kildee stated that if his mother were to care for his children (her grandchildren) in his own home, he would want her registered and trained by the government.

Daunting Requirements. Because such sentiments against family child care are alien to most Americans, ABC backers have tried to hide the true nature of their bill, claiming that the “new ABC” would allow funds to be used to subsidize care provided by grandmothers. But in order to receive support under ABC, a grandmother caring for her grandchild would face a daunting array of requirements. First, she would have to reside in a state actually distributing child care certificates. Second, she would have to enter into a personal written contract with the government, specifying the conditions under which she would care for her grandchild, and obtain state approval. Third, the parents would have to sign a contract with the state. And fourth, the grandmother would then have to demonstrate that she complied with federal health and safety standards and would be required to fill in daily reports proving that the food she provided to her grandchild met detailed federal nutrition standards. Given these conditions, it is unlikely that any grandparents would receive ABC funds, despite the fact that more pre-school children are cared for by grandparents and aunts than by day care centers.

ABC advocates also have sought to deal with the claim that the original bill excluded church-based day care. Again, they have failed to do so. Church-based day care centers could receive support under the legislation – but only if they banished religion from their program. Any church-based day care center providing religious values to children, through Bible stories, prayers, hymns, or similar activities would be denied funds. Thus religious day care centers either would be forced to purge their programs of religious content or would be forced to operate without subsidies in competition with heavily subsidized secular day care centers. Many of the church day care centers would be driven out of the market. Thus ABC discriminates against parents who wish to have their children raised in a religious environment, and those parents would be taxed to pay for secular day care for other families.

Forcing States to Regulate. The anti-religious impact of ABC would go even further. Many states, especially in the South, exempt religious day care centers from state licensing and regulation. Religious day care is regarded in effect as “Sunday School during the week,” and state legislatures wisely have deemed that government licensing would violate the separation of church and state. The ABC bill, however, stipulates that state governments must impose and enforce all existing state day care regulations “uniformly” on day care providers. ABC thereby deliberately bans states from exempting religious day care centers from the current regulations imposed on secular day care centers. If a state received ABC funds, it thus would be forced to impose state licensing and regulation on all religious day care centers within the state, even if those centers did not receive one cent of federal or state money.

The ABC bill thus is a highly discriminatory and anti-religious measure. In contrast, George Bush’s proposed tax relief for families with young children would not discriminate against those families choosing parents, grandparents, neighbors, or religious centers to care for their children. ABC advocates demand that the government invest in “quality child care,” but the highest quality child care is provided by families themselves. Bush is right to propose that the way to secure America’s future is by investing in families, not in professional day care centers.

Robert Rector
Policy Analyst

HERITAGE TALKING POINTS

A Checklist on Vital National Issues

NATO's 40th Anniversary Summit

May 29-30, 1989

A Test for George Bush

By Jay Kosminsky



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May 22, 1989

NATO's 40th Anniversary Summit — May 29-30, 1989

A Test for George Bush

INTRODUCTION

In the 1949 North Atlantic Treaty, the United States committed itself to "safeguard the freedom, common heritage and civilization" of its West European allies against Soviet forces already in control of half the European continent. Today, as Western leaders prepare to gather in Brussels to celebrate NATO's fortieth anniversary, it could be argued that the Treaty's goal has been achieved. Western Europe is free and prosperous and its common heritage and civilization are secure. To be sure, the Soviet Union remains a militarily threat; but even here, growing unrest in Eastern Europe and among Soviet nationalities may be signs of Soviet imperial fatigue.

At forty, the North Atlantic Treaty Organization (NATO) is entering a period of tensions between hope and peril. It faces on the one hand the possibility of a transformed adversary in the Soviet Union which may be willing to reduce its military threat to Western Europe. On the other hand, Gorbachev's promises of peace have not yet been transformed into a reduction in the Soviet military threat to NATO. Secretary of Defense Richard Cheney rightly warned recently that Gorbachev could fall or abandon his promising agenda. Or he could solidify his domestic position and turn out to be the new kind of Soviet leader that he purports to be.

The challenge to George Bush and his fellow NATO chiefs of state is to prepare the U.S. and the Atlantic Alliance for either contingency. A particular challenge for Bush will be to fend off allied efforts to rush to make concessions to Moscow. This, in fact, may be Bush's most important test of his young presidency.

Communism's Failure. The emergence of a Gorbachev at the Kremlin's helm is a testament to NATO's forty-year success in containing Soviet military power and to the abject failure of communism to provide a workable alternative to democracy and free enterprise economics. Today, within the Soviet Union and throughout Eastern Europe, cries for freedom and self-determination are drowning out the anachronistic slogans of communism. A faltering Soviet economy, meanwhile, strains to support the Red Army's military machine. In fact, Gorbachev has agreed for the first time to the principle of reducing his European forces through negotiation to numerical parity with NATO.

While the West may not yet have won the Cold War, victory seems in sight. The Cold War, after all, is mainly a European affair, waged to protect Western Europe and to free Central Europe. With bold U.S. leadership, NATO can set an agenda for bringing the Cold War to a close on its own terms. This agenda should include: 1) political liberalization in Eastern Europe leading to self-determination, multi-party democratic systems, and an end to the division of Europe; 2) unilateral or negotiated reductions in Soviet military forces that would enable the U.S. to begin bringing home many of the 325,000 GIs now stationed in Europe; and 3) ultimately a settlement that permanently removes the Soviet military threat to U.S. allies and the rest of Europe.

Unremitting Military Threat. Achieving these goals will require NATO to overcome many obstacles. Despite Moscow's domestic problems and promises of peace, Soviet military spending still increased last year by 3 percent; in contrast, U.S. defense spending actually declined. Moscow now is producing tanks at the record level of between 3,500 and 5,000 per year, compared to the modest 600 rolling off U.S. assembly lines.

In addition to the so far unremitting external military threat from the Soviet Union, NATO faces new problems within the Alliance. NATO's two principal anchors, Washington and Bonn, are at odds over nuclear weapons policy and a range of other military issues that reflect a growing, if vaguely defined, West German challenge to established Alliance policy. Further, Bush faces a Congress justifiably restive over the refusal by the European allies to accept a greater share of the financial responsibility for their own defense.

Bush's most critical challenge at his first NATO summit will be to keep the Alliance militarily strong and cohesive through this period of uncertainty and rapid change. There are five broad areas that Bush must address.

1) Forging a common approach to Gorbachev.

Bush's first priority at the summit should be to set the tone for NATO dealings with Moscow and its East European empire. To do this he should:

- ◆ ◆ Caution NATO allies that regardless of Gorbachev's possible intentions, the Soviet Union remains a militarily powerful and therefore dangerous adversary; urge them to be honest with their publics in assessing this threat. Despite promises of cuts, last year Soviet military spending amounted to between 15 percent and 20 percent of the USSR's total economic output, compared to just under 6 percent for the U.S.

- ◆ ◆ Open a dialogue with the allies to forge a common strategy for reducing Soviet influence in Eastern Europe and encouraging the expansion of multi-party democracy and human rights in Eastern Europe. Bush should propose the creation of a NATO High Level Group of Foreign Ministers for this daunting task.

- ◆ ◆ Take a firm stand on limiting credits and the transfer of high-technology goods to Moscow until Gorbachev has taken concrete steps to reduce substantially the Soviet military threat to Western Europe.

- ◆ ◆ Remind NATO allies that the U.S. expects their support and cooperation in combating Soviet global intervention in such regions critical to U.S. national security as Central America and the Pacific.

2) Coping with Germany and the nuclear question.

Recently Bonn has clashed with Washington on issues ranging from nuclear weapons modernization and negotiations to NATO military maneuvers on German territory. In both cases, Germany wants to reverse longstanding NATO policy in anticipation of a new relationship with Moscow, while the U.S. rightly is insisting on responding to Soviet military capabilities rather than presumed intentions. Dealing with this new Germany likely will be Bush's most difficult task at the summit. He should:

◆ ◆ Reaffirm U.S. support for the official NATO position opposing immediate negotiations on short-range nuclear forces, even if this means an open split between the U.S. and West Germany at the summit. NATO should not consider such negotiations until after an arms agreement establishing conventional (non-nuclear) military parity.

◆ ◆ Remind Germans publicly that he cannot justify keeping U.S. troops at risk in Germany if Bonn unilaterally pursues policies leading to the removal from German territory of all or even most U.S. nuclear weapons. The U.S. always has required these weapons to protect U.S. troops in Germany from being overrun by the tens of thousands of Soviet tanks just across the West German border. These weapons also long have provided nuclear options below the level of an all-out nuclear war that would destroy the U.S.

◆ ◆ Continue to support NATO's agreed-upon nuclear modernization plan, including modern nuclear artillery and a new air-launched missile, while giving Bonn until after the 1990 West German elections to make a firm decision on deploying a modernized version of the obsolescent *Lance* short-range missile.

◆ ◆ Convey U.S. flexibility in addressing German concerns over the inconveniences caused by NATO maneuvers and "low flying" NATO aircraft, but not to the point of jeopardizing the safety or effectiveness of U.S. troops in Europe.

3) Promoting NATO defense burden-sharing.

Despite the attention focused on developments in Moscow and intra-alliance quarrels over nuclear weapons, Bush should not let NATO allies think that the U.S. has overlooked the fact that they continue to spend proportionally about half of what the U.S. spends on defense. This disparity is unfair to the U.S. and demands redress. Bush should:

◆ ◆ Inform the allies that cuts in their defense budgets will be met with commensurate reductions in the U.S. military commitment to NATO. The U.S. no longer can afford to be more concerned about European defense than are the Europeans themselves.

◆ ◆ Propose negotiations with the allies to specify additional defense roles and costs that could be shifted to them. These could include paying for part of the new C-17 transport aircraft (a \$40 billion program needed mainly for NATO defense), providing further funding for stationing U.S. troops in Europe, and filling NATO stocks of equipment for U.S. reinforcements. These three simple measures alone could save the U.S. as much as \$75 billion over the next ten years.

◆ ◆ Press the allies to meet the military preparedness and military spending obligations they have made to NATO.

4) Pressing Moscow for conventional arms reductions.

NATO and the Warsaw Pact in March began what potentially are the most important East-West negotiations of the post World War II era: the Conventional Armed Forces in Europe (CFE) talks in Vienna. While many hurdles remain, if these talks succeed they will lead to rough equality in conventional (non-nuclear) forces in Europe. This would benefit the U.S. and its allies and would enable the U.S. to reduce substantially the level of its military forces in Europe. Bush should:

- ◆ ◆ Seek an official NATO statement making CFE the key litmus test of Gorbachev's professed intentions toward NATO. In effect this would move CFE to the top of NATO's agenda.
- ◆ ◆ Inform allies that the U.S. expects to receive the lion's share of any NATO cuts resulting from a CFE agreement. This is only fair since the U.S. contributes far more proportionally to Western defense than any other ally.
- ◆ ◆ Be tough in negotiations; stick to NATO's position for cuts by both sides to about 10 percent below current NATO levels; exclude aircraft and naval forces from the talks; insist on accurate data from the Soviets on numbers of weapons on each side; and require very strict monitoring and verification measures to ensure compliance with the Treaty.
- ◆ ◆ Save very deep cuts, like 50 percent below NATO levels, for CFE's second round. Cuts on this scale are desirable, but would cause new military and political problems for NATO that will require time to address. First round mutual cuts to 10 percent below current NATO levels could be carried out quickly and easily.

5) Approaching "Europe 1992."

By the end of 1992, most of NATO's European members are scheduled to remove all remaining economic barriers between them, creating a true common market of 320 million people. Concern has arisen in the U.S. that this trade liberalization among the members of the European Community (EC) will lead to increasing trade protectionism against the U.S. Bush should:

- ◆ ◆ Support and encourage "Europe 1992" while warning that new trade barriers must not be erected to "protect" the newly integrated EC market from U.S. or other competition. Protectionism, he should explain, would slow economic growth in Europe and the U.S.
- ◆ ◆ Offer a pledge to expand the accessibility of U.S. markets to EC goods and companies in 1992 in return for a reciprocal pledge by the EC.
- ◆ ◆ Encourage the EC to adopt such policies as low taxes and economic deregulation to spur economic growth in Western economies.
- ◆ ◆ Urge West Europeans to use 1992 as an opportunity to improve cooperative arms planning, development and production among themselves and with the U.S. This is one way for NATO allies to contribute more effectively and efficiently to NATO defense.

DEALING WITH GORBACHEV

NATO above all is a military alliance whose first priority is to defend its member states against the military threat from the Soviet Union. Gorbachev has professed an intention to reduce this threat, on a scale unprecedented since the Khrushchev years, through unilateral force cuts and negotiations. Western intelligence services have been monitoring Soviet military activity for hard evidence of these reductions, but so far most of the evidence points to the opposite conclusion.

The CIA reports, for example, that Soviet defense spending was up 3 percent last year, despite a poor performance by the Soviet economy, and despite a 2 percent drop in the U.S. defense budget. Soviet tank production in the first quarter of this year rose to its highest level since the end of World War II, reaching an annual rate of between 3,500 and 5,000 of the most modern Soviet tanks (the U.S. will produce about 600 tanks this year). A massive Soviet military buildup on the Kola Peninsula, on the Barents Sea near Finland, has NATO so concerned that it prompted a top secret briefing at a recent NATO Nuclear Planning Group meeting in Brussels. The Soviet Union, moreover, recently laid the keel for a third large-deck aircraft carrier, an enormously expensive undertaking at a time when Gorbachev claims to be trying to cut defense expenditures. A similar U.S. carrier plus its aircraft would cost about \$8 billion, with another \$6 billion for support ships.¹

Massive Soviet Cuts. Gorbachev says that he will cut his military budget by 1.5 percent this year, 7 percent next year, and 14 percent the following year. He says he will make all military expenses public so that the West can verify these cuts. He has announced that five divisions comprising about 60,000 troops and 5,000 tanks will be removed from Eastern Europe over the next two years.² Perhaps, therefore, the West soon will see evidence that Gorbachev is willing and politically able to fulfill his promises in a way that substantially reduces the military threat to NATO. So far, however, the preponderance of evidence argues to the contrary.

Despite the evidence of a continued or increased Soviet military buildup, the publics in West Germany and much of the rest of Western Europe have all but abandoned the idea that the Soviet Union continues to threaten their security.³ Even such conservative European leaders as Britain's Margaret Thatcher question publicly whether Moscow continues to pose a security threat to the West. European governments have encouraged this overreaction, offering generous lines of financial credit to Moscow (West Germany alone has opened a \$2 billion line of credit to the Soviets) and advocating liberalized restrictions on advanced technology sales to the Soviet bloc.⁴

Loosening East Europe's Chains. Doubtless there are important changes occurring in Moscow. Gorbachev seems to be making great efforts to stem the Soviet Union's steady slide into ideological and economic impoverishment. His experiments with political and economic reform have few precedents in the past sixty years in the Soviet Union. In Eastern Europe, particularly Poland and Hungary, Gorbachev has permitted and in some cases abetted movement toward political pluralism and national autonomy. Both of these countries now are looking forward to their first multi-party elections in over forty years.

1 See: "Soviet Defense Spending Up 3% Last Year - CIA/DIA," *Defense Daily*, April 25, 1989, p. 135; "Soviets Boost Tank Production Despite Sweet Talk," *The Washington Times*, May 8, 1989, p. 1; "NATO Monitors Soviet Kola Naval Buildup," *Defense News*, May 1, 1989, p. 2; "Soviets Now Working on Third Large-Deck Carrier," *Defense News*, April 28, 1989, p. 162; Ronald O'Rourke, "The Cost of a U.S. Navy Aircraft Carrier Battle Group," *Congressional Research Service Issue Brief*, June 26, 1987.

2 See: Jeffrey Smith, "Soviets May Disclose Military Budget in Fall," *The Washington Post*, April 28, 1989; "Soviets Claim 1.5 Percent Cut for Defense in 1989," *Defense Daily*, May 10, 1989, p. 226.

3 At least three-quarters of West Germans have ceased to consider the Soviet Union a military threat. Josef Joffe, "Rocks in the Stream of Opinion; Results of Opinion Poll on Security Issues," *Sueddeutsche Zeitung*, February 28, 1989, p. 6, in FBIS-Western Europe, March 1, 1989, pp. 11-12.

4 William Dlozdiak, "Soviets Back Bonn Strategy In East Bloc," *The Washington Post*, March 18, 1989, p. 1.

Bush's task at the summit will be to brake any Western slide toward unilateral disarmament while encouraging the Alliance to look ahead. Gorbachev's domestic reforms, the changes underway in Eastern Europe, and Gorbachev's acceptance in principle of conventional military parity with NATO indicate that new opportunities now may be emerging for NATO to press forward on such issues as liberating Eastern Europe, expanding human rights in the Soviet Union and throughout the Eastern bloc, and promoting a conventional arms control agreement that improves NATO military security. At the same time, NATO cannot let down its guard while Soviet military capabilities continue to grow.

Bush should urge the allies to:



Recognize that the Soviet Union remains a militarily powerful and therefore dangerous adversary. Recent trends point to a buildup, rather than the promised build down of Soviet military forces. Until evidence to the contrary is forthcoming, NATO must continue to maintain and modernize its own conventional and nuclear forces. Hope cannot be permitted to defeat reason in formulating Alliance military policy, which always must respond to Soviet capabilities, not rhetoric.



Publicly remind European publics that the Soviet military threat continues to grow.




Forge a strategy for eliminating Soviet influence in Eastern Europe and encouraging multi-party democracy and human rights. If Gorbachev is contemplating ending the Cold War by at least partially relinquishing his political hold over Eastern Europe, NATO allies should begin to discuss seriously among themselves their precise objectives in Eastern Europe and strategies for achieving them. Bush should propose discussions along these lines among a new NATO High Level Group of Foreign Ministers. Once NATO formulates its objectives, discussions could be shifted to an East-West forum such as the Conference on Security and Cooperation in Europe (CSCE), where NATO could press for genuine self-determination for Eastern Europe.



Limit credits and the transfer of high technology to the Eastern bloc. NATO countries weaken their own defense by sharing militarily significant technology with Moscow or making loans of Western currency that the Soviets can use to upgrade their arsenal or continue supporting communist governments and insurgencies abroad. Until Gorbachev has taken tangible steps to reduce the Soviet military threat to NATO, the U.S. should resist efforts to weaken restrictions now in place through the Coordinating Committee on Multilateral Export Controls (COCOM) on high-technology trade with the Soviet bloc. COCOM is an organization of Western industrial countries that regulates militarily significant trade with hostile powers. Further, discussions should be undertaken to coordinate Alliance strategy for requiring economic

liberalization and political reform in the Soviet Union and Eastern Europe in return for Western economic assistance to the East.



Support U.S. efforts to combat Soviet global intervention. Last year the Soviet Union gave \$500 million dollars in aid to the communist government of Nicaragua. NATO allies also have been aiding the Nicaraguan regime, although this aid has declined recently. This aid amounts to a direct subsidy by U.S. allies of a Soviet-Cuban ally seeking to spread communist revolution on America's southern border. This action by the allies is the opposite of burden-sharing; it creates new security burdens for the U.S. British Prime Minister Margaret Thatcher has taken the lead in rebuffing further efforts by Nicaraguan leader Daniel Ortega to obtain more economic assistance from Western Europe. Bush should thank her for her efforts and encourage other allies to follow suit.

DEALING WITH THE NEW GERMANY

During a recent trip to Bonn, The Heritage Foundation discovered that Germans across the political spectrum want U.S. troops to stay in Germany. But while Germans almost unanimously want the U.S. to stay, they increasingly are unwilling to support longstanding NATO policies that are considered essential by the U.S. to the preservation of peace in Europe and necessary to protect those U.S. troops stationed there.

Endangering U.S. Troops. For example, Germany wants to cut back on the scope and number of NATO maneuvers in Germany and to curtail "low flying" training by U.S. and other NATO military aircraft over German territory. In both cases, Germany's position repudiates longstanding NATO policy and affects the safety and security of U.S. troops.


The most public and vociferous clashes between the two countries, however, have come over nuclear weapons issues. In March, the U.S. and other allies conceded under heavy German pressure to postpone until after the 1990 German elections a firm decision on deploying a modernized version of NATO's short-range (70 miles) nuclear Lance missile. Then, three weeks ago, Bonn tore up this compromise and announced that it would break with NATO policy to endorse immediate talks with Moscow that could eliminate not only the Lance, but nuclear artillery.⁵ Bush rightly rebuffed this latest German demand and is holding firm in support of existing NATO policy.

Germany's New Shift. While the German argument that these missiles would fall mostly on German territory is true, it has been true since the U.S. first deployed short-range nuclear weapons in Germany in the mid-1950s. In fact, none of the issues over which the U.S. and Germany are now at loggerheads is a new issue. By contrast, Germany's pushing the U.S. and other NATO allies to shift course on these issues is a new development. It will have to be handled gingerly but firmly by Bush.


5 See: Jay P. Kosminsky, "Rebuffing Bonn's Unilateral Attempt to Torpedo NATO Policy," Heritage Foundation Executive Memorandum No. 232, May 1, 1989.

Germany's new independence is not limited to NATO policy. During their trip to Germany last month, Heritage Foundation analysts found Germans talking more openly about a range of issues that until recently were only whispered. Reunification with East Germany increasingly is no longer seen by German politicians as a dream to be fulfilled by other generations. Said Foreign Minister Hans-Dietrich Genscher in a recent speech: "...our [West German government] responsibility... my very personal responsibility... does not end at the border that cuts right through Germany."⁶ It is precisely this kind of talk that has other NATO allies nervous, particularly the British and French. Ready or not, however, NATO likely is going to be faced with an increasingly assertive and independent Germany in coming years.


At the summit, Bush should:



Continue to oppose immediate negotiations on short-range nuclear forces. He should stick to this position even if it means an open split between the U.S. and West Germany. Only when the Soviet Union has agreed to reduce its conventional military threat to NATO, perhaps through negotiations at the Conventional Armed Forces in Europe (CFE) talks, can the U.S. conclude an agreement to reduce or eliminate some short-range nuclear weapons. No irreparable harm will be done to the Alliance by a summit communique in which the U.S. and West Germany "agree to disagree" for the time being and to hold further discussions on the issue of short-range nuclear modernization and negotiations.



Remind West Germans: "No nukes, no troops." The Bonn government has done an inadequate job of explaining to the German public that the presence of short-range nuclear forces on German territory is part of a trans-Atlantic "bargain" under which the U.S. stations a quarter-million GIs in Germany. According to U.S. commanders, these weapons are required as a last ditch protection for U.S. troops facing overwhelming Soviet advantages in tanks and artillery. Without these weapons, U.S. troops cannot remain in Germany. If the German government will not explain this, Bush should make it plain.



Support NATO nuclear modernization program. Bush already has agreed to give Bonn until after the 1990 West German elections to make a firm deployment decision on a modernized version of the nearly obsolescent *Lance* short-range missile. In addition to *Lance* modernization, the other key elements of NATO's nuclear modernization program are: 1) continuing to replace old U.S. nuclear artillery shells with new and safer ones; and 2) deploying a roughly 250-mile-range tactical air-to-surface missile (TASM) that would be launched from aircraft such as the F-15E *Strike Eagle* and would be able to destroy such targets as rail yards and command posts on Soviet and other Warsaw Pact territory.

6 Genscher speech to Bundestag, April 27, 1989. English translation, FBIS-Western Europe, April 27, 1989, pp. 12-15.

✓ **Be flexible, but set clear limits.** In addressing such points of disagreement with Germany as NATO maneuvers, "low flying" NATO aircraft, and even nuclear force modernization, Bush should convey a willingness to accommodate legitimate German concerns, but not to the point of jeopardizing the safety of U.S. troops in Europe. As long as U.S. troops remain in Germany, the U.S. President's first responsibility is to ensure their protection. Even if it means a rift with allies, Bush cannot precipitously change policies that have kept U.S. troops safe and preserved the peace in Europe for over forty years.

DEFENSE BURDEN-SHARING

*The U.S. commitment to European security is expensive; according to the Pentagon, as much as 60 percent of the annual U.S. defense budget of nearly \$300 billion is directly related to NATO defense. By and large, this is a major reason why U.S. defense spending is so high. If Europeans were as concerned as Americans about their own defense, the U.S. would have little reason to complain. But Europeans proportionally spend about half on average of what Americans spend for defense. According to official NATO figures, the U.S. spent about 6 percent of its total national income on defense. Of the major allies, only Britain's 4.5 percent approaches U.S. levels, while France at 3.9 percent, West Germany at 2.9 percent, and Italy at 2.4 percent lag far behind.*⁷

Misreading the U.S. During a recent trip to NATO headquarters in Brussels, in Bonn and in Paris, Heritage Foundation analysts heard a similar refrain from European allies: they do not take seriously U.S. demands for European allies to pay more for their own defense. Heritage also was told that, while the U.S. may bridle over the cost of its commitment to Europe, in the end it will not cut back because, said a number of Europeans, "the U.S. is in Europe to protect its own interests, not just to defend us." Only in London was there a recognition that the U.S. would not indefinitely continue to bear the brunt of the burden for Western defense.

Except for the British, Europeans are not accurately reading the U.S. political scene. Congress is becoming ever more restless over the heavy burden of the U.S. defense commitment for Europe, and cutbacks in U.S. troops in Europe are becoming increasingly more likely. A bipartisan report released last August by the Defense Burden-sharing Panel of the House Armed Services Committee warns NATO allies to "be prepared to defend their own territory

⁷ "Enhancing Alliance Collective Security: Shared Roles, Risks, Responsibilities in the Alliance," NATO Defense Planning Committee, December 1988; figure for France from U.S. Department of Defense, "Report on Allied Contributions to the Common Defense," April 1988, p. 40.

without a large-scale U.S. ground commitment" in coming years.⁸ This year Representative Andy Ireland, the Florida Republican, joined with Representative Patricia Schroeder, the Colorado Democrat, to advocate the immediate withdrawal of up to 25,000 U.S. troops in Europe, with further reductions to come. Factors besides defense burden-sharing that are causing many in Congress to take another look at U.S. troop strength in Europe include the federal budget deficit and expanding U.S. interests elsewhere, particularly Asia where the U.S. now does \$241 billion a year in trade compared to \$170 billion with Europe.

Bush should tell NATO allies:



If Europe cuts back on its defense, so will the U.S. The allies should be put on notice that cuts in their defense budgets will be met with commensurate reductions in the U.S. military commitment to NATO. The U.S. no longer can afford to be more concerned about European defense than are Europeans themselves. If NATO allies begin to cut their already low defense budgets, the U.S. can find ways to cut the cost of its own commitment to Europe's defense and to direct those resources to other pressing military needs. If, for example, the U.S. were to bring home and transfer to the reserves two divisions of 17,000 combat troops and supporting forces, the savings would be up to \$20 billion over the next seven or eight years – more than enough to deploy a limited SDI missile defense system for the U.S.⁹



Be ready to accept new costs. The U.S. and the Europeans should enter into negotiations to specify additional defense roles and costs that could be shifted to the Europeans. These could include paying part of the cost of the C-17 transport aircraft now being built by the U.S. to bring reinforcements to Europe during a crisis; providing additional financial support for U.S. base operating costs, construction, salaries and cost-of-living supplements for U.S. personnel stationed in Europe; and paying for the cost of stockpiling military equipment in Europe for use in wartime by U.S. troops. These three steps alone could save the U.S. roughly \$75 billion over the next ten years.¹⁰



Meet military preparedness and military spending obligations. The U.S. should press NATO allies to meet the force modernization goals included in NATO's 1985 Conventional Defense Improvement program, a NATO-wide project to boost military preparedness. One

8 U.S. House of Representatives, "Report of the Defense Burden-sharing Panel of the Committee on Armed Services," August 1988, p. 8.

9 Based on figures in Warren W. Lenhart, "The Mix of U.S. Active and Reserve Forces," Congressional Research Service, November 1983, p. 11. Figures adjusted for inflation. A Limited Protection System (LPS) to protect the U.S. against limited or accidental launches of ballistic missiles would cost about \$10 billion. W.C. Loomis, Lockheed Corp., March 10, 1989 speech.

10 Jay P. Kosminsky and Richard D. Fisher, "A Ten-Point Program for Increasing the Allies' Share of Defense Costs," Heritage Foundation *Backgrounders* No. 686, January 17, 1989.

of its goals is improving critical ammunition stocks. The U.S. also should single out publicly those NATO allies spending less than 3 percent of their total national wealth for defense: Belgium, Canada, Denmark, Italy, Luxembourg, Spain and West Germany.

CONVENTIONAL ARMS NEGOTIATIONS

NATO and the Warsaw Pact in Vienna last March began what potentially are the most important arms control negotiations in which the two sides have ever engaged: the Conventional Armed Forces in Europe (CFE) talks. Their objective is to eliminate overwhelming Soviet advantages in such non-nuclear weapons in Europe as tanks, artillery, and armored fighting vehicles, thereby substantially reducing the military threat to U.S. allies. Success in these negotiations could enable the U.S. to bring home a significant number of the 325,000 GIs in Europe.

Dramatic Results. The announced negotiating objectives of the two sides are similar: NATO wants mutual cuts in military equipment to equal levels between 5 percent and 10 percent below current NATO levels; the Warsaw Pact is proposing cuts between 10 percent and 15 percent below NATO levels. Either way, the results would be dramatic. Example: a cut in tanks to 20,000 on each side, or roughly 10 percent below current NATO levels, would eliminate 37,300 Warsaw Pact tanks to 2,224 NATO tanks, a ratio of roughly 17:1.¹¹

Significant differences remain between the two sides regarding the details of the proposed agreement. The Warsaw Pact has provided its own estimates for the quantity of tanks and other equipment on both sides that are not accurate. Example: Pact figures count NATO's Bradley infantry fighting vehicle, a lightly armed troop carrier, as a "tank." Another major sticking point is Moscow's insistence on negotiating reductions in aircraft, a position NATO rightly rejects since aircraft withdrawn from Europe quickly could be flown back to the battlefield from bases in the Soviet Union.

French Footdragging. Not all NATO allies fully support Conventional Armed Forces in Europe (CFE) negotiations. France in particular has dragged its feet, delaying the start of talks by quibbling over details. Heritage Foundation researchers were told repeatedly in Paris that France is satisfied with the status quo and "deep down" does not want a CFE treaty because it fears eventual U.S. troop withdrawals as a result of the treaty. These withdrawals would mean that France might have to cooperate more with NATO allies and spend more for defense. On the other end of the spectrum, critics of NATO's proposal, including former NATO Supreme Allied Commander General Andrew J. Goodpaster, argue that NATO does not go far enough. Goodpaster and others argue for a dramatic NATO proposal to cut forces on both sides to 50 percent below NATO levels.¹²

In Brussels, Bush should:




Make CFE a litmus test for Gorbachev. Conventional arms control is the ideal issue on which to test Gorbachev's sincerity. If he is serious


11 Based on official NATO figures. See Michael Gordon, "Crucial Talks on Reducing Conventional Arms Open This Week in Vienna," *The New York Times*, March 5, 1989, p. 18.

12 Andrew J. Goodpaster, "Gorbachev and the Future of East-West Security: A Response for the Mid-Term," *Atlantic Council Occasional Paper*, April 1989.


about reducing the military threat to NATO, CFE is his opportunity. If he fails this test by stalling the negotiations by insisting on false data or resisting strict verification, he also will have delivered an important message to NATO. If the political will is there on the Soviet side and a verifiable agreement is possible, CFE can dramatically improve the security of NATO allies and enable the withdrawal of significant numbers of U.S. troops from Europe.



Tell allies that the U.S. expects the lion's share of cuts from CFE. CFE provides a ready framework to begin withdrawing substantial numbers of U.S. troops from Europe without hurting the security of European allies. If CFE achieves reductions in tanks and other offensive equipment to 10 percent below NATO levels, the U.S. should expect to withdraw from Europe at least 75,000 of the 325,000 U.S. troops now stationed there.



Stick to NATO's negotiating position. NATO should hold fast to its position excluding aircraft from the talks because they quickly can be flown back to Europe from Soviet bases; insist on accurate numbers of Soviet tanks and equipment; and require monitoring and verification measures strict enough to ensure compliance. If Gorbachev is willing to make the cuts contemplated under CFE, it is because he already has decided for economic or other reasons that a smaller, leaner military is preferable to his present force. It is in NATO's interests to see these reductions made in the context of an agreement that is verifiable and results in a genuine improvement of NATO's military position. NATO's current proposal is sound, and the Alliance should stick to it.



Save 50 percent cuts for later rounds of CFE. NATO's current bargaining position would bring Soviet forces down to equal levels in conventional arms and equipment at roughly 10 percent below current NATO levels. Much deeper cuts, such as the 50 percent cuts suggested by Goodpaster and others, would require extensive military restructuring within NATO and force some painful political choices on Germany. Because a NATO front line thinned out by 50 percent cuts could not maintain a "forward defense" all along the border between West and East Germany, Bonn might have to consider the now politically unthinkable option of erecting permanent defensive barriers along the border with East Germany, symbolically dividing the German nation, or moving to a strategy that initially concedes ground while NATO organizes a mobile defense deep in German territory. Neither is a politically attractive option in West Germany. NATO's 10 percent proposal is simple and could be implemented quickly. 50 percent reductions are a good objective for the second or third rounds of CFE.

EUROPE 1992

By 1992, states belonging to the European Community (EC), most of them NATO allies, plan to form a truly "common market" by removing all remaining barriers to each other's trade, investment, and movement of labor.¹³ This has generated concern in the U.S. of an economic "fortress Europe" erecting protectionist trade barriers against goods and services from the U.S. and other non-EC countries. The type of measure that concerns the U.S. is last year's EC decision to restrict agricultural imports from non-EC countries to protect farmers in Spain and Portugal from foreign competition.

Opportunities for U.S. and Europe. Despite increasing U.S. trade ties with Asia, Europe remains an important U.S. trading partner. The twelve countries of the EC in 1987 bought nearly 25 percent of all American exports. Moreover, American exports to the EC in 1987 rose by 14 percent, compared with a 7 percent increase in American imports from the EC.¹⁴

The removal of trade barriers among EC countries in itself should benefit the EC and the U.S. Reductions in trade barriers should increase European incomes, providing more opportunities for U.S.-based companies and their European branches or subsidiaries. Already U.S. firms are expanding European operations in anticipation of 1992. Only if the EC turns protectionist will the U.S., and ultimately Europe, be hurt by "Europe 1992." At the summit, Bush should seek to prevent trade protectionism and help Europeans and Americans enjoy the benefits of an open market.

He should:



Support "Europe 1992"; fight "fortress Europe." Bush should encourage EC members to use the upcoming "Uruguay round" of negotiations on the General Agreement on Trade and Tariffs (GATT) to eliminate subsidies and trade barriers that would close European markets to U.S. and other non-EC countries.



Pledge reciprocity. The U.S. should pledge to further open U.S. markets to EC goods and companies in 1992 in return for a reciprocal pledge from EC countries.



Encourage the EC to adopt growth-oriented economic policies. There is a danger that the EC will adopt on a European-wide basis some of the worst economic regulations and high tax policies of some of its member states. The U.S. should encourage the EC, as Margaret Thatcher already has done, to link integration with moves to cut taxes and deregulate economic activity.

13 Much of this section is drawn from Wendell H. McCulloch, Jr., "Europe 1992: Ensuring a Fair Deal for the U.S.," Heritage Foundation *Background* No. 706, May 5, 1989. The members of the European Economic Community are Belgium, Denmark, France, the Federal Republic of Germany (West Germany), Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, and the United Kingdom.

14 *Ibid.*

✓ Urge Europeans to use 1992 to improve arms planning and production. Last September NATO's European Defense Ministers agreed on an effort, linked informally to "Europe 1992," to improve defense trade and move toward a common arms market. This move could improve Europe's defense self-reliance by improving the efficiency of European defense industries, and therefore enable the U.S. to reduce its European defense burden, as long as it is not coupled to new defense trade barriers erected against U.S. defense firms.

CONCLUSION

At its fortieth anniversary summit NATO faces new challenges and opportunities. For the first time since the formation of NATO, the end of the Cold War may be in sight. But NATO undoubtedly faces hard times and difficult choices before its Cold War victory can be assured. The Soviet Union's internal reforms, the erosion of Moscow's influence in Eastern Europe, and the promise of cuts in Soviet military forces all bode well for NATO. But empires seldom die quietly. Violence already has erupted in the Baltic states, Soviet Georgia, and elsewhere within Soviet borders. And the ultimate showdown between Gorbachev and the growing forces of democracy and self-determination in Eastern Europe still lies ahead.

During this period of rapid change NATO is facing its own internal crises, particularly the widening policy rift between the U.S. and West Germany. Despite serious evidence of a reduction in Soviet military power, European publics are rapidly losing any awareness of a continuing threat, and their governments are doing little to remind them.

Difficult, Basic Questions. These issues suggest some basic questions about the U.S. role in NATO, and Bush should begin raising them at the summit. How long can the U.S. be expected to pay more for European defense than Europeans, who are wealthy enough to defend themselves? When will it be time for the U.S. to begin drawing down some of its troops in Europe, regardless of what happens in relations with the Soviet bloc? Why do NATO allies consistently work against U.S. interests by supplying vast credits to Moscow and supporting such Soviet-Cuban allies as Nicaragua that pose a direct threat to U.S. security? Is West Germany getting ready to go the way of France, adopting a defense strategy based on domestic political expedience while imposing new risks and costs on the rest of the Alliance, primarily the U.S.?

These are difficult questions, but it does not serve the interests of NATO or the U.S. for Bush to ignore them or seek to paper them over. NATO at forty is facing momentous opportunities and great risks. The stakes are too high now for Bush to be anything less than candid with the allies. NATO bureaucrats can worry about preparing a harmonious and high minded summit Final Communique that will present a united front to NATO's adversaries and the rest of the world. Behind closed doors, Bush should tell the allies just what is on his mind.

HERITAGE TALKING POINTS

A Checklist on Vital National Issues

The Bush-Gorbachev Washington Summit

May 30 - June 2, 1990

Maintaining the Momentum of Change

*By Leon Aron and
Jay P. Kosminsky*



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MAINTAINING THE MOMENTUM OF CHANGE

The Bush-Gorbachev Summit

Washington, D.C., May 30 - June 2, 1990

By Leon Aron and Jay P. Kosminsky

INTRODUCTION

The Washington summit meeting on May 30 - June 2 between George Bush and Mikhail Gorbachev occurs at a crucial juncture in the history of the twentieth century. Communism, a global ideology responsible during this century for killing, starving, and jailing more people than any other political, religious, or social movement in history, appears to be gravely weakened. Unlike the detente summits of the 1970s, when the Soviet Union was on the rise and the U.S. in decline, George Bush comes to the 1990 summit as the leader of an unquestionably ascendant power, optimistic, prosperous and, most important, able to deal from a position of strength.

By its unflagging commitment over the past four decades to containing Soviet expansion in Europe and around the globe, the U.S. and its Western allies have created the conditions for the collapse of the Soviet empire and the failure of communism within the Soviet Union. This herculean effort was capped during the 1980s by Ronald Reagan's renewal of American power and global leadership, and the rebirth of democratic and free market ideals which it spawned. Denied new ground for expansion, communism in the Soviet Union is collapsing beneath the weight of its own bureaucratic inertia and internal contradictions. Economically, politically, morally, and ideologically bankrupt, the Soviet system is sliding inexorably toward its own ruin.

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To be present at the creation of a new, post-communist world order is a great honor for Bush. Yet it also imposes a great responsibility. As the Soviet Union retreats from Eastern Europe and the Soviet people openly rebel against the communist system, the challenge for Bush is to sustain the momentum of change, to ensure that this historical transition to the post-communist era takes place in a peaceful and orderly fashion, and to help draft the blueprint for a new international order that preserves and advances America's interests. In this first summit of the century's last decade, Bush can cap the achievements of the long, victorious struggle against communism and start the world heading toward what can become, with the right policies, a second "American Century."

At the Washington summit, Bush should ask Gorbachev to:

- ◆ **Withdraw all his forces from Eastern Europe quickly and participate in the creation of a new European security system based on the sovereign rights of all countries to choose their allies and control military activities on their territory.**
- ◆ **Follow through on his nascent political and economic reforms with dramatic moves toward genuine democracy and the creation of a free market economy in the Soviet Union.**
- ◆ **Commit himself firmly to a non-coercive, negotiated settlement with the national republics of the Soviet Union, including the Baltic states.**
- ◆ **End his military support for such brutal Third World regimes as those in Afghanistan, Angola, Cambodia, Cuba, Ethiopia, and Vietnam.**
- ◆ **Downplay the current Strategic Arms Reduction Talks (START) in favor of a Defense and Space Treaty which will help the U.S. and Soviet Union move cooperatively toward the deployment of strategic defenses.**

Bush is negotiating from a position of strength and has political leverage over Gorbachev to advance his agenda. In short, Bush has many things which Gorbachev wants. The Soviets desire greater participation in such international economic organizations as the General Agreement on Tariffs and Trade (GATT), the International Monetary Fund (IMF), and the World Bank, and they are seeking trade concessions from the U.S. as well in the form of Most-Favored-Nation (MFN) status. Bush should tie U.S. concessions on these points to movement by the Soviet Union toward the U.S. agenda. He should also tell Gorbachev that concessions already granted, such as plans to relax high-technology trade restrictions through the Coordinating Committee on Multilateral Export Controls, are reversible if the Soviet Union returns to an expansionist foreign policy and brutal repression at home.

THE ROAD TO WASHINGTON

The road to the Washington summit of 1990 has been a long one. The Bush-Gorbachev meeting in Washington is the nineteenth since President Franklin Roosevelt, British Prime Minister Winston Churchill, and Soviet dictator Joseph Stalin first met in 1943 to chart the post-World War II international order. The milestones of U.S.-Soviet summits over the past 47 years are:

◆ **Tehran, November 28 - December 1, 1943. Winston Churchill, Franklin Roosevelt, and Joseph Stalin.**

Issues:

- 1) Agreement on the invasion of Nazi-occupied France by Britain, Canada, and the U.S. The date was set for May 1944 and later moved to June 1944.
- 2) The post-war Polish-German and Soviet-Polish borders.

◆ **Yalta, February 4-11, 1945. Winston Churchill, Franklin Roosevelt, and Joseph Stalin.**

Issues:

- 1) Allied administration of a defeated Germany, including zones of occupation.
- 2) Agreement on Poland's new eastern borders.
- 3) The "Declaration on Liberated Europe," which called for free elections in Eastern Europe.
- 4) The Soviet Union's entry into the war against Japan ninety days after Germany's surrender.
- 5) Creation of the United Nations.

◆ **Potsdam, Germany, July 17 - August 2, 1945. Winston Churchill, President Harry Truman and Joseph Stalin (Midway through the summit, Churchill was replaced by Clement Atlee, the Labor leader who defeated Churchill in the July 25, 1945, British elections).**

Issues:

- 1) The administration of occupation zones in Germany.
- 2) A new German-Polish border.
- 3) German war reparations.
- 4) The surrender ultimatum to Japan.
- 5) Forms of government in Eastern Europe.

◆ **Geneva, July 18-23, 1955. Soviet Chairman of the Council of Ministers Nikolai Bulganin, British Prime Minister Anthony Eden, President Dwight Eisenhower, and French Premier Edgar Faure.**

Issues:

- 1) German reunification.
- 2) Withdrawal of U.S. and Soviet troops from Europe.
- 3) Nuclear and conventional disarmament.
- 4) An "Open Skies" proposal by the U.S. to allow spy flights over the U.S. and the Soviet Union.

◆ **Camp David, Maryland, September 25-27, 1959. Dwight Eisenhower and Soviet Communist Party First Secretary Nikita Khrushchev.**

Issues:

- 1) The status of Berlin.
- 2) A future "Big Four" summit of Britain, France, the Soviet Union, and the United States to discuss lowering tensions in East-West relations.

◆ **Paris, May 16-17, 1960. French President Charles de Gaulle, Dwight Eisenhower, Nikita Khrushchev, and British Prime Minister Harold MacMillan.**

Issue:

Intended as a discussion of ways to reduce East-West tensions, the conference broke up when Khrushchev walked out after Eisenhower refused to "apologize" for sending a U-2 spy plane into Soviet airspace. It had been shot down by the Soviets on May 1, 1960.

◆ **Vienna, June 3-4, 1961. President John Kennedy and Nikita Khrushchev.**

Issue:

The status of Berlin.

◆ **Glassboro, New Jersey, June 23-25, 1967. President Lyndon Johnson and Soviet Chairman of the Council of Ministers Aleksei Kosygin.**

Issues:

- 1) The Arab-Israeli conflict.
- 2) Soviet support for the communist insurgency in South Vietnam.

◆ **Moscow, May 22-28, 1972. President Richard Nixon and Soviet General Secretary Leonid Brezhnev.**

Issues:

- 1) Signing the first Strategic Arms Limitation Treaty (SALT I), limiting long-range nuclear arms.
- 2) Signing the Anti-Ballistic Missile (ABM) Treaty, limiting strategic defenses.
- 3) A trade agreement.¹

◆ **Washington, Camp David, Maryland, and San Clemente, California, June 16-25, 1973. Richard Nixon and Leonid Brezhnev.**

Issues:

- 1) Strategic arms control.
- 2) Trade and technical cooperation.

◆ **Moscow, June 27 - July 3, 1974. Richard Nixon and Leonid Brezhnev.**

Issues:

- 1) Limits on underground nuclear testing.
- 2) Extension of the SALT treaty from a five-year agreement to a permanent one.

◆ **Vladivostok, U.S.S.R., November 23-24, 1974. Leonid Brezhnev and President Gerald Ford.**

Issues:

- 1) Tentative agreement on limiting strategic nuclear weapons through 1985.
- 2) Future of strategic arms control.

◆ **Vienna, June 16-18, 1979. Leonid Brezhnev and President Jimmy Carter.**

Issue:

Signing of SALT II.

¹ The Soviet Union abrogated the agreement in 1975 after the U.S. Congress made it conditional on freedom of emigration from the U.S.S.R. (the Jackson-Vanik Amendment).

◆ **Geneva, November 19-21, 1985. Soviet General Secretary Mikhail Gorbachev and President Ronald Reagan.**

Issues:

- 1) Soviet aggression in Afghanistan.
- 2) Human rights.
- 3) Progress toward agreement on a 50 percent reduction in long-range strategic weapons.
- 4) Progress toward limiting Intermediate-range Nuclear Forces (INF) in Europe.

◆ **Reykjavik, Iceland, October 11-12, 1986. Mikhail Gorbachev and Ronald Reagan.**

Issue:

Whether to restrict the Strategic Defense Initiative (SDI) program as a pre-condition for deep reduction of strategic forces.

◆ **Washington, December 8-10, 1987. Mikhail Gorbachev and Ronald Reagan.**

Issues:

- 1) Signing of the Intermediate-range Nuclear Forces (INF) Treaty.
- 2) Strategic arms reduction and SDI.
- 3) Human rights.
- 4) Soviet aggression in Afghanistan.
- 5) Regional conflicts.

◆ **Moscow, May 29 - June 2, 1988. Mikhail Gorbachev and Ronald Reagan.**

Issues:

- 1) Strategic arms reductions.
- 2) Regional conflicts.
- 3) Soviet political reforms.

◆ **New York, December 8, 1988. President-elect George Bush, Mikhail Gorbachev, and Ronald Reagan.**²

Issue:

A U.S. response to troop cuts announced by Gorbachev in a December 7 speech to the United Nations.

◆ **Malta, December 2-3, 1989. George Bush and Mikhail Gorbachev.**

Issues:

- 1) Regional conflicts.
- 2) Accelerate treaty on conventional forces in Europe.
- 3) Agreement on concluding a chemical weapons treaty.
- 4) Acceleration of strategic arms talks.
- 5) Trade agreement negotiations.

THE ENDING OF AN ERA

The Washington summit completes a twenty-year cycle in U.S-Soviet relations. The cycle began in 1970 with the preparation for the first visit of a U.S. President to Soviet Union, which took place two years later. At this time, the Nixon-Kissinger team was desperately trying to extricate the U.S. from the Vietnam War and sought Soviet help in exchange for conferring on Moscow the prize it valued most: equal "superpower" status with the U.S.

In all subsequent summits of the 1970s, the "correlation of forces," to use the Soviet term, reflected rising Soviet and diminishing U.S. power. The Soviet Union was confident in its future, undertaking the largest military build-up in history, and it was marching from success to success in such Third World countries as Afghanistan, Angola, Cambodia, Ethiopia, Laos, Mozambique, Nicaragua, South Yemen, and Vietnam. By contrast, the U.S. was devastated by the Watergate scandal, shell-shocked by the 1973-1974 Arab oil embargo and skyrocketing oil prices, and shaken by inflation and recession. In foreign affairs, the defeat of America in Vietnam spawned what has been called the "post-Vietnam syndrome": retreat, indecisiveness, and loss of national purpose. The U.S. situation began to improve dramatically in the 1980s. The new President, Ronald Reagan, instilled the American people with optimism and a sense of purpose. The economy began to grow. America began to rearm, resisting Soviet expansion in the Third World, and imposing a high price on Soviet adventurism. The Soviet Union, on the other hand, went through several leadership changes. Its economy began to stagnate, and it became mired in the costly and stalemated war in Afghanistan. Its population grew tired, dispirited, and cynical. Both at home and abroad, the U.S. began its ascent while the Soviet Union was left behind.

² Gorbachev's visit was interrupted by an earthquake in Armenia. Only one luncheon meeting took place.

This month's Washington summit completes this cycle. George Bush represents a free, prosperous, growing, and optimistic America. Mikhail Gorbachev leaves behind him in the Soviet Union what the main Soviet government newspaper *Izvestia* calls a "bankrupt, impoverished country, which is in a state of near-disintegration,"³ a country whose economy is depressed and shrinking, torn by deep political and national strife and deeply pessimistic about its future. In contrast to the 1970s, the world today increasingly recognizes the American way as the "wave of the future." Respect is growing throughout the globe for such ideas as limiting the power of the state, and fostering individual liberty, the initiative of private entrepreneurship, and the free market.

At the same time, the ideas associated with the Soviet Union and socialism — the omnipresent and intrusive state, a government-controlled economy, restrictions on individual economic initiative in the name of a higher "collective good" — all seem to be headed toward what Ronald Reagan called, in his famous June 8, 1982, speech to the British Parliament, the "trash heap of history." A leading Soviet political observer and philosopher, Igor Kliamkin, on April 29, 1990, wrote in the Soviet weekly *Moscow News*: "People do not have much of a choice today. They can either prefer a society of high organization and economic efficiency, which is known as capitalism, or a society of poverty and confusion which until recently was known as socialism." Or as *Izvestia* put it on April 23, 1990, "private property and hired labor have always been the most powerful stimulus of the progress of humankind," and "economic liberty is the only real basis of all other liberties."

REAGAN'S CONTRIBUTION TO SOVIET REFORM

This summit takes place against a backdrop of revolutionary change in Eastern Europe and significant shifts in the Soviet Union. If the U.S is to play a role in continuing this revolutionary advance, it is necessary to understand the forces which have brought such tremendous success. Undoubtedly the Soviet economic crisis played a major role. Clearly, too, Gorbachev deserves credit for recognizing that the Soviet Union is a deeply sick society which needs radical treatment. Yet to attribute Soviet change to these factors alone would be to oversimplify.

For example, when Gorbachev took over the post of the General Secretary of the Communist Party in March 1985, the economy was in better shape than it was in the early 1930s after Stalin's disastrous collectivization of agriculture, or in the late 1940s when the country lay devastated by World War II. Yet in both cases terror, propaganda, and the alleged "Western threat" were employed successfully to frighten the Soviet people into submission and to preserve the communist system. When Soviet rulers did try reforming the economic system, as Prime Minister Alexei Kosygin did in 1965, their actions amounted to little more than tinkering.

3 V. Kisilev, "Ot aprelia do aprelia" ("From April to April") *Izvestia*, April 23, 1990.

One of the key reasons why Gorbachev's reforms have gone much further than those of his predecessors was a reevaluation by the Soviet leadership of some of the cornerstones of Soviet domestic and foreign policy. Previous Soviet leaders believed deeply in the Communist Party's totalitarian control over political life, the mass media, and the economy; in enormous Soviet defense expenditures; in continued absolute control over Eastern Europe; and in the dominant role of military force in Soviet foreign policy.

What prompted this soul-searching by the Soviet ruling class? What caused it to doubt its most sacred articles of faith? It is impossible to answer these questions without recalling Reagan's two-term presidency. For it was Reagan's policies that exposed the inherent weakness of Soviet communism. For example, Reagan:

◆ **Turned the tables on the Soviets in military competition.** Reagan not only matched the Soviet military build-up which Moscow launched in the late 1960s, he shifted the U.S.-Soviet competition into areas which put Moscow at a disadvantage. By proposing the Strategic Defense Initiative (SDI) in 1983, Reagan forced the Soviets to compete with the futuristic technologies in which the Soviets were behind the U.S.

The 1983 deployment of U.S. medium-range nuclear missiles in Western Europe following the deployment in Eastern Europe of Soviet SS-20 missiles was another serious blow to the Soviet leadership. NATO was able to place Pershing II and cruise missiles in Europe despite a massive Soviet disinformation campaign. Instead of intimidating Western Europe into submission and "de-coupling" the U.S. from its European allies, the Soviet missiles strengthened Western resolve to resist Soviet nuclear blackmail and solidified NATO unity in the face of the Soviet threat.

The Soviet leadership also was shaken by America's resurgent military strength. Military power had been Moscow's only claim to superpower status and the only arena in which the Soviet Union could hope to compete successfully with the United States. Faced with an economically and militarily strong America, Soviet rulers began to lose confidence in the ultimate triumph of their system. A dialogue between two leading Soviet political observers, recorded in the popular Soviet weekly *Literaturnaya Gazeta* of August 16, 1989, reveals the impact of the U.S. military revival on Soviet thinking:

Igor Kliamkin: "Brezhnev built his entire foreign policy on military parity [with the United States]. As long as this parity could be achieved, [Brezhnev] did not have to change anything inside the country. But after Brezhnev's death, we found that the [U.S.] "Euromissiles" were superior to ours in accuracy, and that we could not achieve such accuracy This caused a change in thinking, which led to domestic reforms."

Andranik Migranian: "All our history supports this pattern. For example, the defeat of Russia in the Crimean

War [1853-56]: the threat that this defeat posed to Russia's status led to modernization....If we win by old means, the thinking that prevails is that nothing needs to be changed."

◆ **Restored U.S. economic strength.** The founder of the Soviet state, Vladimir Lenin, predicted in 1916 that so-called "imperialism [would be] the final stage of capitalism." In Soviet eyes, this prediction appeared to be coming true in the 1970s. During this time the U.S. suffered from double-digit inflation in the wake of skyrocketing oil prices. Jimmy Carter said America was plagued by a "national malaise." The U.S. was humiliated by the Iranian hostage crisis. All these things seemed to indicate to Soviet ideologists that "the tide of history" was on their side.

By 1984, however, Reagan restored America's economic health by cutting taxes and creating a political climate that encouraged free market initiative and investment. Moreover, as the Soviet Union entered its worst economic depression since World War II, the U.S. began the longest period of sustained peacetime economic growth in American history. The effect of renewed U.S. economic vigor was an ideological crisis in Moscow. In the minds of the Soviet leaders, the U.S. economic expansion may have cast doubts about the most sacred tenet of Soviet ideology: the "inevitable triumph" of socialism over capitalism, as predicted by Lenin.

◆ **Helped squeeze the Soviet economy by lowering oil prices.** Oil and natural gas account for 80 percent of Soviet trade with the West.⁴ Oil is by far Moscow's most important hard-currency earning commodity. According to Soviet sources, the Soviet Union earned \$176 billion during the period of skyrocketing oil prices between 1974 and 1984.⁵

The political implications of this oil windfall were immense. First, oil dollars bought the Soviet Union bread, consumer goods, and even a slight but steady increase in the standard of living that helped keep the population quiescent as Moscow sank billions of rubles into the military buildup of the 1970s. Under these circumstances, there was no need either to modernize the Soviet economy or loosen the straightjacket of the police state. As a Soviet commentator put it, "[In the 1970s] we tried to build a society on oil dollars in which one could have everything except the opportunity of political participation."⁶

4 *Izvestia*, October 10, 1987.

5 V. Katasonov, "Ne neftiu edinoy." ("Not by oil alone.") *Literaturnaya Gazeta*, March 1, 1989.

6 *Literaturnaya Gazeta*, March 1, 1989.

Second, oil dollars helped the Soviet Union pay for the maintenance of its Eastern European empire. Moscow provided its puppet regimes there with between \$11 billion and \$15 billion a year in economic aid.

Third, oil profits helped finance the rapid expansion of the Soviet Third World empire by allowing Moscow to funnel tens of billions of dollars worth of military and economic aid to such new Third World clients as Afghanistan, Angola, Ethiopia, Grenada, Mozambique, Nicaragua, and South Yemen. All this was on top of continuing aid to such expensive old clients as Cuba, Syria, and Vietnam.

By deregulating U.S. oil and gas prices, Reagan helped stabilize and then bring down global oil prices after almost a decade of unconstrained growth. Oil prices sank from roughly \$47 per barrel in 1981 to \$26 per barrel in 1985 (in 1985 dollars). As a result, the Soviet Union lost 40 billion rubles, or \$62.4 billion, between 1986 and 1989.⁷

The political repercussions of collapsing oil prices were profound for the Soviet Union. The loss of oil revenues exacerbated the problems of a stagnating economy, and made it much more difficult to fund client regimes in Eastern Europe and the Third World. It is no accident that a reformer such as Gorbachev was elevated to lead the Soviet Union at about the time the falling oil prices undermined the already-shaky Soviet economy.

◆ **Imposed a high price in gold and blood for Soviet expansionism in the Third World.** The Reagan Administration gave military, economic, and diplomatic support to indigenous anti-communist resistance movements in Afghanistan, Angola, Cambodia, and Nicaragua. Reagan also helped Honduras and El Salvador resist Cuban-sponsored communist insurgencies, and he liberated Grenada from a communist dictatorship.

The Reagan Doctrine, which called for effective U.S. support for anti-communist liberation movements, demolished the myth of Soviet invincibility. Severe damage was done to Soviet international prestige, a great part of which had been based on the perception that Soviet expansionism was inevitable and, in some quarters, even legitimate. But most important, the success of the Reagan Doctrine sowed doubt in the mind of the Soviet rulers, who began asking themselves if communism really was the wave of the future.

7 *Op. cit.*

WHAT HAS GORBACHEV CHANGED? WHAT HAS HE NOT CHANGED?

Springing from the seeds of doubt and soul-searching planted during Reagan's eight years in office, Gorbachev's reforms changed the Soviet Union in many ways. Before Bush sits down with Gorbachev, he should take stock not only of what has changed in the past five years of Gorbachev's rule, but also of what has not changed.

SOVIET DOMESTIC POLICY

| What Has Changed | What Has Not Changed |
|--|--|
| <ul style="list-style-type: none"> ✓ ◆ The repeal of Article 6 of the Soviet Constitution, which guarantees the Communist Party's political monopoly. ✓ ◆ Multi-candidate local elections, which ended party control over the city. ✓ ◆ Dramatic expansion of the bounds on public discourse, known as <i>glasnost</i>. ✓ ◆ An end to the jamming of Western radio signals, including the U.S.-funded Radio Liberty. ✓ ◆ A reduction of anti-American and anti-Western propaganda in the Soviet mass media. ✓ ◆ An elimination of restrictions on the sale of some Western periodicals in the Soviet Union and on subscriptions by Soviet citizens to Western publications. ✓ ◆ Removal of many restrictions on travel and emigration. ✓ ◆ Relaxation of state control over religion and de-facto legalization of the Ukrainian Catholic Church, outlawed since 1947. ✓ ◆ Emergence of private enterprises in sales, services, and food production. | <ul style="list-style-type: none"> ◆ The absence of a legitimate government, elected freely and fairly in direct multi-party elections. ◆ Continued illegal occupation of the Baltic Republics of Estonia, Latvia, and Lithuania. ◆ No legal foundation for independent political activity. ◆ No institutionalized freedom of speech. ◆ No cuts in the number of secret police. ◆ Over 100 confirmed prisoners of conscience remain in Soviet jails and uncounted others remain in punitive psychiatric wards. ◆ State control over the Soviet economy. ◆ The prohibition on hired labor for private enterprises. ◆ No private ownership of the "means of production." ◆ No price reform which would allow the market, and not government ministries, to set prices. ◆ No convertible ruble which could be exchanged for foreign currencies. ◆ No free wholesale market. ◆ No radical land reform, which would allow farmers to sell and inherit farm land. |

Soviet Foreign Policy

| What Has Changed | What Has Not Changed |
|---|---|
| <ul style="list-style-type: none"> ◆ An end to Moscow's political control over Eastern Europe. ◆ The beginning of Soviet troop withdrawals from Eastern Europe. ◆ Cuts in defense spending in 1989 of 4-5 percent. ◆ The pullout of Soviet troops from Afghanistan. ◆ The destruction of the Berlin Wall. ◆ Acquiescence to preliminary steps toward German unification. ◆ A cutoff of direct arms shipments to Nicaragua and non-interference with the transfer of power to a non-communist government there. | <ul style="list-style-type: none"> ◆ Continued buildup of strategic nuclear forces aimed at the U.S. and its allies. ◆ The presence of about 550,000 Soviet troops in Eastern Europe. ◆ Soviet military support for the Marxist regime in Angola. ◆ Soviet aid to Ethiopian dictator Mengistu Haile Mariam. ◆ Massive military assistance to the communist regime in Afghanistan. ◆ Soviet economic and military aid to Cuba. ◆ The flow of Soviet arms to such terrorism-sponsoring states as Iran, Iraq, Libya, South Yemen, and Syria. ◆ A refusal to extend diplomatic recognition to Israel. ◆ Soviet espionage efforts with an increasing emphasis on technological and industrial targets. ◆ Soviet disinformation campaigns, aimed at discrediting the U.S. and the West, estimated to cost \$4 billion in 1989. ◆ Continuing Soviet obstruction of U.S. efforts at the United Nations to promote freedom and democracy. |

IS THERE STILL A SOVIET MILITARY THREAT?

For the first time since Khrushchev was the leader of the Soviet Union, U.S. intelligence services have reported a significant drop in Soviet military spending and production. According to the Central Intelligence Agency and Defense Intelligence Agency, Soviet military spending dropped last year by between 4 and 5 percent. More important, spending

on weapons dropped by 6 to 7 percent. Tank production was cut in half last year, from a post-war high of 3,500 in 1988 to 1,700 in 1989. Field artillery production dropped by about a quarter, from 2,500 to 1,850, but still outpaces U.S. artillery production by a ratio of about 10 to 1.⁸

Yet there was no slowdown in production of nuclear-armed strategic missiles capable of reaching the U.S. and its allies. New weapons included the production of two land-based mobile intercontinental ballistic missiles (ICBMs), the SS-24 and SS-25, along with a more powerful and accurate version of the most formidable missile in the Soviet arsenal, the ten-warhead land-based SS-18. Production of short-range missiles such as the 75-mile range SS-21 actually increased from 650 in 1988 to 700 in 1989. Over the past five years, Moscow has produced about 3,050 short-range missiles while the U.S. has produced none.

The Soviet Navy also had a banner year in 1989, with no slowdown in production rates for submarines and surface combat ships such as cruisers and destroyers, although training time at sea decreased for the Soviet Navy as a whole. The first large-deck Soviet aircraft carrier, *Tblisi*, (formerly called the *Brezhnev*), began its trial runs last year.

Reductions in Soviet military capability have reduced the threat to allies in Europe and, for the first time in the post-World War II era, have made feasible a NATO defense against a Soviet attack without resort to nuclear weapons.⁹

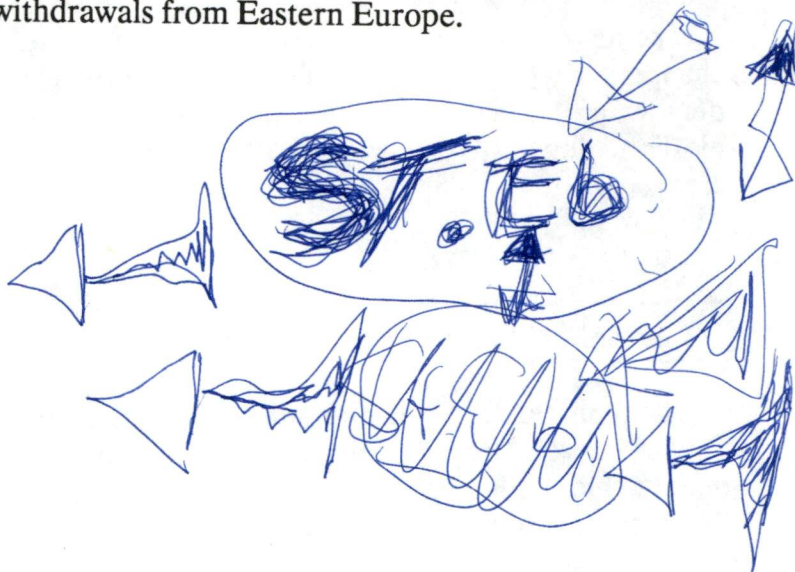
Three factors are contributing to this decline in Soviet power:

- 1) Gorbachev's unilateral withdrawal of tanks and some other military equipment from Eastern Europe, which has reduced Soviet combat power there by about ten percent;
- 2) The newly-gained independence of such countries as Czechoslovakia, East Germany, Hungary and Poland, which effectively has removed the armies of these countries from Soviet control, and
- 3) The beginning of Soviet withdrawals from Czechoslovakia and Hungary under agreements to remove all Soviet forces from these countries by mid-1991.

8 See testimony of John L. Helgerson, Deputy Director for Intelligence, Central Intelligence Agency, to U.S. Congress Joint Economic Committee, April 20, 1980; See also, "The Soviet Economy Stumbles Badly in 1990," Central Intelligence Agency and Defense Intelligence Agency paper to U.S. Congress Joint Economic Committee, April 20, 1990; other data from testimony of Under Secretary of Defense Paul Wolfowitz before the House Armed Services Committee, February 28, 1990.

9 According to Congressman Les Aspin, who referred to a classified report to Congress from the Joint Chiefs of Staff. See Peter Almond, "Declining threat leaves NATO with response time to spare," *Washington Times*, March 14, 1990, p. 17.

Of course, Gorbachev, or more likely a successor, still could reverse course and embark on another major military buildup. This could be manifested in a slowdown in conventional arms negotiations. Or Moscow could take more severe steps, such as renegeing on agreements to withdraw its forces from Czechoslovakia and Hungary, reintroducing tanks and other military equipment recently withdrawn from Eastern Europe, or even attempting to reimpose political and military control over parts of Eastern Europe. While such measures would be dangerous and perhaps bloody, they cannot be ruled out. Disquieting reports from Moscow suggest that the Soviet military is beginning to balk at Gorbachev's attempts to reduce size. This may be evident in Soviet backtracking on arms control concessions, Gorbachev's harsh reaction to the Lithuanian drive for independence, and an apparent slowdown in the pace of Soviet withdrawals from Eastern Europe.



WHAT BUSH SHOULD ASK OF GORBACHEV: A SUMMIT AGENDA

Gorbachev has many problems. Republics are trying to secede from the Soviet Union; the economy is suffering a crisis of catastrophic proportions; and political opposition to Gorbachev's rule is growing. What America wants of Gorbachev is only one factor among many influencing the Soviet decision-making process. Bush therefore will have to pick and choose carefully which issues he wishes to raise with Gorbachev at the summit. He should convey clearly to Gorbachev precisely what it is he wants from him. Afterward, he should lay out what the U.S. is prepared to do if Moscow takes America's interests into account, and the consequences if it does not.

The main U.S. objective at the summit is to expand, deepen, and accelerate the process of change that would strengthen the security of the U.S. and its allies and advance the cause of democracy in the world. In accordance with this strategic objective, Bush should ensure that his discussions with Gorbachev focus on six areas critical to U.S. national interests. They are:

1) Conventional Arms Reductions, German Unity, and the Future of Europe

The main threat to Europe's peace since the end of the World War II has been Soviet military power. The East European revolutions of 1989 and the political and economic crisis of the Soviet Union have set in motion the collapse of the Soviet empire and the retreat of Soviet power from Europe. Change in Europe is moving in a direction favorable to the U.S. and its allies. Bush comes to the Washington summit negotiating from a position of strength over the future of Europe.

The United States and the Soviet Union are engaged or are about to be engaged in several negotiations which together will determine the future security structure of Europe. These include: the Vienna-based Conventional Forces in Europe (CFE) negotiations aimed at ending Moscow's overwhelming advantage in tanks, artillery, aircraft, and other equipment stationed in Europe; the ongoing "two plus four" talks over Germany, designed to work out the internal mechanisms and external security arrangements of German unification; the Conference on Security and Cooperation in Europe (CSCE), which could convene later this year to discuss human rights and security issues in Europe; and the Short-range Nuclear Force (SNF) negotiations, which could convene shortly to discuss reductions in short-range nuclear missiles and perhaps other nuclear weapons based in Europe.

In these negotiations, Moscow has sought variously to dissolve NATO, denuclearize Europe, take Germany out of the Atlantic Alliance and weaken it through undue restrictions on the German army. If successful, Moscow's efforts would create a power vacuum in Central Europe which would leave the area open to Soviet military – and therefore political – influence even as Soviet forces are withdrawn from it. It is precisely such influence which the U.S. and its allies have sought to deny Moscow for the past forty years.

U.S. Objectives

- ◆ **The rollback of Soviet military power in Europe and the withdrawal of Soviet forces to within their own borders.**
- ◆ **A new European security system based on the freedom and sovereignty of all European states and a balance of military power that would prevent the resurrection of a Soviet or any other military threat to peace and freedom on the continent.**
- ◆ **The preservation of democratic gains in Eastern Europe.**
- ◆ **A united and democratic Germany, free to choose its allies and provide adequately for its conventional and nuclear defense in cooperation with its allies.**
- ◆ **Withdrawal of most U.S. ground forces from Europe and subsequent reduction in the costs and risks of the U.S. military presence on the continent, provided that the Soviet threat is substantially reduced.**

NATO?

What Bush should tell Gorbachev

In summit discussions on conventional arms control, German unity, and the future of Europe, Bush should ask Gorbachev to:



Speed the withdrawal of Soviet troops from Eastern Europe. Since the end of World War II, the Soviet military presence in Eastern Europe has posed the greatest danger to European and world peace. The revolutions of 1989 have freed Eastern Europe from Soviet control, and it now looks as if Soviet forces soon will be on their way out of Czechoslovakia and Hungary entirely. The next step is to get the 350,000 or so Soviet troops in East Germany, the spearhead of the Red Army, back into Soviet territory. For the U.S. and its European allies, a Soviet withdrawal from Eastern Europe is the most comprehensive test of Gorbachev's new thinking. Until such a withdrawal is completed, doubts about Gorbachev's commitment to peace will remain, tainting all aspects of U.S.-Soviet relations.

According to Pentagon sources, U.S. allies are considering a "transition period" of up to seven years during which Soviet forces would remain in a united Germany. **Germany even apparently is willing to pay Moscow to station them there.** Bush should look for a commitment from Gorbachev to withdraw his forces from Eastern Europe within two years. If NATO is going to pay Moscow, it should be to help with the financial burden of withdrawing and demobilizing hundreds of thousands of Red Army troops, and not to subsidize their continued presence on foreign territory.

✓

Accept the need for a balance of power in Central Europe. Even if Moscow removes all its forces from Eastern Europe, it will remain the most powerful state on the European continent because of its nuclear striking power and its ability to mobilize a huge army. Adequate Western military power in Central Europe, essentially Germany, will be needed to continue to counter Soviet power and limit Soviet influence in Europe. To assure a balance of power in Europe, Bush should stress three principles to Gorbachev:

Principle #1. *United Germany must be fully sovereign and have the right to choose its allies.* Soviet Foreign Minister Eduard Shevardnadze proposed on May 6, 1990, that the wartime occupying powers of Germany – Britain, France, the Soviet Union, and the U.S. – retain some residual rights in Germany even after unification takes place. Bush and Kohl rightly rejected this proposal in Washington on May 17, recognizing that it was an attempt by Moscow to gain a veto over united Germany's membership in NATO, the size of its armed forces, and its ability to station U.S. nuclear weapons on its territory. Only a fully sovereign Germany will be able to choose its allies – presumably NATO – and with their assistance assure its defense against what will remain into the foreseeable future, a tremendously powerful Soviet Union.

Principle #2. *NATO will retain the option of deploying U.S. nuclear weapons in Central Europe.* Without these, Germany, and such other allies as the Netherlands, will be open to Soviet nuclear blackmail in wartime. Central Europe should not become a “nuclear-free zone.” Bush already consented on May 4 to negotiate limits, perhaps to zero, on all ground-based nuclear weapons including missiles and artillery. Some NATO nuclear capacity will be needed in Europe, however, to reassure allies of America's ultimate commitment to their defense.

Principle #3 *Germany cannot be singled out for conventional military force cuts.* Germany should not be asked to reduce its conventional forces beyond the general constraints placed on all NATO and Warsaw Pact militaries by a CFE treaty. Doing so would leave Germany **insecure and resentful**. Bush asserted on April 20 that there should be no discriminatory limitations on German sovereignty, including singling Germany out for special limitations on the size of its armed forces. He should reiterate this position to Gorbachev.

✓


Make military stability in Europe irreversible. To ensure that the demise of Soviet military superiority is irreversible, a CFE treaty must include a “sufficiency rule” limiting the Soviet Union, along with all other signatories, to no more than roughly 30 percent of the military equipment in the area covered by the agreement, which is

from the Atlantic Ocean to the Ural Mountains. It also will mean that all military equipment removed under the agreement will have to be destroyed, although a small percentage might be converted to civilian use under international supervision to ensure that it is made militarily unusable.

✓
Recognize that NATO is not negotiable. Bush should make it clear that the U.S. will participate in no plans, either through the "two plus four" negotiations on German unification or under the auspices of a CSCE agreement, to dissolve or transform NATO. Various schemes for weakening NATO have been proposed by Moscow, including Soviet Foreign Minister Shevardnadze's offer on May 6, at the opening of the "two plus four" negotiations, to keep a united Germany in both NATO and the Warsaw Pact. Shevardnadze's proposal would debilitate NATO by effectively removing its most powerful European member, West Germany. NATO is a voluntary alliance of free states, dedicated to maintaining peace by deterring Soviet power. Its future is a matter for its members to decide. By the same token, the future of the Warsaw Pact is a matter for its members to decide. If the newly-liberated states of the former Soviet East European empire decide to leave the Pact, as is likely in coming months and years, the organization will dissolve.

✓
Agree that the Conference on Security and Cooperation in Europe (CSCE) is not workable as a collective security organization. CSCE is a 35-nation organization which includes all European countries except Albania as well as the U.S., Canada, and the Soviet Union. Gorbachev and many Europeans, including the opposition Social Democrats in Germany, are proposing an expanded role for CSCE, going beyond its current mandate of addressing such issues as arms control and human rights. They want to turn CSCE into a standing body responsible for guaranteeing peace in Europe, eventually to supersede NATO and the Warsaw Pact.

Since CSCE operates by consensus, however, its actions would be subject to veto by the Soviet Union or any other power, thereby rendering it entirely ineffective in a peacekeeping role, and leaving Europe vulnerable to its most powerful state — the Soviet Union. Bush should proceed with plans to hold a CSCE conference after the "two plus four" talks have been completed, and to expand CSCE's role in ratifying and helping to verify such arms control agreements as a CFE Treaty. However, he should reject the idea of CSCE as a collective security organization. He should also make clear U.S. opposition to proposals made on April 6 in Washington by German Foreign Minister Hans-Dietrich Genscher to expand CSCE's role in such areas as technology-sharing and establishment of a European Development Bank.



Accept U.S. diplomatic cover for the Soviet retreat from Europe. Bush should agree to help Gorbachev save face as he pulls his forces out of Eastern Europe. He could offer to comply with the proposal made on February 9 in Potsdam by Genscher to refrain from stationing any U.S. or other foreign NATO forces in what is now East Germany. He could also offer a somewhat expanded role for CSCE in such areas as arms control verification. And he could promise to help provide civilian housing for demobilized Soviet forces returning to the Soviet Union if Gorbachev agreed to withdraw them within two years. Face-saving devices for Gorbachev, however, do not include concessions on any issues vital to U.S. or allied security, such as the future, shape, and character of NATO.

2) Soviet Political and Economic Reform


The U.S. is interested in the transformation of the Soviet Union into a democratic and free-market state that will pose less of a threat to the security of the U.S. and its allies, and that will show greater respect for freedom and human dignity. While Gorbachev has made many reforms since he came to power in March 1985, he has not yet fundamentally transformed the Soviet political or economic system.

U.S. Objective

◆ **A peaceful Soviet transition to a multiparty democracy and a free market economic system.**

What Bush should tell Gorbachev

In summit discussions of Soviet domestic issues, Bush should ask Gorbachev to:



Take immediate steps towards the creation of a legitimate national government that people would trust and that could carry through radical economic and political reforms. As constituted today, the Soviet Union's national legislature, the Congress of People's Deputies, and its permanent working body, the Supreme Soviet, cannot be called democratically legitimate. One-third of the Congress's members (including President Gorbachev) were not elected. Instead, they were appointed by such so-called "social organizations" as the Committee of World War II Veterans, the Communist Youth League (*Komsomol*), and even the Stamp Collectors' Society, which are controlled by the Communist Party.

Moreover, in many places where multi-candidate elections did take place, they were not fair because the Communist Party manipulated the nominating process.

✓
Create laws guaranteeing freedom of independent political activity and freedom of speech. Political parties still have no legal status in the Soviet Union. The official platform of the Communist Party states only that the Party “does not exclude the possibility” of the emergence of other political parties.¹¹ Moreover, the same “platform” states that the Communist Party is “ready for a political dialogue” only with those parties which are “for the renewal of the socialist society.”¹² In the absence of laws guaranteeing political freedom, further democratization of the Soviet Union is impossible. Furthermore, the Soviet Union still lacks laws protecting freedom of speech. A relaxed “Law on Mass Media,” promised two years ago, has failed to materialize. The absence of any law guaranteeing freedom of speech and the press makes the policy of *glasnost* reversible.

✓
Open up the secret police to *glasnost* and drastically reduce its numbers. If Gorbachev is serious about his commitment to democracy and the rule of law, there is no need for a 600,000-strong secret police (the KGB). Bush should encourage Gorbachev to curtail radically KGB activities by prohibiting surveillance of Soviet citizens, including phone-tapping and opening of mail, and to institute effective legislative oversight of the KGB’s activities. Also, the KGB should be instructed to confine its activities to such tasks as fighting organized crime and illegal drug trafficking, while its force should be reduced to no more than one-tenth of its present size.

✓
Order immediately the release of Soviet prisoners of conscience. At least 100 individuals incarcerated in the Soviet Union are considered political prisoners by such human rights groups as Amnesty International. Among these are those who, like Leningrad scientist Mikhail Kazachkov, were convicted of “high treason” for attempting to leave the Soviet Union. Others are conscientious objectors who refused to serve in the Soviet army. Still others are nationalist activists.

✓
Proceed immediately with a radical economic reform. Bush should underscore the urgent need to make a radical economic reforms by reminding Gorbachev that the Soviet Union has little time to set the Soviet economy on the right path. In the last six months, the Soviet economic crisis has worsened into something very close to a national

11 *Izvestia*, April 23, 1990.

12 *Ibid.*

catastrophe. According to Soviet economists, industrial production dropped at least 5 to 6 percent in the first three months of this year. According to a CIA estimate, if the present trend continues, the Soviet economy could shrink by as much as 20 percent in the next two years. During the first quarter of this year, inflation skyrocketed as the free-market price of meat grew by 16 percent, of vegetables by 13 percent, and of fruits by 20 percent.¹³

Already ranked 77th in the world in terms of per capita consumption,¹⁴ the Soviet Union is sinking deeper into poverty. Ninety-five million Soviet citizens, or nearly one-third of the population, live below the poverty line, which was recently raised by a special commission of the Supreme Soviet from 75 rubles per person per month to 120 rubles¹⁵ – or \$8 by the market rate of exchange.

The longer systemic economic reform is postponed, the greater the turmoil and the greater the probability that an anti-democratic, anti-Western, and anti-free market mass movement could emerge. If this were to occur, the Soviet Union could become more dangerous to the West than it is now.

Bush should express deep disappointment about the postponement of radical economic reform. He should encourage Gorbachev to take the steps to introduce a free market system into the Soviet Union. These should include:

Reducing state control of the economy. According to a member of Gorbachev's Presidential Council, economist Stanislav Shatalin, after five years of reforms, "We have strengthened the old mechanism of control... [by] leaving the ministries all the material resources and thus creating even more monstrous monopolies."¹⁶

Introducing price reform. Until prices are dictated by the laws of supply and demand, and not set arbitrarily by government ministries, the Soviet Union will never succeed in cutting waste, increasing productivity and motivating people to work harder.

Allowing the sale and inheritance of farmland. The Soviet agricultural system is inefficient and wasteful, incapable of

13 Egor Gaidar, "Chto novogo v ekonomike?" ("What's new in the economy?") *Pravda*, April 29, 1990.

14 V.Radaev and O. Shkaratan, "Vozvrashenie k istokam." ("Return to the source.") *Izvestia*, February 16, 1990.

15 *Moscow News*, March 11, 1990.

16 *Izvestia*, April 21, 1990.

feeding the country despite annual state subsidies of over 100 billion rubles. A major obstacle to the revival of Soviet agriculture is the peasants' lack of confidence in the permanence of the reforms. Until laws have been passed permitting inheritance and the sale of land, farmers will not believe that the land is theirs to cultivate.

Repealing the prohibition on hired labor for private enterprises. Private entrepreneurs in the Soviet Union are prohibited from hiring workers and can only form partnerships, or "cooperatives," with those they hire. Although the law against hired labor is often ignored, it remains a key obstacle to the growth of a Soviet free market.

Allowing private ownership of the "means of production." Private enterprises are limited mostly to production and sale of food, clothing and providing services. Private enterprises are prohibited from manufacturing tools, machines and technology. Allowing private ownership of the "means of production" is necessary for a truly radical overhaul of the Soviet economy.

Freeing the wholesale market. Moscow's economic ministries continue to control raw materials, set prices, and distribute products. Under such circumstances, private enterprises are forced to pay enormous bribes to government officials. The cost of such bribes is then added to the price of goods, making them too expensive for many Soviet consumers. These high prices create a popular backlash against private enterprise and the free market in general.

3) The Dissolving Soviet Empire

The Eastern European revolutions of 1989 already have jumped the border into the Soviet Union. Estonia, Latvia and Lithuania are embarked on a path of independence, and revolutionary fervor is growing in such other republics as Byelorussia, Georgia, and Ukraine. Lenin called what now is the Soviet Union a "prisonhouse of nationalities." Now these nations are expressing their desire to be free. Only through negotiation and the growth of democratic processes can a just and peaceful path to self-determination be found. Bush should ask Gorbachev to understand that the use of brute force against independence movements will be self-defeating, and that the U.S. will retaliate if the Soviet leadership chooses a forceful, rather than peaceful, solution to its nationalities crisis.

U.S. Objective

◆ **A peaceful, negotiated decolonization of the Soviet domestic empire.**

What Bush should tell Gorbachev

In summit discussion of the Soviet nationalities crisis Bush should ask Gorbachev to:



Avoid the use of force against democratic movements inside the Soviet Union. The non-Russian peoples of the Soviet Union are determined to gain independence from Moscow. Lithuania, Estonia, and Latvia already have declared their independence. Azerbaijan, Georgia, and Moldavia may follow before the end of the year. The eventual configuration of the Soviet Union is impossible to predict; some national republics may become totally independent while others may stay in varying degrees of association with Russia. The only hope for a peaceful resolution of this crisis lies in Gorbachev's recognition that Moscow's future relationship with breakaway republics should be resolved through negotiation, not force.



Lift economic and political pressure on Lithuania immediately and begin to negotiate in good faith with the freely and democratically elected government of Lithuania.



Understand that the U.S. considers the Lithuanian crisis a test case for Gorbachev's nationalities policy. Following the March 11 declaration of independence by the Lithuanian parliament, Moscow has been trying to force the Lithuanians to back down by imposing economic pressure, such as a cutting off oil supplies. Gorbachev should be told that a negotiated solution to the Lithuanian crisis is the only outcome which will allow continued improvement in U.S.-Soviet relations and the economic benefits which Moscow hopes to derive from them.



Understand that the U.S. will continue to provide moral support for forces in the Soviet Union working for peaceful and democratic choice.



Recognize that the U.S. seeks no military advantage in the decolonization of the Soviet domestic empire.



Understand that the U.S. never recognized the forcible incorporation of the Baltic states of Estonia, Latvia, and Lithuania into the Soviet Union in 1940.



Be aware that the U.S. may raise the issue of national determination for the peoples of the Soviet Union at future sessions of the Conference on Security and Cooperation in Europe (CSCE). Be advised that the U.S. may request membership status at future CSCE conferences for Estonia, Latvia and Lithuania.

Understand that a Conventional Forces in Europe (CFE) Treaty will in no way legitimize the presence of Soviet troops in Estonia, Latvia, and Lithuania. The U.S. may wish to include the subject of the Soviet troops in those republics in future conventional arms control talks.

4) The Third World and Multinational Organizations

Continued Soviet assistance to Third World clients is a major obstacle to normalizing U.S.-Soviet relations. Bush should use the summit to press Gorbachev to cut Moscow's support for anti-democratic, anti-Western regimes and instead join forces with the U.S. in encouraging democracy, freedom and free market economies in the Third World and in such multinational organizations as the United Nations.

U.S. Objectives

- ◆ **The reduction and eventual elimination of Soviet support for violent, anti-democratic, anti-Western regimes in the Third World.**
- ◆ **Transition from U.S.-Soviet confrontation to cooperation in the Third World.**
- ◆ **The peaceful transition of Afghanistan, Angola, Cuba, Ethiopia, Mozambique, and Nicaragua to democracy.**
- ◆ **A negotiated solution to the Arab-Israeli conflict.**
- ◆ **The end of state-sponsored terrorism.**
- ◆ **Soviet support for U.S. efforts at the United Nations to bring democracy, freedom, and free markets to the world community.**

What Bush should tell Gorbachev

In summit discussion of Third World issues, Bush should ask Gorbachev to:



End Soviet military assistance to Third World clients. While pleading poverty and seeking Western economic assistance, Moscow spends \$10 billion on arms, ammunition, and equipment for its Third World clients. The lion's share of this amount is spent on assisting such violent, anti-Western communist regimes as Afghanistan, Angola, Cuba, and Ethiopia. Gorbachev should not expect large-scale Western help until the Soviet Union begins to help itself by drastically reducing assistance to its Third World clients.



End the Cold War in the Third World. Many Third World dictators have oppressed and impoverished their peoples while playing the U.S. and the Soviet Union against each other. Opportunistic Third World leaders appealed for and received generous economic and military assistance from one or both of the superpowers, which they used to secure their own personal power rather than to make democratic and economic reforms. It is time for the U.S. and the Soviet Union to reap "a peace dividend" in the Third World. They could do this by working together to build democracies and free market economies.




Stop propping up the Castro dictatorship. The fall of Fidel Castro's dictatorship is only a matter of time. Moscow's \$6 billion in annual aid to Cuba sustains an illegitimate and economically bankrupt regime. The longer Moscow keeps Castro afloat, the greater the chance that a popular revolution will be violent, as happened in Romania in December 1989.




Stop supplying arms to Cuba. The U.S. considers Central America vital to its national security. Cuba uses Soviet weapons and ammunition drawn from its annual \$1.5 billion in military aid to undermine such fragile Central American democracies as El Salvador. For example, the arms factory in Camaguey, Cuba, built by the Soviets last year, produces AK-47 assault automatic rifles, mortars and land mines, some of which have been found in the hands of the Farabundo Marti National Liberation Front (FMLN) communist guerrillas in El Salvador.




Withdraw billions of dollars worth of weapons that the Soviets poured into Nicaragua and begin working for peace. The Soviet bloc provided the Sandinistas with an estimated \$3 billion worth of military assistance between 1979 and 1989. The presence of such a huge arsenal poses a serious danger to the fledgling Nicaraguan democracy of Violeta Chamorro. If the new Nicaraguan government requests it, the Soviet Union should cover the costs of removing these weapons from Nicaragua and join the U.S. in providing much needed economic aid.




Stop military assistance to the Marxist regime in Angola. The Angolan regime currently is conducting a military offensive against the anti-communist resistance movement, the National Union for the Total Independence of Angola (UNITA). This offensive is the largest government operation in the fifteen-year civil war. Not only does the Soviet Union foot the bill by spending an estimated \$1 billion a year to aid the Marxist government, but also Soviet military advisors are reportedly directing government troops on the battlefield.




Terminate immediately all Soviet assistance to the brutal dictatorship of Mengistu Haile Mariam. Soviet military assistance to Ethiopia props up one of the world's bloodiest regimes. Last year Moscow supplied an estimated \$800 million worth of arms, ammunition and equipment to Ethiopia.



Quit pouring \$300 million worth of military aid each month into Afghanistan. Moscow continues to funnel arms, ammunition and equipment into Afghanistan at a rate of \$250 million to \$300 million per month. At least 300 Soviet military advisors remain to plan military operations, train government troops, maintain military equipment and launch Soviet-made SCUD missiles at rebel positions. The Soviet KGB continues to supervise the Afghan secret police, the backbone of the communist Najibullah regime. Massive Soviet aid merely postpones Najibullah's downfall and prolongs the sufferings of the Afghan people. Moscow should allow the Afghans, like the Eastern Europeans, to regain their self-determination through free elections. Further, Bush should avoid the trap of "negative symmetry," which would entail a cutoff of arms to both the communists and the Afghan freedom fighters, because this would leave the Najibullah regime in power with military superiority, and thereby discourage a peaceful settlement.



Reduce arms supplies to Iran, Iraq, Libya, South Yemen and Syria. Soviet arms supplied to these countries are intended in part for use against Israel, the only democracy in the region, and against innocent victims of terrorism around the world. The flow of Soviet military hardware to the so-called "rejectionist," anti-Israel Arab states is a major obstacle to the peaceful resolution of the Arab-Israeli conflict. These arms sustain the illusion of a possible Arab military victory over Israel. Further, the current transfers of Soviet arms to Iran, at a time when six Americans and ten other Westerners are held hostage by pro-Iranian Shiite terrorist groups in Lebanon, is a hostile act against the U.S. and its allies.



Re-establish diplomatic relations with Israel. If Moscow desires a role in the Arab-Israeli peace process, then it must be on an equal legal footing with both sides, and thus should open full diplomatic relations with Israel.

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Denounce and withhold Soviet support from radical Palestinians. To prove that it is serious about peace, Moscow should publicly denounce Palestinian terrorism against Israel and moderate Arab states, cease support for radical Palestinian groups, and press Iraq, Libya, South Yemen, and Syria to end their support of Palestinian groups engaged in terrorism.

Take additional cooperative steps at the U.N. Bush should express satisfaction with improvements in Soviet policies at the U.N. Example: Assistant Secretary of State John Bolton and Soviet Deputy Foreign Minister Vladimir Petrovsky co-authored a November 15, 1989, U.N. resolution, calling on all states to "adhere to the principles of equal rights and self-determination of peoples, respect for human rights and fundamental freedoms," and to comply with their obligations under the U.N. Charter. Another example: Moscow abstained in the September 1989 vote to expel Israel from the General Assembly, in contrast to previous years when it had voted with the Arab bloc to expel Israel.

However, Moscow continues its traditional policies of opposing U.S. efforts to promote human rights and democracy. For example, the Soviets voted on March 6, 1990, against the U.N. Human Rights Commission's resolution condemning human rights violations in Cuba. The U.S. supported this resolution. Another example: At the last U.N. Food and Agriculture Organization General Conference in Rome in November 1989, the Soviet Union refused to support Western efforts to correct administrative abuses and political biases in the U.N.'s Food and Agriculture Organization (FAO).

Gorbachev still has much work to do to improve his country's abysmal record at the U.N. Further steps he could take include:

Putting an end to double standards in the U.N. Human Rights Commission. Moscow continues to oppose any attempt to investigate human rights abuses by its clients in the Third World.

Becoming a contributing member of the U.N. High Commission for Refugees. So far, the Soviet Union has not contributed a single kopeck to helping refugees around the world, most of whom have been driven out of their homes by Moscow's clients and allies.

Supporting U.S. efforts to repeal the infamous November 10, 1975, U.N. General Assembly resolution equating Zionism to racism.

5) Asia

Moscow remains committed to Gorbachev's December 7, 1988, pledge to reduce its troop strength in the Asian U.S.S.R. by 200,000 and to its obligation to remove 400 intermediate-range missiles from the region, under the terms of the 1987 INF Treaty. Most troop reductions, however, have come from the Sino-Soviet border and have not reduced the overall military threat to Japan or South Korea. Moscow continues to modernize its Pacific forces, including the deployment of new MiG-29 *Fulcrum* fighters in the eastern reaches of the Soviet Union and the addition of new Sovremeny and Udaloy destroyers and Akula submarines with the Pacific fleet. This buildup is occurring at a time when the U.S. is uncertain about the future of its Subic Bay naval base and Clark air base in the Philippines, and when the U.S. has announced that it will withdraw about 15,000 military personnel from Asia within the next three years.¹⁷ Further, Moscow last year provided several hundred million dollars in military aid to the Vietnamese-backed regime in Cambodia, where Vietnam still stations up to 5,000 troops.¹⁸

U.S. Objectives

- ◆ **Obtain Soviet commitment to further reduce its military forces in Asia, particularly ground and air forces threatening Japan.**
- ◆ **End Soviet military support for the Vietnamese-backed government of Cambodia.**
- ◆ **Have Moscow play a constructive role in bringing peace to the Korean peninsula.**

What Bush should say to Gorbachev

In Soviet discussions on Asia, Bush should ask Gorbachev to:



Reciprocate the reduction of naval forces. The U.S. is in the process of cutting back on the size of its Navy in the Pacific. The U.S.S.R. should do likewise.

Cooperate in reducing Indo-Pakistani tensions. The recent flareup in tensions over the disputed territory of Kashmir could precipitate another Indo-Pakistani war. Washington and Moscow each should publicly urge India and Pakistan to refrain from provocative action that could trigger such a war.

17 See testimony of Undersecretary of Defense Paul Wolfowitz before the Senate Armed Services Committee, April 26, 1990.

18 Heritage Foundation discussions with Pentagon officials.



Understand that the U.S. remains unalterably committed to deterring a North Korean attack against South Korea. The U.S. will keep combat forces in South Korea and match Soviet efforts to modernize the North Korean armed forces with U.S. military aid to the South.



End all military aid to the government of Cambodia. Soviet military advisors train the Cambodian communist regime's security forces, and Moscow provides substantial military aid directly, or indirectly through Vietnam. All such assistance should be terminated. Also, Bush should let Gorbachev know that the U.S. will continue to back forces opposing the Cambodian regime.



Condition the estimated \$3 billion in annual Soviet aid to Hanoi on economic and political reform and the full withdrawal of Vietnamese forces from Cambodia.



The U.S. will not tolerate any Soviet military support for the Communist rebels in the Philippines and will act in concert with the Philippine government to interdict any such aid. Although the Communist Party of the Philippines (C.P.P.) has sought Soviet military support since the mid-1980s, Moscow has not yet given significant material support to the C.P.P.

6) Strategic Arms Control

Agreement on a Strategic Arms Reduction Treaty (START) at the summit could be a public relations success for Bush. But obtaining a START Treaty is not nearly as important to U.S. interests as many think. START will reduce each side's strategic arsenals by 30 percent. These reductions will, by themselves, neither improve nor hurt U.S. security. U.S. security, however, could be hurt if the treaty could not be adequately verified. The Senate will have to scrutinize the verifiability of a START Treaty once it has been signed and officially submitted for ratification. U.S. nuclear security will rest ultimately not on whether a START Treaty is signed and ratified, but whether the U.S. deploys strategic defenses (SDI). Arms control alone can never be a substitute for deterrence.

U.S. Objectives

- ◆ **Downplay START.**
- ◆ **Shift the focus of U.S.-Soviet strategic nuclear arms talks from Start to the Defense and Space Treaty (DST).**

What Bush should tell Gorbachev

In summit discussions of strategic arms control, Bush should ask Gorbachev to:



Understand that the U.S. will not sign a START Treaty until all verification details have been worked out to U.S. satisfaction. While the major outlines of a START agreement now are in place, details remain to be worked out, including precisely how mobile missile deployments will be verified and how many of these weapons will be permitted. These details are critical, because they could make the difference between a treaty which is relatively harmless to U.S. security and one which is damaging.



Shift the focus of strategic arms negotiations from offensive strategic forces to strategic defenses. Now that a START agreement is near, the U.S. should focus more on getting Soviet agreement on a Defense and Space Treaty (DST). DST negotiations have been underway in Geneva for almost five years. Bush should ask Gorbachev to accelerate the DST negotiations and to agree to the deployment of strategic defenses. Recent articles in such Soviet journals as the December issue of *Military Review* indicate that important Soviet military thinkers and policy makers are arguing that the Soviet Union should abandon its opposition to strategic defenses. These Soviet supporters of SDI favor an agreement at the DST talks that would combine START cuts in offensive arms with deployments of strategic defenses. A DST treaty could create a more stable and safe nuclear balance in which the U.S. and the U.S.S.R. would be well-protected against accidental or limited attacks by nuclear-armed ballistic missiles.



Accept that the U.S. remains committed to SDI. Bush should reiterate the pledge made during his presidential campaign to deploy SDI when it is ready, whether or not Moscow agrees. But he should also convey his preferences for deploying defenses in cooperation with Moscow in a way that will benefit the safety of U.S. and Soviet citizens.

PROVIDING INCENTIVES AND DISINCENTIVES TO GORBACHEV

Bush will be bargaining with Gorbachev from a position of strength. The catastrophic failure of the Soviet economy leaves Gorbachev in desperate need of Western economic and technical support. Bush needs little from Gorbachev, while Gorbachev needs much from him and his Western allies. Bush should convey to Gorbachev that nothing further will be granted without continued momentum toward reform in Soviet foreign and domestic policy.

Incentives for Progress

Incentives Bush can hold out as potential rewards for further cooperative behavior include:

◆ ◆ **Membership in the GATT.** The General Agreement on Tariffs and Trade (GATT) is a Geneva-based, 97-member international organization devoted to promoting global free trade. Moscow was granted observer status in GATT on May 17 after the U.S. agreed to drop its objections. This status will enable Moscow to attend monthly meetings of the GATT council, and participate in the organization's standing committees, such as the Committee on Trade and Development. Full membership in the GATT would bring lower tariff rates on Soviet exports to other member countries; the right to vote on GATT issues; and the right to attend multilateral negotiations, such as the current Uruguay Round, which is devoted to liberalizing global trade.

◆ ◆ **Most-Favored-Nation Trade Status.** Under the 1974 Jackson-Vanik Amendment to the 1974 Trade Act, a country with a non-market economy that restricts the right of its citizens to emigrate is ineligible for Most-Favored-Nation status (MFN) unless the President grants a waiver. Such waivers must be renewed annually, with the consent of Congress.

Most-Favored-Nation status, which Bush might promise Moscow at the summit, entails no preferential treatment for Soviet goods. It merely allows Soviet exports to qualify for the same import tariffs as other U.S. trading partners. The Soviet Union now pays tariffs ten times higher than most countries trading with the U.S. Since the Soviets have very little that anyone in the U.S. would want to buy, granting MFN status to Moscow is unlikely to increase U.S. trade with the Soviet Union to more than \$5 billion a year. U.S. trade with the Soviet Union amounted to only \$3.417 billion in 1989. By comparison, U.S.-Mexican trade last year totaled \$44 billion.

◆ ◆ **Membership in the International Monetary Fund, the World Bank, and the Asian Development Bank.** Gorbachev will try to obtain a U.S. commitment at the summit to help the Soviet Union gain membership in such international financial organizations as the World Bank and the IMF. Such membership today would be injurious to the security of the U.S. and its allies. For example, the

Soviet Union may use membership in the World Bank for further expansion of the Third World by rewarding its clients with loans. Or it could try to resuscitate its own moribund economy with infusions of Western cash, thereby further postponing necessary economic reforms.

◆ ◆ **Following through the economic promises made at Malta.** At the December 2-3, 1989, Malta summit Bush promised Gorbachev U.S. cooperation and assistance in a number of areas. Among them were: Expanding U.S.-Soviet economic cooperation in the fields of finance, agriculture, statistics, small business development and setting up stock exchanges; Negotiating an investment treaty which would protect American investors in the Soviet Union; Lifting U.S. restrictions on export credits and guarantees.

If Gorbachev wants these and other concessions from the U.S., he will have to continue to work for them. For example, Bush should:

◆ ◆ **Tie membership in GATT to Soviet economic reforms.** Full Soviet membership in the GATT should be contingent upon the establishment of market prices, the creation of a ruble convertible on the international currency market, and a full accounting of the Soviet budget, including military spending, and the opening of the Soviet economy to foreign competition.

◆ ◆ **Tie Most-Favored-Nation status to the peaceful resolution of the Lithuanian crisis and to continued high levels of emigration.** This emigration should continue at or above the 1989 level of 190,000, and the right to emigration should be institutionalized by adopting legislation that would permit unrestricted emigration and travel. Bush should not grant MFN to Moscow if it continues its economic crackdown on Lithuania or mounts similar economic or military pressure on the other Baltic states.

◆ ◆ **Link the further relaxation of restrictions on high-technology exports to the Soviet Union to a total withdrawal Soviet troops from Eastern Europe; to the end of Soviet military support for anti-Western regimes in the Third World; and to real declines in Soviet military capabilities.** The Soviet military seeks to expand its strength by obtaining "force multipliers," sophisticated military technologies that enable it to do more with less. The U.S. should continue to work within COCOM to deny Moscow such technologies until the Soviet military threat to COCOM members is eliminated.

◆ ◆ **Link U.S. support for Soviet membership in the IMF, the World Bank or the Asian Development Bank to the following steps in Soviet domestic and foreign policies:**

Compliance with the international agreements that uphold the political and economic rights of individuals and peoples, including the right to self-determination as spelled out in Article VII of the 1975 Helsinki Final Act;

Complete disclosure of the basic financial information required of all IMF members, including precise data on the Soviet budget, budget deficit, military expenditures, gold holdings, Soviet debts to the West, and the terms for repayment of those debts;

Soviet financial contributions to the World Bank, which could amount to as much as \$500 million annually;

A cutoff of Soviet military aid to Afghanistan, Angola, Cuba, Ethiopia, Libya, Syria and other anti-Western dictatorships.

- ◆ ◆ **Offer to help Gorbachev to remove his troops from Eastern Europe.** Gorbachev is complaining that he cannot quickly withdraw Soviet forces from Eastern Europe because of the economic hardship of transporting, demobilizing, and housing hundreds of thousands of Soviet soldiers. Bush should offer to help integrate these soldiers into the Soviet non-military economy, for example, by helping to build some housing for them, if Gorbachev agrees to withdraw them all within two years.

Disincentives Against Reversing Reforms

In addition to these incentives, Bush also should tell Gorbachev that recent U.S. concessions to Moscow are not irreversible. He should firmly and unambiguously spell out the consequences of a slow-down, halt, or reversal in what the U.S. considers positive momentum in Soviet domestic and foreign policy.

Bush should promise as retaliation for a reversal of Soviet policy:

- ◆ ◆ **A return to a confrontational policy against Moscow.** Gorbachev should be told that U.S.-Soviet relations will be badly damaged if Moscow uses violence against Soviet independence and democratic movements, attempts to recover its political or military role in Eastern Europe, or steps up military aid to Third World clients.

If the Soviets reverse course, Bush should tell Gorbachev that the U.S. will:

- ◆ ◆ **Reverse the May 2, 1990, decision to relax COCOM restrictions on high technology sales to the Soviet Union.**
- ◆ ◆ **Oppose full Soviet membership in the GATT.**
- ◆ ◆ **Terminate bilateral scientific and cultural exchanges.**
- ◆ ◆ **Accelerate U.S. military modernization programs and restore the U.S. military budget to levels at or above those at the height of the Reagan buildup.**

CONCLUSION

Since the wartime summits of Tehran, Yalta, and Potsdam, the U.S.-Soviet relationship has gone through cycles of confrontation and cooperation. It appeared at times as if Moscow held the upper hand in superpower relations. It seemed then that the Soviet Union was a power on the rise, on its way to military equality and perhaps superiority, over America. Soviet clients were winning battles all over the globe: in Angola, Cambodia, Ethiopia, and Nicaragua. The Soviet empire reached its high-water mark in 1979 as Soviet tanks rolled into Afghanistan.

Ronald Reagan's presidency reversed this seemingly inexorable march toward ascendancy. The U.S. rebuilt its military and economic strength in the 1980s, fought back the global wave of Soviet expansion, and fostered a democratic revolution inside the Soviet bloc. Reagan's effort broke the back of Soviet communism. Shackled by an inefficient centralized economy and stunned by the power of the democratic idea, Moscow began losing its grip internally and throughout its empire.

Bush has continued the Reagan revolution in global affairs, and as a result the Soviet empire has begun to break apart. Bush comes to the 1990 Washington Summit as the confident leader of a victorious NATO alliance, squaring off against perhaps the last communist dictator of the Soviet Union. He is dealing from a position of strength.

Much has changed in the Soviet Union. Some democratic reforms have been made and the Soviet constitution has been revised to end the communist party's monopoly on political power. Minor economic reforms have been put in place to allow private enterprise in some service sectors of the economy. Most travel and emigration restrictions have been removed. Moscow has relinquished political control over Eastern Europe and has begun to withdraw its forces from its former client states there. Virtually all Soviet military forces are out of Afghanistan.

But much has not changed. Gorbachev remains an unelected leader in charge of a dictatorial Communist Party. The state controls most of the Soviet economy. Gorbachev is denying self-determination to the national republics of the U.S.S.R., including the Baltic states. Moscow continues its support of communist regimes abroad, including Afghanistan, to the tune of about \$15 billion a year. And the Soviet military continues to modernize its strategic nuclear forces aimed at the U.S. and its allies.

Bush's objective at the summit should be to maintain the momentum of revolutionary change. Gorbachev is facing many pressures from reform and reactionary wings of the Communist

party, from new parties and political organizations springing up around the Soviet Union, from restless nationalities, and from the Soviet Army. Bush's task is to persuade Gorbachev to take into account U.S. preferences and interests. Bush should use this meeting with Gorbachev to inform him of these interests and to advance them by providing incentives for further positive change and disincentives against a reversal of Soviet reform.

Bush should also press Gorbachev to abandon Eastern Europe entirely. He should convey to Gorbachev his support for peaceful and democratic self-determination for the imprisoned nationalities of the Soviet Union, and tell Gorbachev that continued economic and political support from America and its allies will depend on Gorbachev's commitment to a peaceful resolution of the nationalities crisis. He should demand an end to Soviet support for its client regimes in Afghanistan, Angola, Cuba, and Ethiopia. He should stress that U.S. economic aid to the Soviet Union will be tied to major structural reform of the Soviet economy, including the legalization of private property, and to continued progress toward genuine democracy. Moreover, Bush should downplay the Strategic Arms Reduction Talks (START), which have become the focus of the media's attention at the summit, and focus more on such critical matters as the Defense and Space Talks (DST). Finally, Bush should remind Gorbachev of his commitment to deploy strategic defenses and his hope that strategic defense can be deployed cooperatively with the Soviet Union.

Success at this summit will not be measured by whether Bush and Gorbachev initial a START agreement, but by whether Bush is able to convince Gorbachev that continued progress on Soviet domestic and foreign policy is necessary before U.S.-Soviet relations will further improve. Gorbachev currently is facing many pressures from the Communist Party, new political forces within the Soviet Union, and the Soviet military. Bush needs to make his own voice heard above the din. He should convey to Gorbachev precisely what the U.S. expects from him, what the consequences will be if he fails to deliver, and the tremendous potential for U.S.-Soviet cooperation if Gorbachev is willing to lead his own country down a more humane, peaceful, and democratic path.



June 7, 1990

FULFILLING AMERICA'S PROMISE: A CIVIL RIGHTS STRATEGY FOR THE 1990S

INTRODUCTION

The U.S. Congress currently is considering legislation that its proponents claim will help to create equal opportunities for blacks and other minorities and reduce the racism that persists in America. Far from that, however, the proposed Civil Rights Act of 1990 will preserve and expand America's apartheid-like system of racial hiring quotas and do nothing to promote the economic opportunities for what is becoming a permanent under class of minority Americans. Ironically, the plight of these poor is used to justify the new civil rights law, yet the remedies proposed do not address their condition. Instead, the racial quotas encouraged by the Act at best may benefit only educated and upper income minorities.

Despite the civil rights gains of the last 25 years, one-third of the nation's black population remains in poverty and one-fourth of all Hispanic Americans live in poverty. What is needed is a civil rights bill that advances the opportunities of these and other poor Americans.

Outdated Thinking. The Civil Rights Act of 1990 represents an outdated view of how minority Americans can gain equality of opportunity. Sponsored by Senator Edward Kennedy of Massachusetts and Representative Augustus Hawkins of California, both Democrats, the bill offers 1960s-type solutions to a problem that requires a progressive new strategy for the 1990s. To be sure, many of the civil rights strategies employed in the 1950s and 1960s made crucial strides toward equal opportunity for minority Americans. That civil rights movement and the landmark statutes it achieved broke down barriers and won widespread support among Americans. But many of the veterans of those early battles still are locked into the thinking of that era. They focus on racial quotas, preferences, and statistical-base racial balancing mechanisms as

a weapon for advancing minorities, rather than on crafting strategies to give minorities the basic tools needed to take advantage of the opportunities hard won by Martin Luther King and other leaders of the original civil rights movement.

Fortunately, however, a new generation of minority Americans is beginning to question the relevance today of those old remedies. These Americans are proposing new solutions to propel civil rights beyond the old formula and into a new era of expanded opportunity and true equality of opportunity. The debate in Congress challenges conservatives and liberals alike to fashion a civil rights agenda that goes far beyond the outmoded approach of Kennedy/Hawkins.

Ending a Paternalistic View. What is needed are not racial quotas and set-asides, but an empowerment strategy that will unleash the capacity of individuals who have been excluded from the mainstream. This will require lawmakers to view differently those whom they wish to help. For too long government in practice has treated low-income Americans as people who do not have the capacity to make choices to better themselves. This paternalistic view has had a devastating effect on minority communities because it has encouraged entire racial groups to believe that they cannot succeed without discrimination in their favor and continuous aid from government. That has spawned a generation dependent on government, with low self-esteem and little hope for effecting change in their lives. With it has come broken families, soaring crime and school dropout rates, and shattered community institutions that once played a vital role in holding minority communities together.

The liberal civil rights agenda now being advanced in Congress perpetuates the myth that the poor and all minorities are somehow handicapped and must be given special preferences and handouts to succeed. This approach necessarily embraces racial quotas and the massive social welfare programs that have failed to create opportunities for the economically disadvantaged.

Unfilled Capacity. The conservative vision of progress, however, rests on a very different premise: that low-income and minority Americans actually have enormous unfilled capacity for achievement. By removing regulatory barriers to economic opportunity and creating an environment in which these individuals are empowered to take charge of their lives, conservatives believe that capacity for achievement will be realized.

This conservative view of progress suggests a two-pronged civil rights strategy. The first prong is vigorous enforcement of civil rights laws. Discrimination remains an all-too familiar fact of life for many Americans. Government must prosecute cases of discrimination against individuals to the full extent of the law. Title VII of the 1964 Civil Rights Act, moreover, should be strengthened to include a remedy of damages against those who willfully discriminate. Building on this enforcement strategy, the conservative civil rights strategy would call for aggressive court and legislative action to challenge modern-day Jim Crow laws that stifle minority business development. Examples include the 1931 Davis Bacon Act, which freezes out minority firms from government construction contracts, and onerous occupational licensing laws for profes-

sions ranging from cosmetology to child care. These barriers to economic opportunity, seemingly neutral in their impact on the races, actually disproportionately harm minority entrepreneurs trying to use the opportunities promised by the civil rights statutes. These remaining legal barriers, moreover, pose the greatest hurdles to the poor — the very people who have been left behind by today's civil rights movement.

-Attacking Quotas- This enforcement strategy also would attack racial quotas that act as a ceiling to housing and educational opportunities for minorities. Strict adherence to racial and ethnic composition ratios in public schools, for example, has capped the number of minority students who can attend magnet schools, even when those schools are operating far below capacity. These and similar racial quotas that limit the number of Asian Americans admitted to universities should be challenged by all who genuinely believe in civil rights.

The second prong of the conservative civil rights agenda is individual empowerment to control one's own life. In many respects this is the essence of civil rights and the key to true independence. As Robert Kennedy stated in 1966, "reliance on government is dependence — and what the people of our ghettos need is not greater dependence, but full independence."¹ Conservatives thus want to fulfill the promise of the civil rights movement by pursuing a legislative strategy designed to remove government-imposed barriers that stifle economic opportunities for the poor. Such barriers prevent the poor from making such fundamental decisions as where they will live and who will educate and care for their children.

The conservative empowerment strategy calls for enterprise zones in low-income minority communities to reduce tax and regulatory impediments now frustrating the entrepreneurial spirit of those communities. It calls for a rejection of the public education double standard that condemns poor, primarily minority students to second-rate schools, by injecting competition into the American education system. Parental choice and education vouchers for low-income families are needed to empower parents as consumers with the ability to make choices in a market that now is open only to those who are not poor. This strategy also means vesting community groups with the power and responsibility to deliver services currently managed by bureaucrats. Public housing tenants, for example, should be allowed to manage and eventually to own their own housing units, building on the successes of such efforts in Boston, St. Louis, and Washington D.C. Empowerment also means that government must make good on its fundamental responsibility of protecting its law-abiding citizens from crime, creating an environment in which they can prosper. Thus innovative ideas like a police ROTC for students from low-income communities can be an important element of the conservative civil rights strategy.

1 Quoted from "Empowerment: A Vision for the 1990s," Task Force on Empowerment, House Republican Research Committee, U.S. House of Representatives.

George Bush has a tremendous opportunity to forge a new civil rights agenda that fulfills the equal opportunities promised by the original civil rights movement. He should start by vetoing the Kennedy/Hawkins bill and the destructive racial quotas that it promotes. The President already has made a solid step in this direction, promising in a May 17, 1990, speech to veto any civil rights bill "whose unintended consequences are quotas." Next, he should propose new policy initiatives that express his vision of civil rights, rooted in empowerment and a firm commitment to prosecute actual discrimination. In what may prove to be a historic speech on civil rights, Bush on May 17 first articulated the critical connection between civil rights and empowerment, proclaiming that any changes in civil rights law must embrace "a broader agenda of empowerment." As John F. Kennedy did in 1961, Bush should issue an executive order that puts forth his vision of an empowerment civil rights agenda. This executive order should instruct the federal government to implement Bush's civil rights strategy of removing racial and economic barriers to individual independence.

THE STATE OF CIVIL RIGHTS

Since its origins in the American revolutionary era, the quest for civil rights always has meant securing for individuals the power to control their own destinies. The past quarter-century has witnessed both major triumphs and serious setbacks in this quest. The civil rights laws of the 1960s opened the doors of opportunity to millions of previously excluded Americans in such crucial areas as employment, education, voting, and public accommodations.

Indeed, *Washington Post* columnist Courtland Milloy, who is black, has written that "black Americans are probably America's greatest success story. Enslaved a little more than a hundred years ago, there are now 2 million of them living affluently."² Milloy notes that between 1967 and 1987 the number of black households earning \$50,000 or more grew from 212,000 to 764,000, an

² Michael Novak, "The Invisible Man," American Enterprise Institute, *On the Issue*, from *Forbes*, February 19, 1990.

increase of 360 percent. The total income of America's 28 million blacks is larger than the gross domestic product of all but ten nations.³ Since the mid-1960s, moreover, the number of African-American elected officials has quadrupled. And black politicians now govern four of America's six largest cities.

In recent years, however, the focus of many civil rights policies has shifted from securing equal opportunity to securing equal outcomes among racial and ethnic groups, through quotas, set-asides, busing, and welfare. Though advocated as temporary measures necessary to undo rapidly the lingering effects of past discrimination, these devices have grown increasingly entrenched.⁴ Indeed, many "establishment" civil rights leaders⁵ demand adherence to this agenda as a civil rights litmus test.⁶

Little Help for Disadvantaged. This agenda is destructive for many reasons, but the most damning indictment — delivered by critics spanning the philosophical spectrum from Charles Murray to William Julius Wilson — is that it hasn't worked.⁷ Sociologist Wilson, of the University of Chicago, notes that while many blacks have enjoyed economic progress in recent years, for millions of others "the past three decades have been a time of regression, not progress." As Wilson explains, "[R]ace-specific policies... , although beneficial to more advantaged blacks... , do little for those who are truly disadvantaged."⁸ Adds Robert Woodson, President of the Washington, D.C.-based National Center for Neighborhood Enterprise, a grass roots organization that promotes self-help solutions to local community problems, "Affirmative action does not help the black dishwasher or the untrained black youth."⁹ A

3 *Ibid.*

4 See, e.g., Clint Bolick, *Changing Course: Civil Rights at the Crossroads* (New Brunswick, N.J.: Transaction Books, 1988), P. 53-78.

5 See, e.g. Clint Bolick, *In Whose Name? The Civil Rights Establishment Today* (Washington, D.C.: Capital Research Center, 1988).

6 National Urban League President John E. Jacob, for instance, asserts that "[t]he goal of parity is the one constant that must be shared by anyone who presumes to hold a leadership position in the black community." John E. Jacob, "Black Leadership in a Reactionary Era," *The Urban League Review* (Summer 1985), p. 42-43.

7 See Bolick, *Changing Course*, pp. 84-91. As economists James P. Smith and Finis R. Welch recently concluded, "[A]ffirmative action apparently has [had] no significant long-range effect" on the wage gap between blacks and whites. *Closing the Gap: Forty Years of Economic Progress for Blacks* (Santa Monica, California: The Rand Corporation, 1986), p. 95. Rather, the principal effect of race-conscious strategies, according to William Julius Wilson, is a "growing economic schism between lower-income and higher-income black families." William Julius Wilson, *The Truly Disadvantaged* (Chicago: University of Chicago Press, 1987), p. 110.

8 *Ibid.*, pp. 110 and 42. Wilson's dismal economic prognosis was largely confirmed by the recent report of the Committee on the Status of Black Americans. Gerald David Jaynes and Robin M. Williams, eds., *A Common Destiny* (Washington, D.C.: National Academy Press, 1989).

9 Robert L. Woodson, "Race and Economic Opportunity," *NPI Policy Review Series*, National Center for Neighborhood Enterprise, 1989, p. 3.

civil rights agenda that promotes racial set-asides for the middle-class, writes *Washington Post* columnist William Raspberry, "is like demanding that the society supply aspirin for your uncle because your nephew has a headache. Isn't it time to abandon this bait-and-switch game in favor of truth in labeling?"¹⁰

The Victims of Racial Politics

The failure of race-specific assistance programs to arrest the growing cleavage between disadvantaged and more successful blacks is borne out by census data. There has been, as Harvard political economist Glenn Loury has shown, "significant improvement in the earnings of employed black workers over the period 1940-1980."¹¹ But, says Loury, the average gains in black workers' earnings have not been "enjoyed equally by all black workers." In fact, earnings inequality within the black population has increased during the last 25 years, and remains greater than income differentials among white workers.

Fact: In 1959, the bottom 40 percent of black men earned 8 percent of the total earnings of all black men. By 1984 that bottom 40 percent earned only 4 percent of total earnings. Conversely, the top 20 percent of black men in 1959 earned 50 percent of total black male earnings. By 1984 this same 20 percent earned 60 percent of the total.¹²

Fact: From 1970-1986, the proportion of black families with incomes over \$35,000 grew from 15.7 percent to 21.2 percent, and the proportion with incomes over \$50,000 nearly doubled, from 4.7 percent to 8.8 percent. Yet during the same period, the proportion of black families with incomes of less than \$10,000 also grew, from 26.8 percent to 30.2 percent.

What is the cause of such disparities? If racism were the answer, it would present a barrier for all blacks. And as Loury concludes, "[E]mployment discrimination is not a major factor." Rather, he points out, such practical factors as education contribute significantly to income differentials among blacks as well as between blacks and whites. Annual earnings of college-educated black males, for example, rose by 6 percent relative to whites between 1969 and 1984. The disintegration of the traditional family among poor blacks, however, accounts for much of this disparity: The poverty rate for black families headed by a single mother is 50 percent – more than four times the rate for intact, two-parent black families. The median income of two-parent black families now is 88 percent that of comparable white families, and the disparity is closing at a rate of 5 points a year.¹³

10 "Playing on White Guilt," *Washington Post*, May 14, 1990.

11 Testimony of Professor Glenn C. Loury, before the Committee on Labor and Human Resources of the U.S. Senate, concerning S. 2104, the Civil Rights Act of 1990, February 23, 1990.

12 *Ibid.*

13 "Restoring the Black Family," *Family* (The Family Research Council), September/October 1989. Woodson, *op. cit.*, p. 11.

Fact: Between 1960 and 1988 the percentage of black women aged 15-44 married with a spouse present in the household declined from 51.4 percent to 29.1 percent. For whites, the decline was 69.1 percent to 54.5 percent. Between 1960 and 1988 the percent of black children living with a black married couple fell from 67 percent to 38.6 percent, while the number of black children living with a never-married person rose by more than 1400 percent, from 2.1 percent to 29.3 percent. By 1988, 61.2 percent of black children were born to an unmarried woman.¹⁴

Liberal solutions of quotas, forced integration, and other race-based approaches to civil rights clearly do not empower most blacks. Black men, particularly, are even more alienated from the economic mainstream. The last 25 years, for example, have witnessed a pronounced downward trend in the number of black men participating in the labor force. **Fact:** In 1962, almost 60 percent of young black males were employed, but by 1985 only 44 percent were employed.¹⁵ The reason for this dramatic decline was not that jobs disappeared — in fact, it was a period of remarkable job creation. Nor is racism the culprit. The principal destructive influence was a burgeoning welfare system that subsidized family breakups and nonemployment.

Victim Identity. Liberal civil rights policies also have had a more insidious effect on the economic advancement of blacks. Shelby Steele, Associate Professor of English at San Jose University, has written that the prevalence of racial quotas and preferences has ingrained in blacks an identity of themselves as victims. This identity as victim, argues Steele, who is black, perpetuates a sense of low-self esteem among blacks and a feeling of powerlessness, which stifles individual initiative and responsibility. Writes Steele:

Social victims may be collectively entitled, but they are all too often individually demoralized. Since the social victim has been oppressed by society, he comes to feel that his individual life will be improved more by changes in society than by his own initiative. Without realizing it, he makes society rather than himself the agent of change. The power he finds in victimization may lead him to collective action against society, but it also encourages passivity within his own life.¹⁶

Steele notes that after the death of Martin Luther King, the civil rights movement's message of equal opportunity was supplanted by a focus of blacks as victims entitled to special reparations from white society. "The 1964 civil rights bill," writes Steele, "was passed on the understanding that equal

14 Loury, *op. cit.*

15 Novak, *op. cit.*

16 Shelby Steele, "I'm Black, You're White, Who's Innocent," *Harpers*, June, 1989.

opportunity would not mean racial preference. But in the late 1960s and early 1970s, affirmative action underwent a remarkable escalation of its mission from simple anti-discrimination enforcement to social engineering by means of quotas, goals, timetables, set-asides and other forms of preferential treatment."¹⁷ These policies remain the agenda of the liberal civil rights establishment.

Recent Supreme Court rulings, however, may signal a turning point for the future direction of civil rights policy. In a series of decisions last year,¹⁸ the Court called squarely into question the use of racial quotas as well as the assumptions on which race-conscious measures are based.¹⁹ Yet old guard civil rights leaders and their congressional allies reacted to these rulings swiftly and predictably, condemning them and urging "corrective" legislation. Senator Kennedy and Representative Hawkins introduced legislation to overturn most of the rulings and further expand the scope of the civil rights laws.

WHY THE KENNEDY/HAWKINS BILL FAILS MINORITY AMERICANS

Undergirding the Kennedy/Hawkins legislation is the assumption that every significant difference in statistical outcomes among racial or ethnic groups is attributable to discrimination and curable by quotas.²⁰ This assumption is flawed. While discrimination remains a serious obstacle for minorities, it is not the primary barrier to opportunity afflicting the economically disadvantaged. Observes the National Center for Neighborhood Enterprise's Woodson, "Vague cries for 'peace, jobs, and freedom' are meaningless when a permanent (and growing) underclass of more than one-third of all black Americans, unskilled and undereducated, remains untouched by civil rights gains, the war on poverty, increased black political power, and a mammoth social welfare industry."²¹ Civil rights policies that fail to recognize this fact and to confront real obstacles to progress are doomed to repeat the failures of the past.

At the heart of the Kennedy/Hawkins bill are provisions that will make it all but impossible for employers to defend themselves against a claim of discriminatory hiring practices. Under the proposed law, a business that fails to

17 Shelby Steele, "A Negative Vote on Affirmative Action," *New York Times Magazine*, May 13, 1990.

18 *City of Richmond v. J.A. Croson Co.*, 109 S.Ct. 706 (1989)(striking down Richmond's minority contract set-aside program); *Wards Cove Packing Co. v. Antonio*, 109 S.Ct. 2115 (1989)(making it less difficult for employers to defend employee selection practices against discrimination charges that are based solely on statistics without evidence of discrimination); *Martin v. Wilks*, 109 S.Ct. 2180 (1989)(allowing challenges to racial quotas contained in consent decrees by those who are affected); and *Patterson v. McLean Credit Union*, 109 S.Ct. 2362 (1989)(holding that the Civil Rights Act of 1866, which prohibits discrimination in the making of contracts, does not cover instances of racial harassment).

19 See Clint Bolick, "The Supreme Court and Civil Rights: A Challenge for George Bush," Heritage Foundation Backgrounder No. 728, September 28, 1989.

20 See Bolick, *Changing Course*, pp. 56-60.

21 Woodson, *op. cit.*, p. 3.

meet certain racial and ethnic percentages in the composition of its work force must prove that such disparities are not due to discrimination. This is a reversal of normal legal standards. Usually, a claimant must prove that a defendant has violated some legal standard in order to prevail. Under the proposed legislation, however, the claimant need only show that racial hiring percentages have not been met, and the burden then shifts to the employer to prove the absence of discrimination. Thus the employer is presumed guilty unless innocence is proved.

Insurmountable Standard. In addition to this shifting of the burdens, the legislation proposes another hurdle that will make it impossible for an employer actually to prove that he or she does not discriminate. Under the Kennedy/Hawkins bill, if the work force of a business fails to meet the prescribed racial composition, the only way that an employer can rebut the presumption of discrimination is by proving that his or her hiring criteria bears "a substantial and demonstrable relationship to effective job performance." This is an insurmountable legal standard, and a reversal of the Supreme Court's 1989 ruling in *Wards Cove Packing Co. v. Antonio* that a business need only show that a challenged hiring practice "serves, in a significant way, the legitimate goals of the employer." Under the elevated hurdle proposed by the Kennedy/Hawkins bill, such reasonable and non-racial hiring criteria as requiring a high school or college diploma could fail to meet the "substantial and demonstrable" test necessary to rebut a claim of discrimination. A company that merely shows that it applies the same standards to everyone, regardless of race, will be found guilty of discrimination.

Faced with such hurdles, rational employers will turn to racial quotas as the only reasonable means to protect themselves from lawsuits. To avoid litigation, employers will have no recourse but to hire a certain percentage of their employees based not on merit or qualifications, but solely on the basis of race. Indeed, writing in the weekly lawyers' newspaper *Legal Times*, liberal columnist Stuart Taylor, Jr. notes that the bill would "pressure employers surreptitiously to use quotas to improve their statistics." This is not a positive direction for civil rights. As George Bush said in his May 17 Rose Garden speech on civil rights, "The focus of employers in this country must be on providing equal opportunity for all workers, not on developing strategies to avoid litigation."

Presumption of Discrimination. Another adverse impact of the Kennedy/Hawkins bill would be to establish "quota ceilings" on the number of minorities employed in low-skilled jobs. One of the issues in the *Wards Cove* case was a disparity in the company's work force between the number of minorities employed in low-skilled factory jobs and upper-level management positions. Under the proposed Kennedy/Hawkins bill, such a disparity would create the presumption of employer discrimination. The result: rather than hiring more minorities for management level positions, many employers simply would reduce the number of minorities employed in low-skilled positions so as to avoid the unequal percentages that would result in liability.

By its narrow focus on statistical disparities and racial quotas, the Kennedy/Hawkins bill would codify the racial divisions that continue to fuel racial tensions between whites and minorities. Rather than equal opportunity for all, the bill would offer racial entitlements for a select few. What is needed instead is a positive civil rights strategy geared toward empowering all individuals with the independence they need to make the choices necessary to succeed. The two key elements of this new civil rights agenda are vigorous enforcement of anti-discrimination laws and progressing from the old agenda of affirmative action to a new strategy of affirmative empowerment.

CONSERVATIVES AND THE CIVIL RIGHTS LAWS

The conservative civil rights agenda must be more than opposition to racial quotas. Conservatives must assert a strong affirmative commitment to enforcing civil rights laws and prosecuting discrimination. Civil rights law enforcement officials should take their lead from U.S. Appeals Court Judge Clarence Thomas, who served as chairman of the U.S. Equal Employment Opportunity Commission (EEOC) from 1982 to 1990. Thomas demonstrated that vigorous civil rights law enforcement need not mean quotas. He reorganized and streamlined a previously ineffective agency; he established a policy of full relief for victims of discrimination (the EEOC previously settled for quotas, which employers were happy to accept); and he shifted the agency's focus away from cases involving statistics to those involving individual victims — the very people who could not find help elsewhere. As a consequence, Thomas was able to secure more relief for more victims of discrimination than ever before had been obtained.

The new civil rights strategy should reject quotas as an unfair and racially divisive remedy, and instead seek tough penalties against discriminators and full relief for victims of actual discrimination. This would require amending the employment provisions of the 1964 Civil Rights Act to strengthen damage remedies,²² an approach supported by Clarence Thomas, former Attorney General Edwin Meese, and former Assistant Attorney General William Bradford Reynolds. In the desegregation context, conservatives should push for monetary damages instead of busing. Rather than merely reassigning students to achieve racial balance, damages in the form of education vouchers should be a remedy available to successful plaintiffs. Currently, the preferred judicial remedy in desegregation cases are such "equitable remedies" as busing and racial quotas. These forms of relief advance "group" rather than "individual" remedies. Yet as Clarence Thomas demonstrated during his tenure at the EEOC, remedies that focus on individual relief are possible and far more effective. A remedy of education vouchers would secure better the goal of equal opportunity by enabling parents to choose the best education opportunities available for their children.

²² See Bolick, "The Supreme Court and Civil Rights," p. 8.

Economic Barriers. Aggressive enforcement of civil rights laws also means pursuing litigation and legislation to remove regulatory barriers to economic opportunity. In the courts and legislatures, conservative civil rights advocates should join with members of minority groups to challenge on civil rights grounds such economic barriers as the 1931 Davis-Bacon Act, which prevents minority firms from securing government construction contracts. This law requires that inflated "prevailing wages" be paid on all government construction contracts. In practice, this has meant that only firms willing and able to pay union scale wages can secure government construction contracts. Such firms typically are large, established, white-owned businesses that can afford to pay inflated wages. Smaller, more competitive minority firms that cannot absorb such costs thus are prevented from securing the contracts, even though they can perform the work at lower cost. The law also discourages the hiring of low-skilled workers by establishing high entry-level wages. The predictable combined impact of these restrictions is the disproportionate exclusion of minority entrepreneurs and laborers, which was an explicit goal of the bill.²³

Limiting Competition. Occupational licensing laws and regulations that restrict the formation of new businesses also should be confronted for their disparate impact on minorities. Many of these restrictions are unrelated to public health or safety objectives, and in fact often are promoted by the professions themselves to limit competition. Like the Jim Crow laws of an earlier era, these laws often impede minority participation in professions and businesses. Taxicab regulations, for example, strictly limit the number of entrepreneurs in a business that otherwise would be easily accessible to minorities. Licensing laws also exclude from professions those who are demonstrably qualified, but who cannot satisfy arbitrary and formalistic requirements. These licensing restrictions commonly are prevalent in such entry-level trades and professions as cosmetology, barbering, photography, stenography, interior decorating, and pool cleaning.

More rigorous enforcement of civil rights laws also requires confronting quota "ceilings" in education and housing. To achieve racial balance in public schools and housing, government authorities set rigid quotas that operate to exclude minorities. Example: In California universities, Asian American students are excluded from admission because they are "overrepresented" among eligible candidates for admission.²⁴ Example: In Kansas City magnet schools, black youngsters are denied admission so the school district can hold seats empty for white students.²⁵ These experiences illustrate how race-based

²³ See *Congressional Record-House*, February 28, 1931, pps. 6504-6521.

²⁴ See Dan C. Heldman, "Ending College Admission Quotas Against Asian-Americans," *Heritage Foundation Executive Memorandum* No. 240, June 30, 1989; Representative Dana Rohrabacher, "College Admission Quotas Against Asian-Americans: Why Is the Civil Rights Community Silent?" *Heritage Lectures* No. 236.

²⁵ See "Blacks sue over KC desegregation plan," *The Washington Times*, July 17, 1989.

policies, however well-intentioned, can ultimately harm the very individuals they are purported to benefit.

Affirmative Action

If one term exists in the American lexicon that conservatives need to recapture, it is "affirmative action." Conservatives generally have been perceived to be "opposed" to affirmative action. If affirmative action means quotas, such opposition is warranted. But "affirmative action" need not be synonymous with quotas; conservatives, therefore, should not be considered adversaries of affirmative action as it was originally intended.

Affirmative action as practiced in the mid-1960s recognized that many individuals were ill equipped, for reasons of past discrimination, to take advantage of the equal opportunities secured to them for the first time by the newly enacted civil rights laws. Affirmative action thus meant providing tools to enable those who had been held back by discrimination to compete effectively in the market. It did not mean racial hiring quotas.

Origin of a Term. The term first was used by John F. Kennedy in his Executive Order No. 10925, issued in 1961. As Hoover Institution economist Thomas Sowell has noted, Kennedy's order specifically provided that affirmative action was not intended as a system of racial quotas or hiring preferences. Instead, it was an effort to disseminate information about federal jobs to encourage previously excluded groups to apply, and to insure fairness in hiring and promotion regardless of race. Thus, Kennedy ordered federal contractors to "take affirmative action to ensure that the applicants are employed, and that employees are treated during employment, without regard to their race, creed, color, or national origin."²⁶

Senator Hubert Humphrey, the Minnesota Democrat and architect of the Civil Rights Act of 1964, also took pains to distinguish affirmative action from racial quotas. During Senate debate on the civil rights bill, Humphrey instructed his colleagues that the bill "does not require an employer to achieve any kind of racial balance in his work force by giving preferential treatment to any individual or group."²⁷ But Thomas Sowell recounts that "the original meaning of 'affirmative action,' as a general attempt to inform and recruit applicants from groups long excluded from employment and other opportunities, quickly gave way to its current meaning — choosing among applicants on the basis of numerical group results."²⁸

The firm opposition to racial quotas expressed by most liberals in the 1960s was well founded. Quotas (sometimes called "goals and timetables") could

26 Thomas Sowell, *Civil Rights: Rhetoric or Reality?* (New York: William Morrow & Company, Inc., 1984) p. 39.

27 *Ibid.*

28 Thomas Sowell, "Weber and Bakke, and the Presuppositions of 'Affirmative Action,'" in W.E. Block and M.A. Walker, eds., *Discrimination, Affirmative Action, and Equal Opportunity* (Vancouver: The Fraser Institute, 1982), p. 61.

not accomplish the original — and still salient — objectives of affirmative action. All quotas do is to redistribute opportunities as part of a zero-sum game: every person's gain means another's loss. Quotas, moreover, do not help the economically disadvantaged gain the skills necessary to compete effectively. Thus affirmative action comprised solely of quotas has aided better-qualified minority candidates while not addressing the real-world needs of people outside the economic mainstream. As William Julius Wilson argues, future affirmative action must consist of efforts "targeted to truly disadvantaged individuals regardless of their race or ethnicity."²⁹

CONSERVATIVES AND EMPOWERMENT

The second element of a new civil rights agenda is individual empowerment. This empowerment means giving individuals the opportunity to realize their potential and achieve economic independence by giving them the power to choose the conditions under which they live — such as how their family will be educated and where they will live. Liberal social welfare programs do not empower the poor. Rather they empower government and an industry of social service providers that prospers by managing the lives of the poor. The conservative idea of empowerment, by contrast, derives from the movement's roots in market economics and classical liberalism — power not as control over others but as the freedom to control one's own affairs, the essential ingredient of liberty.

A civil rights strategy based on empowerment focuses on enabling individuals to choose how they will improve their condition. The aim is to help low-income Americans by expanding opportunities rather than by merely redistributing them. The impetus for such efforts is not the coercive power of government, but consumer choice in the market. To achieve empowerment, the new civil rights strategy must confront remaining systemic obstacles that prevent individuals from controlling their own destinies. At least four such obstacles exist: stifling regulation of entrepreneurial opportunities, poor public schools, the welfare system, and crime. All of these barriers disproportionately burden people outside the economic mainstream, who disproportionately are minorities.

An empowerment strategy to unlock the pent-up capacity of lower-income minority Americans requires many actions on several fronts. Among them:

1) **Remove obstacles to entrepreneurs.** Economic liberty is a fundamental civil right. Yet this liberty to pursue a livelihood free from excessive or arbitrary interference is the forgotten civil right. This right was destroyed by the 1873 *Slaughter-House* cases³⁰ in which the Supreme Court ruled erroneously that economic liberty was not included among privileges or immunities of citi-

²⁹ Wilson, *op. cit.*, p. 117.

³⁰ 83 U.S. 36 (1873).

zanship protected by the Fourteenth Amendment. As a consequence, entrepreneurial opportunities are burdened by a pervasive array of regulations at every level of government, from the 1931 Davis-Bacon Act and federal minimum wage laws to local occupational licensing laws and government-conferred business monopolies. These laws, most of which were enacted not to promote public health or safety but to limit competition, stifle the tradition of bootstraps capitalism that is America's beacon to the enterprising poor. In essence, these restrictions cut off the bottom rungs of the economic ladder, so vital to the poor and those who have suffered discrimination, thereby destroying traditional methods for upward mobility.³¹

Conservatives should champion an Economic Liberty Act, which would require governmental entities to limit regulations restricting entry into trades or businesses to demonstrable public health, safety, or welfare objectives. Conservatives also should challenge as civil rights violations the most arbitrary and oppressive economic regulations.³² In this way, conservatives not only would help complete the legal work of the original civil rights movement, but would open the most important door to economic independence: self-employment and business creation.

2) Introduce parental choice into education. Education is the key to progress. It is the great equalizer of the races, the most powerful tool for eliminating racism. But interposed between precious educational opportunities and those who need them the most stand America's often substandard public schools. And the greatest number of victims of that system are those who have no other choice — the inner city schoolchildren whose opportunities for advancement are crushed at schools that seem answerable to no one. Minorities disproportionately are the victims of America's dismal public school performance. Dropout rates for black and Hispanic students exceed those for whites, especially in urban areas. In the Chicago public schools, for example, the 1988-1989 school year dropout rate for whites was 13.9 percent, compared with a 23.3 percent rate for Hispanics and a 60.9 percent rate for blacks.³³ These young dropouts may in one sense be making a rational

31 See Bolick, *Changing Course*, p. 94-104.

32 Landmark Legal Foundation's Center for Civil Rights last year successfully challenged a District of Columbia ordinance prohibiting street corner shoe shine stands, and is currently challenging Houston's "anti-jitney law" and a National Park Service regulation that has destroyed the native Virgin Islander charter boat industry.

33 Chicago Public Schools, Board of Education. Chicago defines a dropout as any student, sixteen or older, who has been removed from the enrollment roster for any reason other than death, extended illness, graduation, or completion of an equivalency program. Also included are transferring students whose records have not been requested by another public or private school.

choice: why stay in a substandard public school? But the tragedy is that unlike individuals of moderate and upper incomes, these low income students and their families have no opportunity to transfer to better schools.

America needs to empower low-income minorities and others as consumers with a choice of schools, by providing to parents a portion of the dollars spent on schooling in the form of a tax credit or voucher to purchase the education that best suits their children's needs. Studies show that choice and competition in education work, particularly for those who have lacked the most basic educational opportunities.³⁴ Moreover, polling shows that vouchers are especially popular among inner city minority parents.³⁵ Returning to parents choice of, control over, and responsibility for the education of their children is the first step in expanding educational opportunities.

The successes of educational choice initiatives in such states as Minnesota and in low income communities, like East Harlem, New York, should continue to be highlighted and serve as a model for expanded efforts. Conservatives, too, should craft educational empowerment strategies that support and build on such educational voucher plans as that achieved in Milwaukee, Wisconsin, owing to the efforts of State Representative Annette "Polly" Williams, a black Democrat who represents low-income inner city constituents.

3) Make welfare a ladder, not a permanent crutch. The welfare system has fueled a self-perpetuating cycle of dependency, which has influenced minorities disproportionately. Intended as a temporary helping hand in the case of the able-bodied, the welfare system not only has encouraged millions to remain on its rolls, but also in most instances has rewarded destructive behavior and penalized those who sought to become independent. Example: if a father walks out on his family, they become eligible for welfare. If instead of leaving, he takes a low-paying job to try to fulfill his responsibility, the family often is financially worse off.

The welfare system is particularly damaging to minorities because many of these families are at the margin, where welfare is an attractive option. Moreover, the "official" leadership of the black and Hispanic communities has added to the problem by urging government to increase benefits for those on

34 See Clint Bolick, "A Primer on Choice in Education: Part I — How Choice Works," Heritage Foundation *Backgrounder* No. 760, March 21, 1990.

35 Alec M. Gallup, "The 18th Annual Gallup Poll of the Public's Attitudes Toward the Public Schools," *Phi Delta Kappan*, September 1986, pp. 58,59. A 1989 Gallup/Phi Delta Kappan poll found that 67 percent of non-whites favor educational choice.

the rolls, while doing little to support proposals to reward those who strive to become independent.

The federal government should encourage economic emancipation by reducing dependency on welfare and rewarding those who work. This strategy requires a major reform of the welfare system and anti-poverty programs to encourage independence and reward those who take their responsibilities seriously. Among the key reforms needed:³⁶

◆ ◆ Expand the Earned Income Tax Credit, which supplements the earnings of very low-paid workers through the tax code.³⁷ This would reward work, encourage many on welfare to climb the ladder of employment, and ensure that families would move out of poverty if they joined the work force.

◆ ◆ Make some form of work mandatory for all welfare programs serving the able-bodied.

◆ ◆ Attach a portion of the earnings of all absent fathers, married or unmarried, if their family is on welfare. If the father claims to be unemployed, require him to enroll full time in a government work program.

◆ ◆ Encourage home ownership among the poor through "urban homesteading" programs, and an acceleration of tenant management of public housing.³⁸

◆ ◆ Enact "enterprise zone" legislation, which would reduce tax and regulatory barriers to job creation in the inner city.

4) **Crack down on Crime.** The new civil rights agenda should emphasize the most fundamental of civil rights: freedom from crime. Personal security is the primary justification for government. Government, however, is failing to protect its law-abiding minority citizens against crime.

Crime falls disproportionately on minorities, creating an additional barrier to those striving for economic independence and social responsibility. Black households in 1988, for example, were 60 percent more likely to be burglarized and three times more likely to be robbed than white households. Black households suffer more than twice the number of motor vehicle thefts and al-

36 See also, Stuart M. Butler, "Razing the Liberal Plantation: A Conservative War in Poverty," in *National Review*, November 10, 1989, p. 27; Stuart M. Butler, "Welfare," in Charles L. Heatherly and Burton Yale Pines, eds., *Mandate For Leadership III: Policy Strategies for the 1990s* (Washington, D.C.: The Heritage Foundation, 1989) p. 253; Stuart M. Butler and Anna Kondratas, *Out of the Poverty Trap* (New York: The Free Press, 1987).

37 See Stuart M. Butler, "The Peace Dividend: It Belongs to the People, Not Congress," Heritage Foundation *Backgrounder* No. 752, February 9, 1990.

38 See John Scanlon, "People Power in the Projects: How Tenant Management Can Save Public Housing," Heritage Foundation *Backgrounder* No. 758, March 8, 1990.

most 65 percent more incidents of aggravated assault than whites.³⁹ The probability of being murdered is six times greater for blacks than for whites.⁴⁰ Hispanics, too, are far more likely than whites to be victims of crime. From 1979-1986, for example, Hispanic Americans were victims of violent crime at a rate twice that of non-Hispanics.⁴¹

If conservatives and the inner-city poor can make common cause on any issue, it should be crime. Strong anti-crime measures directed toward urban centers, along with meaningful protection of victims' rights, form the foundation of an effort to better secure vulnerable individuals in their persons and their property. Creating a crime-free environment in poor communities will require several changes in the law to favor the victim over the victimizer. Among them: "victim's rights" laws that compel criminals to make restitution to their victims, and require prosecutors to take the victim's interests into account in sentencing and probation. Government also should reprioritize its law enforcement strategy in poor communities. Law enforcement should focus on preventing and prosecuting crimes against persons and property in the ghettos, and increasing penalties for such crimes.

Ridding America's minority communities of the source of crime also will require empowerment strategies to involve communities in the fight. One idea that merits study is a proposal currently before Congress to create a police ROTC program for poor communities.⁴²

Under the plan, students would receive college tuition in exchange for serving on the police force of their community after graduation. Such additions to urban police forces would free more officers to perform such vital functions as foot patrol on the streets of poor communities.

WHAT GEORGE BUSH SHOULD DO

Obviously, George Bush can do a great deal to advance a conservative strategy on civil rights — one that will do far more to advance civil rights than the Kennedy/Hawkins legislation. He enjoys enormous popularity among both white and minority Americans. The time is ripe for a Bush-led civil rights strategy that would build on the foundation laid in the 1960s. The President thus should draw on his popularity and credibility by restoring momentum to a quest for civil rights that has strayed off course for the past generation. Already, Bush has taken an important step in this direction with his May 17 Rose Garden speech on civil rights. In that ground-breaking speech, he vowed to veto any civil rights bill that would promote racial quotas, and he re-

39 See Joseph Perkins, ed., *A Conservative Agenda For Black Americans* (Washington, D.C.: The Heritage Foundation, 1987, 1990) pps. 31-32.

40 Bolick, *Changing Course*, pp. 116-118.

41 "Hispanic Victimization," Bureau of Justice Statistics, January 1990.

42 S. 1299, "The Police Corps Act of 1989." Sponsors include Republican Senators Specter, Heinz, Rudman, Coats, and Lott. Democrats include Senators Sasser, Bradley, Lieberman, and Dodd.

defined civil rights to include empowerment strategies for the poor. Next, the President should:

1) Veto the Kennedy/Hawkins bill. To sign into law a civil rights bill that promotes racial quotas would be to surrender to racism. And to sign a civil rights bill that fails to include empowerment initiatives for the poor would ignore the civil rights of those who are struggling the most. The Kennedy/Hawkins bill champions a failed policy agenda and does little to solve the most pressing civil rights problems. If the bill passes Congress, Bush should veto it and immediately shift the terms of the debate from quotas to empowerment.

2) Issue an Executive Order on Empowerment. In 1961 President John F. Kennedy issued Executive Order 10925 that mandated affirmative action throughout the federal government. Now, nearly three decades later, George Bush should issue a new executive order building on Kennedy's vision and propelling government into a new era of civil rights action.

This executive order should require all federal agencies, departments, and offices to review existing policies and regulations and eliminate those that stifle the economic empowerment of minorities. Like Kennedy's executive order, Bush should require the federal government to take affirmative action to recruit minorities and also to break down barriers to their economic liberty. Bush should order the federal government to restructure affirmative action to encourage empowerment efforts aimed at increasing human capital and removing obstacles to the economically disadvantaged.

The Bush executive order also should require that every new government regulation be accompanied by an "Empowerment Impact Statement" that addresses how the regulation would help to empower low-income Americans to manage their own affairs and attain economic liberty.

3) Establish a Commission on Economic Mobility. In his 1961 Executive Order, Kennedy established the President's Committee on Equal Employment Opportunity to "scrutinize and study employment practices of the Government of the United States, and to consider and recommend additional affirmative steps which should be taken by executive departments and agencies to realize more fully the national policy of nondiscrimination...." Bush likewise should appoint a presidential commission to examine contemporary obstacles to minority opportunities, and to recommend within a specified time period legislation designed to eradicate those obstacles. This effort should be similar to that which preceded the development of the Age Discrimination in Employment Act of 1967. By establishing this Economic Mobility Commission Bush would lay the groundwork for opening far more opportunities for economically disadvantaged minorities than would the Kennedy/Hawkins bill.

4) Strengthen Damage Provisions of the Civil Rights Act. Under the Civil Rights Act of 1964, an employer found guilty of discrimination need only provide a job and back pay to the aggrieved party. This penalty is not sufficient to deter future discrimination. To remedy this, Bush should propose to Congress

amendments to the law to allow recovery of treble punitive damages against employers who willfully or persistently violate the law.

5) Propose a Comprehensive Welfare Reform. Congress in 1988 enacted the Family Support Act. Touted as a major reform of the welfare system that would reduce welfare dependency, the legislation in fact is little more than an expansion of existing programs. Moreover, a Congressional Budget Office analysis of the statute predicts that it will actually add people to the welfare rolls.

Bush should explain to Americans that there will be no progress in the war against poverty until there is a change in the strategy used to fight the war. He should assemble a cabinet-level task force, led by Housing and Urban Development Secretary Jack Kemp, to develop a comprehensive series of welfare reforms to promote the empowerment of poor Americans.

6) Coordinate Empowerment Efforts. The beginning of an empowerment infrastructure already exists. In addition to public policy organizations dedicated to self-help, Secretary of Housing and Urban Development Jack Kemp and Education Secretary Lauro Cavazos are pushing empowerment strategies in their agencies. In Congress, Representative Steve Bartlett, the Texas Republican, has formed an empowerment caucus comprised of conservative and moderate Republicans. And the moderate Democratic Leadership Council last month endorsed a policy plank calling for equal opportunity rather than equal results. These developments reflect a growing determination among conservatives to confront civil rights issues, and a growing receptivity to what conservatives have to say.

Outside of Congress, organizations and individuals are showing what can be accomplished by poor Americans if they are given the opportunity to use the capacities they have. The public housing tenant management movement, for example, has brought dignity and hope to dozens of once crime-ridden and blighted projects. An education reform movement has spawned more than 300 new black independent schools, most of them created by parents and community groups in poor neighborhoods. Robert Woodson's National Center for Neighborhood Enterprise has helped to highlight the successes of numerous additional empowerment efforts nationwide, and provided technical assistance to self-help groups in minority communities. And the National Association of the Southern Poor, headed by Donald Anderson, has carried the self-help message to rural Southern communities, sparking a rejuvenation of formerly crime-ridden and depressed communities.

George Bush needs to draw greater attention to the movement for minority empowerment. He needs to give this movement at least equal standing in the debate over civil rights, and to instruct agency officials to do likewise. As long as the perception exists that only minority leaders espousing the tired liberal agenda are legitimate spokesmen for black and Hispanic Americans, the economic emancipation of these groups will be painfully slow.

7) Repeal the Davis Bacon Act. The 1931 Davis Bacon Act is the federal equivalent of local Jim Crow laws that prevent minorities from competing for

economic opportunities. The law's requirements that federal construction contracts pay the "local prevailing wage" inflates wage rates. The result: many small minority firms that cannot afford to pay such inflated rates are excluded from government construction contracts. The law also discriminates against minority tradesmen who are willing to work for less than union wages. In fact discriminating against black workers seems to have been one of the reasons for passing the 1931 law. Said Alabama Congressman Miles Allgood during the February 28, 1931, floor debate on the bill, "That contractor has cheap colored labor...and it is labor of that sort that is in competition with white labor... This bill has merit ... it is very important that we enact this measure."⁴³

Despite its devastating impact on black firms and tradesmen, and its effect of increasing federal construction costs by \$1.5 billion annually, the 60-year-old Davis Bacon Act remains law. The reason: Congress refuses to abolish it out of fear of offending organized labor. George Bush should launch a campaign to convince Congress to repeal the Act. As part of this effort, he should instruct Labor Secretary Elizabeth Dole and other appropriate executive branch agencies to conduct a thorough examination of the Act's impact on minorities. Bush should make repeal of the Davis Bacon Act the centerpiece of his civil rights strategy to eliminate the remaining vestiges of America's Jim Crow laws.

8) Require that Congress be Subject to Civil Rights Laws. Congress routinely exempts itself from the laws it passes, including the nation's major civil rights statutes. Although the executive branch is subject to the provisions of the 1964 Civil Rights Act, Congress is not. Thus the 37,000 employees of the legislative branch are without the civil rights protection guaranteed to all other Americans. This has led some observers to describe Congress as the "last plantation." Undeterred, however, Congress is attempting to exempt itself from new civil rights laws. The Kennedy/Hawkins bill, for example, fails to require that Congress comply with its provisions.

George Bush, in his May 17 Rose Garden speech, called on Congress to apply to itself all existing and proposed civil rights laws. This is sound policy. Bush should hold Congress to that standard, and refuse to sign any civil rights bill that fails to subject Congress to its provisions.

⁴³ *Congressional Record - House*, February 28, 1931, p. 6513.

CONCLUSION

In his February testimony before the Senate Labor and Human Resources Committee, Harvard's Glenn Loury summed up the current civil rights challenge:

Today the nation faces a challenge different in character though perhaps no less severe in degree than that which occasioned the civil rights revolution. It is important, though, to be clear about just what that challenge is, and what it is not. The bottom stratum of the black community has compelling problems which can no longer be blamed solely on white racism, which will not yield to protest marches or court orders, and which force us to confront disquieting aspects of lower class black urban society. The profound alienation of the ghetto poor from mainstream American life has continued to grow worse in the years since the triumphs of the civil rights movement, even as the successes of that movement has provided the basis for an impressive expansion of economic and political power of the black middle class. Finding ways to effectively address the problems of the inner-city poor, of all races, is the challenge which confronts us today.⁴⁴

The abandonment of employment and educational objectivity and the reflexive use of quotas exacerbate racism and fail to address the serious problems faced by America's truly underclass. What is needed are efforts to confront remaining obstacles so that minorities can take advantage of the opportunities secured by the civil rights laws. The economic barriers separating minorities from the American mainstream are the type of barriers that affirmative action originally was intended to overcome: practical obstacles, some the result of discrimination and some not, that prevented individuals from securing the opportunities promised by civil rights laws. By pursuing an affirmative action strategy of redressing problems of economic mobility and human capital development, the unfinished business of the civil rights movement can be completed.

Conservatives since the 1960s have consigned themselves to a marginal role in the civil rights debate, acting as opponents to civil rights or passive bystanders while liberals dictated the terms of the debate. Many civil rights policies of the past quarter century have failed to aid the most disadvantaged individuals in our society. These policies also have perpetuated racial divisions

⁴⁴ Loury, *op. cit.*

among Americans. This dismal status quo can change only if conservatives reclaim the moral high ground and assume a positive leadership role in civil rights issues in the coming decade. This leadership can be achieved by pursuing a strategy of vigorous law enforcement and individual empowerment.

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The Thomas A. Roe Institute for Economic Policy Studies

July 25, 1990

**WHILE TALKING ABOUT A DEFICIT CRISIS,
CONGRESS PROPOSES BILLIONS IN NEW SPENDING**

INTRODUCTION

The Bush Administration and congressional leaders involved in the current budget deficit reduction summit claim that the deficit is such a crisis that American taxpayers must give even more of their money to help pay Uncle Sam's bills. Some taxpayers may assume that before policy makers decided on a tax hike, they did everything possible to cut wasteful spending, to eliminate pork barrel projects and to shut down programs that serve no overriding national interest.

Such an assumption would be wrong.

Neither Congress nor the Bush White House has tried seriously to cut spending. Quite the contrary. At this very moment, while they wring their hands about a "budget deficit crisis," policy makers are proposing to spend more money on existing programs and to launch costly new programs. They are pushing federal spending to record high levels. As Washington veterans of the budget process could have predicted, the convening of the budget summit and Bush's broken no-new-taxes promise have opened the floodgates for this spending spree.

Congress's Bad Faith. George Bush betrayed his campaign pledge of no new taxes reportedly as a good-faith measure to convince congressional leaders of his sincere desire to reach an agreement in the budget summit. In the four weeks since then, the liberal-dominated House of Representatives has responded to Bush's gesture by passing six appropriations bills totalling \$182.3 billion. This is \$18.75 billion over 1990 appropriations levels, a 11.47 percent increase.

If the House continues this trend for the remaining seven appropriations bills required by the Budget Act of 1974, and if these spending levels are matched by the Senate and accepted by the President, total appropriated spending will increase by \$75 billion in fiscal 1991. At the same time, the House soundly defeated a series of amendments that would have reduced these proposed spending increases, in some cases reducing these huge increases by as little as 2 percent.

Costly New Programs. The House has not merely increased current spending in appropriations bills. With members smelling blood in the water, the House Ways and Means Committee okayed a new foster care entitlement program which will cost taxpayers more than \$4 billion over the next five years. The House Agriculture Committee has approved legislation to expand Food Stamp and nutrition entitlement programs by \$7.5 billion over five years.

At the same time that many House members have been congratulating Bush for his "statesman-like" betrayal of his no-tax pledge, they have been quietly adding spending to the budget that could cost every American household \$750. Yet, nowhere in any of these bills have members of Congress attempted to cut spending.

The message is clear.

Congress does not want new taxes for deficit reduction.

Congress wants new taxes for new spending.

CONGRESSIONAL BETRAYAL

In April, Bush invited congressional leaders to a "budget summit" to negotiate a good-faith deal to bring the projected fiscal year 1991 deficit of \$168 billion down to the \$74 billion level¹ required by the 1985 Gramm-Rudman-Hollings deficit reduction act, a level that does not include the cost of bailing out ailing savings and loans.

Rather than trying to cut wasteful spending, many congressional leaders pressured Bush to betray his no-tax pledge. On June 26, he obliged by stating that it was clear to him that "tax revenue increases" would be needed to bring the deficit in line. What followed has been a spurt of new federal spending in the first six appropriations bills.

Table 1 compares the first six FY 1991 appropriation levels with totals from previous years.

1 The Gramm-Rudman-Hollings deficit target for FY 1991 is \$64 billion plus a \$10 billion "margin for error."

Table 1
Appropriations Bills
(\$billions)

| BILL | FY '89 Approps. | FY '90 Approps. | FY '91 Bush Proposal | FY '91 Approps. | \$ Change '90-'91 | % Change '89-'91 | % Change '90-'91 |
|-------------------------------|----------------------------|----------------------------|-------------------------------------|----------------------------|------------------------------|---------------------------------|---------------------------------|
| Commerce/ Justice | 14.85 | 11.70 | 11.10 | 10.50 | -1.20 | -29.30 | -10.20 |
| Energy/Water | 17.83 | 18.43 | 20.20 | 20.77 | +2.40 | +16.52 | +12.70 |
| Foreign Operations | 14.29 | 15.52 | 15.52 | 15.78 | +0.30 | +10.46 | +1.69 |
| VA/HUD | 59.39 | 71.28 | 78.78 | 83.57 | +12.30 | +40.72 | +17.25 |
| Transportation | 25.67 | 28.17 | 26.73 | 30.94 | +2.70 | +20.54 | +9.50 |
| Treasury/P.O. | 16.02 | 18.45 | 20.71 | 20.72 | +2.27 | +29.34 | +12.30 |
| TOTALS | 148.05 | 163.55 | 173.34 | 182.31 | +18.75 | +23.14 | +11.47 |

CONGRESS REFUSES TO TRIM INCREASES

When some lawmakers attempted to slow the proposed increase in spending, Congress ignored them. By substantial majorities, the House of Representatives soundly defeated a series of amendments that would have rolled back proposed spending increases at various levels. Defeated were amendments to the Energy and Water Appropriations bill as well the Housing and Urban Development-Veterans Administration (HUD-VA) Appropriations bill offered by Representative Bill Frenzel, the Minnesota Republican, that would have nullified the proposed increases and returned spending to inflation-adjusted 1990 levels. The HUD-VA bill, just passed by the House, contains \$12.6 billion in new spending.

Congress also has been averse to amendments that would roll back the appropriated increases by much smaller amounts. Representative William Dannemeyer, the California Republican, for instance, unsuccessfully offered amendments for 5 percent across-the-board reductions in appropriations for the Energy and Water bill, Commerce and Justice bill, and the HUD-Veterans Administration bill. And of the five attempts by Representative Timothy Penny, the Minnesota Democrat, simply to reduce appropriated levels 2 percent across-the-board all but one, which amended the Treasury/Post Office bill, were defeated. Even had these amendments passed, however, spending would have increased over fiscal 1990 levels (Table 2).

Table 2
(\$ billions)

| BILL | FY '90 Appros. | Frenzel Amendment ¹ | Dannemeyer Amendment ² | Penny Amendment ³ | FY '91 Approps. |
|------------------|-------------------|-----------------------------------|--------------------------------------|---------------------------------|--------------------|
| Energy | 18.43 | 18.54 | 19.74 | 20.36 | 20.77 |
| HUD/VA | 71.28 | 71.46 | 79.39 | 81.90 | 83.57 |
| Commerce/Justice | 11.10 | N/A | 9.97 | 10.29 | 10.50 |
| Transportation | 28.17 | N/A | N/A | 30.33 | 30.94 |
| Treasury | 18.45 | N/A | N/A | 20.31 | 20.72 |
| TOTALS | 147.43 | 152.16 | 160.77 | 163.18 | 166.51 |

1. Representative Frenzel introduced two amendments. One would have cut Energy and Water appropriations by 10.53 percent across the board. The other would have cut HUD/VA appropriations by 14.5 percent across the board, except for VA medical benefits.

2. A 5 percent across-the-board cut.

3. A 2 percent across-the-board cut, except for VA medical benefits and HUD Section 8 housing.

BIG SPENDERS AT THE WHITE HOUSE

Bush cannot blame Congress solely for the alleged need for new taxes. His Administration also has been seeking higher federal spending. Table 3 shows a sample of higher spending requested for current programs.

The Bush Administration is seeking spending authorization for new programs as well. Table 4 offers a sample of these requests.

For years critics of high government spending have pointed to the need to cut or eliminate programs. Yet as Congress looks for ways to increase taxes, it refuses to address the \$424 billion in government waste reported by the "Grace Commission" six years ago or the more than \$150 billion in program waste, fraud, and financial mismanagement found earlier this year by Congress's own General Accounting Office (GAO). Moreover, nowhere is there evidence that members of Congress attempted to enact the roughly \$60 billion in program saving measures recommended this year by the Congressional Budget Office or the \$130 billion in program savings recommended by analysts at The Heritage Foundation.

Table 3
Bush Administration Proposals for Spending Increases

| Program | 1991 Request | Increase over 1990 |
|---------------------------------------|---------------|--------------------|
| National Endowment for the Arts | \$175 million | \$ 4 million |
| National Endowment for the Humanities | \$165 million | \$ 8 million |
| Smithsonian Institution | \$308 million | \$41 million |
| Institute for Museum Services | \$ 24 million | \$ 1 million |
| National Gallery of Art | \$ 49 million | \$ 7 million |
| Historical Preservation Fund | \$ 34 million | \$1.4 million |

Table 4
Bush Administration New Authorization Requests

| Program | Requested Amount |
|--|------------------|
| Magnetic Levitation Technology | \$10 million |
| Airport Grants | \$1.5 million |
| Global Change Research | \$1 billion |
| Environmental Protection Agency Operating Budget | \$230 million |
| Government Research and Development | \$4.5 billion |
| Manned Missions to the Moon and Mars | \$408 million |

PROSPECTS OF ENTITLEMENT EXPANSIONS

The serious economic damage that could result from Congress's spending increases is exacerbated by the fact that these 13 appropriations bills represent only about 60 percent of federal budgetary spending. The remainder of the budget is driven by interest on the national debt and, more important, by "automatic" spending such as entitlement programs, which congressmen rarely consider as targets for spending cuts. These programs are expected to grow in 1991 by roughly 6 percent, or \$33 billion, to \$606 billion. There is the possibility, moreover, that overall entitlement programs will balloon to even higher levels. Since the President broke his no-new-taxes promise, Congress has voted out of committee new entitlements: A Foster Care bill, the Congressional Budget Office (CBO) estimates, will cost \$4.2 billion over five years, and expanding the Food Stamp and Nutrition programs will cost \$7.5 billion over five years, according to CBO.

The six appropriations bills that the House already has passed are not "bare bones" programs. They are larded with wasteful spending, pork barrel programs, and outdated agencies. If the pork and fat were eliminated and if a spending freeze were imposed on the remaining spending, the budget would be near the \$74 billion Gramm-Rudman-Hollings deficit target without harming entitlements.

Congress should analyze each program and spending item by asking:

1) Does the program serve the nation as a whole? If it does not, then Congress must ask if the program supersedes the responsibilities of state and local officials. Filling potholes on Main Street and fixing a railroad crossing in Springfield are not roles for Congress.

2) Does the program or service have an identifiable user? If so, then the user should be charged a sum equal to the cost of the service, or the service should be "shed" to the private sector as a competitive enterprise. In reality, this means that landlubbers should not have to subsidize Coast Guard services to wealthy yacht owners or that folks in rural America should not have to subsidize the mass transit costs of urban dwellers.

3) Has the program failed, fulfilled its mission, outlived its usefulness, or simply become irrelevant? If so, then these programs should be abolished. Too often Congress continues to fund a program even when Congress's own research groups determine that a program is a failure. If a program has outlived its usefulness or even fulfilled its mission Congress finds new activities for the program to do. Congress hates to abolish programs.

4) Is Congress engaging in central planning or attempting to set "national priorities" that should be left to communities or individuals? Example: the more than \$1 million appropriated in this year's Transportation bill to establish a national bicycle program and to encourage safe bicycle riding. Certainly the decision to commute by bicycle or car is an individual one. Moreover, most local park districts already conduct classes for children in bicycle safety.

Before Congress makes another move toward higher levels of spending it owes it to American taxpayers to take a critical look at its spending habits. If Congress simply answers the four questions outlined here it will go a long way toward streamlining federal spending and freeing up sufficient funds to solve today's problems.

CONCLUSION

Congress has sent a clear message to American taxpayers that it wants more money for new spending, not for serious deficit reduction. After passing just the first six of the required 13 appropriations bills, Congress is exceeding last year's spending levels by nearly 12 percent. If this pace continues for the remaining seven appropriations bills, the "controllable" portion of the federal budget will balloon by at least \$75 billion over fiscal 1990 levels.

Congress also is sending a clear message to Bush by enacting these increases in addition to the more than \$11 billion in entitlement program expansions it has approved. This message is: Spending cuts have been taken "off the table" at the budget summit. Congress will accept nothing less than higher taxes. If Bush needs additional evidence of Congress's intentions, he need but look the fact that Congress refused nine of the ten opportunities it had to simply roll back the proposed increases in the appropriations bills.

Congressional action leads to only one conclusion: The only way to reduce the deficit is for Congress to reject new spending and to trim some existing programs. New taxes will not reduce the deficit. As Congress demonstrates almost every week, new revenues will be used for new spending.

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Grover M. Herman Fellow
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**APPENDIX
THE FIRST SIX 1991 APPROPRIATIONS BILLS**

**DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY,
AND RELATED AGENCIES**

As this appropriations bill is not yet complete, it is difficult to compare to previous spending levels. Nearly \$9 billion in authorized program spending remaining to be appropriated by the House Appropriations Committee. But if the spending levels for Commerce Department technology programs recently appropriated by the House are any guide, spending for the finished appropriations bill will outpace last year's levels. For fiscal 1991, the House approved \$290 million in spending for these programs and \$468 million in fiscal year 1992. The fiscal 1991 spending level marks an 82 percent increase over the \$159 million spent this year.

Congress and the budget summitters should give serious consideration to terminating or reforming the following spending programs within this bill; this list is far from complete.

Department of Commerce

Programs for which funds have not yet been authorized: The Economic Development Administration, the Export Administration, the International Trade Administration, the U.S. Travel and Tourism Administration, the Minority Business Development Agency, and the Technology Administration.

**National Oceanic and Atmospheric Administration
(NOAA)**

Fishing Vessel and Gear Damage Fund: \$1,202,000

Fisherman's Contingency Fund: \$1,000,000

Zebra Mussel Research: \$1,000,000

Stuttgart, Arkansas Fish Farm: \$2,850,000

**National Telecommunication and Info.
Administration**

Grants for public TV & radio: \$20,833,000

Department of State

Contributions to 52 International Organizations: \$787,605,000

Examples: International Jute Organization: \$69,000

International Lead and Zinc Study group: \$36,000

International Office of Epizootics: \$62,000

World Meteorological Organization: \$6.6 million

International Sugar Organization: \$261,000

Fisherman's Protective Fund: \$500,000

Related Agencies

Total Spending: \$1,901,419,000

Board for International Broadcasting: \$192,586,000

**Christopher Columbus Quincentenary Jubilee
Commission: \$214,000**

Commission on Agricultural Workers: \$1,457,000

**Commission on the Bicentennial of the
Constitution: \$14,973,000**

Federal Maritime Commission: \$15,894,000

Marine Mammal Commission: \$1,003,000

Small Business Administration: \$437,700,000

ENERGY AND WATER DEVELOPMENT APPROPRIATIONS

Appropriations levels for 1991 Energy and Water programs are \$2.4 billion more than fiscal 1990 levels, an increase of 12.7 percent. By comparison, fiscal 1990 levels were only \$600 million over fiscal 1989 levels, an increase of 3.4 percent.

The Energy and Water Appropriations bill is a case study in pork barrel spending, federal involvement in local affairs, and federal involvement in activities that should be entirely left to the private sector. Congress should consider terminating many programs in this bill, such as the following:

Army Corps of Engineers

* General Investigations: \$167,847,000

Examples of Feasibility Studies and Investigations:

Red River Basin Comprehensive Study: \$425,000

Red River Waterway, Index, Arkansas: \$500,000

Red River Waterway, LA: \$1,900,000

Rancho Palos Verdes Landslide, CA.: \$500,000

Beaver Creek, Floyd County, Kentucky: \$200,000

Clinton River Spillway, Michigan: \$225,000

Howard Hansen Dam, Water Storage, Washington:
\$200,000

Waikiki Beach, Hawaii: \$100,000

* General Construction: \$1,362,025,000

Examples:

McClellan-Kerr, AR, River Navigation System, Locks and Dams:

1991 Cost: \$9,900,000

Total Federal Cost: \$584,800,000

Santa Ana River Mainstem, CA:

1991 cost: \$65,000,000

Total Federal Cost: \$908,000,000

Melvin Price Lock and Dam, IL & MO:

1991 Cost: \$29,000,000

Total Federal Cost: \$742,400,000

Melvin Price Lock and Dam, Second Lock, IL & MO:

1991 Cost: \$75,000,000

Total Federal Cost: \$230,000,000

Red River Waterway, Mississippi River to Shreveport, LA:

1991 Cost: \$61,636,000

Total Federal Cost: \$1,724,000,000

* General Operation and Maintenance: \$1,457,488,000

Examples: Beaver Lake, AR: \$14,718,000

Tennessee-Tombigbee Waterway, AL & MS:
\$18,000,000

McClellan-Kerr Arkansas River Navigation System,
AR: \$22,403,000

Ohio River Locks and Dams, KY, IL, IN, OH, PA,
WV: \$41,060,000

Keweenaw Waterway, MI.: \$664,000

East River, NY: \$1,410,000

Bureau of Reclamation

General Investigations: \$12,926,000

Examples: American River Folsom South Optimization Study, CA: \$50,000

Upper Gunnison-Uncompahgre Basin Project, CO:
\$280,000

Josephine Co. Water Management Improvement
Study, OR: \$200,000

Technical Assistance to States: \$1,350,000

Construction Program: \$649,697,000

Examples: Colorado River Basin Project: \$201,966,000

Ogden River Project, Utah: \$1,954,000

Operation and Maintenance: \$231,516,000

Department of Energy Supply, Research and
Development Activities: \$2,703,272,000

Examples: Solar Energy Programs: \$130,430,000

Geothermal and Hydropower: \$23,600,000

Electric Energy Systems and Storage: \$41,253,000

Nuclear Energy Programs: \$313,490,000

Biological and Environmental research:
\$371,394,000

Magnetic Fusion: \$325,300,000

Super Conducting Super Collider: \$317,866,000 (Total Estimated Cost of the Program: \$5 billion to \$8 billion)

Uranium Enrichment Facilities: \$1,406,018,000 (Could be sold to the private sector for \$1.8 billion.)

The Five Power Marketing Administrations: \$326,387,000 (Each could be sold to the private sector for over \$1 billion.)

Appalachian Regional Commission: \$150,000,000

Delaware River Basin Commission: \$681,000

Interstate Commission on the Potomac River Basin: \$200,000

Susquehanna River Basin Commission: \$501,000

Tennessee Valley Authority: \$135,000,000 (Could be sold to the private sector for over \$5 billion.)

TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT APPROPRIATIONS

Appropriations for the Treasury and the Postal Service are \$2.27 billion higher than 1990 levels, a 12.3 percent increase.

Postal Service: Although the U.S. Postal Service is technically "off budget," the taxpayer will nonetheless spend over \$522,734,000 to subsidize the Postal Service.

National Critical Materials Council: \$235,000

Advisory Committee on Federal Pay: \$207,000

Administrative Conference of the United States: \$2,079,000

DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES

Appropriations for the Department of Transportation and Related Agencies will climb \$2.7 billion in fiscal 1991 to a total of \$30.9 billion, a 9.5 percent increase.

This bill provides an excellent example of how the federal government subsidizes "gold-plated" local projects, fails to require those who use services to pay for what they receive, and pays for projects which clearly are the responsibility of local governments. Among the many spending items that should be terminated, Congress should consider the following:

Department of Transportation

Office of Small and Disadvantaged Business Utilization: \$3,500,000

Transportation Policy and Planning: \$6,748,000

Including: \$50,000 for a national bicycle program manager

Research on sleep and fatigue in transportation

Coast Guard

Boat Safety: \$35,000,000

Federal Aviation Administration

Grants-in-Aid for Airports: \$1.4 billion

New Denver Airport: \$25,000,000

Dallas/Ft. Worth Airport: \$12,500,000

L.A. Basin Facility Consolidation: \$76,100,000

\$117,509,900 total for airport grants

Federal Highway Administration

Research Programs:

Intelligent vehicle/highway systems: \$12,000,000

National bicycling and walking study: \$1,000,000

University Transportation Centers: \$5,000,000

Railroad-Highway Crossings Demonstration Projects: \$14,845,000 Including projects in: Elko, NV, Wheeling, WV, Matamoros, Mexico.

Federal Funds to complete Substitute Highway Projects: \$1,646,832,472. Including: San Francisco, Washington, Atlanta, Chicago, New York City, New York City-Trenton, New York City (New Jersey).

Baltimore-Washington Parkway.: \$9,900,000

Intermodal Urban Demonstration Projects: \$10,000,000

Indiana Industrial Corridor Safety Demo. Project: \$3,000,000

Alabama Highway Bypass Demonstration Project: \$10,000,000

Kentucky Bridge Demonstration Project: \$4,000,000

Virginia HOV Safety Demonstration Project: \$8,500,000

Bicycle Transportation Demonstration Project, Macomb County, MI: \$1,000,000

Local Rail Service Assistance: \$7,000,000

Orange County, CA Monorail System: \$1,000,000
Long Island Railroad Intermodal Project: \$250,000
Amtrak: \$482,000,000
MAGLEV/High Speed Rail: \$12,000,000
Urban Mass Transit Administration:
Local Construction Projects: \$440,000,000
Including, Los Angeles, Jacksonville, Honolulu, and Atlanta.
Washington, D.C. Metro: \$108,000,000
Washington Metro Interest Payments: \$51,663,000
St. Lawrence Seaway Development Corp.: \$10,500,000
Interstate Commerce Commission: \$45,844,000

DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES

The \$83.58 billion appropriated in this bill represents a massive 17.25 percent increase over 1990 levels and a 40.72 percent increase over 1989 levels. Programs within this bill too often duplicate private sector services, prevent the private sector from operating efficiently, or simply compensate for restrictive regulatory policies at the local level. Congress should consider terminating the following programs:

Department of Veterans Affairs

Construction, Major Projects: \$575,456,000, an increase of \$45,456,000 above budget estimate

Examples: \$7,000,000 new hospital at Detroit

\$8,900,000 for nursing home care unit at Lake City, FL

\$3,400,000 for a laundry and warehouse at Mountain Home, TN

\$8,000,000 for a clinical, outpatient, research, parking and central air conditioning project at Ann Arbor, MI

\$800,000 for the advanced planning of a modernization project at Wilkes-Barre, PA

\$4,800,000 for the contract documents of a replacement for the ambulatory care facility in El Paso.

\$3,100,000 for the design of a psychiatric and outpatient facilities modernization project at Northport, NY

\$3,200,000 for the design and site preparation of a clinical addition project at Wilmington

\$1,450,000 for planning and site acquisition for a new national cemetery at Albany, NY

\$1,506,000 for planning and site acquisition for a new national cemetery in the Chicago area.

\$1,690,000 for planning and site acquisition for a new national cemetery in the Cleveland area.

\$2,385,000 for planning and site acquisition for a new national cemetery in the Seattle area.

Parking Garage Revolving Fund: Total '91 \$28,900,000

Department of Housing and Urban Development

Management and Administration Salaries and Expenses: \$816,466,000
Including:

\$10,000,000 more staff – FHA

\$2,000,000 more staff – In-house Program
Evaluation and monitoring

\$1,750,000 more staff – Public and Indian Housing
programs

Public Housing Reconstruction/New Development: \$550,320,000

Independent Agencies

American Battle Monuments Commission: \$15,900,000

Consumer Product Safety Commission: \$37,109,000

Including:

\$950,000 for transfer to the National Institute on Standards and Technology for the Technical Study Group on Cigarette and Little Cigar Safety to design and implement a study to collect data about the characteristics of those cigarettes, ignited products, and smokers that are involved in fires.

\$50,000 for travel expenses of individuals in the above mentioned study by the Technical Study Group on Cigarette and Little Cigar Safety.

Environmental Protection Agency: \$6,012,175,000

Research and Development: \$254,900,00

Including: \$1,500,000 to establish solar and renewable energy demonstration projects

\$250,000 for research on control of the "Zebra mussel"

Abatement, Control, and Compliance:
\$1,006,525,000

Including: \$1,000,000 for the Rouge River basin non-point source control demonstration

\$3,000,000 for lead-based paint studies and support

\$1,225,000 for continued work on the Spokane Aquifer

\$200,000 for a Southwest Arkansas/Southeast Oklahoma Millwood Basin Water Quality Study.

\$1,000,000 for the EPA National Training Center at West Virginia University

\$275,000 for the Lake Pontchartrain new wetlands creation demonstration project

Construction Grants/State Revolving Funds: \$2,000,000,000

National Aeronautics and Space Administration

Research and Development \$6,458,625,000

Including: Space Station: \$1705,000,000

Search for Extraterrestrial Life: \$6,100,000

National Aerospace Plane: \$114,000,000

Consumer Information Center: \$1,540,000

National Science Foundation: \$2,337,000,000

National Institute of Building Sciences: \$250,000

FOREIGN OPERATIONS APPROPRIATIONS

Fiscal 1991 appropriations for Foreign Operations inched up by 1.69 percent over 1990 levels, but were 10.46 percent higher than 1989 appropriated levels.

Even though last year saw discussions in both the Administration and Congress about the failures of U.S. foreign aid, appropriations are up again for 1991. This is due in part to a desire to help the emerging Eastern European and Central American democracies. The U.S. agreed, for example, to contribute \$70 million to a new development bank for Eastern Europe despite the failures of similar institutions such as the World Bank and the Inter-American Development Bank.

Multilateral Aid: \$1.95 billion

Examples: Inter-American Development Bank: \$78,000,000

**Inter-American Investment Corporation:
\$13,000,000**

World Bank: \$50,000,000

**International Development Association: \$1.06
billion**

Asian Development Fund: \$243,900,000

African Development Fund: \$105,452,000

European Development Bank: \$70,021,000

Bilateral Aid: \$7.7 billion

Examples: Agricultural Aid: \$491,635,000

**Private Sector, Energy, Selected Development Aid:
\$152,223,000**

**Sub-Saharan African Development Aid:
\$800,000,000**

**Agency for International Development (AID)
Operating Expenses: \$435,000,000**

Economic Support Fund: \$3.46 billion

Anglo-Irish Accord: \$20,000,000

**Multilateral Assistance Initiative:
Philippines: \$160,000,000
Eastern Europe: \$418,675,000**

Other:Export-Import Bank: \$785,000,000

Trade and Development Program: \$35,000,000

Overseas Private Investment Corporation:

Direct Loan Limitation: \$40,000,000

Guaranteed Loan Limitation: \$250,000,000

August 24, 1990

AMERICA'S OPTIONS IF IRAQ USES CHEMICAL WEAPONS

INTRODUCTION

Following the August 2 invasion of Kuwait by Iraq, George Bush ordered American military forces to the Middle East to deter further aggression by the Iraqis. This brought American forces to within range of Iraqi chemical weapons. Since Iraq has used chemical weapons not only against Iran during the 1980-1988 Iran-Iraq War but against its own Kurdish citizens, the Iraqi chemical threat must be taken seriously. United States troops last faced chemical warfare in World War I when chemicals were responsible for 27 percent of all U.S. battlefield deaths. Chemicals were not used widely in battle by any of the combatants in World War II, the Korean War, or in Vietnam.

The Iraqis have both mustard gas and nerve agents. They can deliver these with aircraft, artillery, and rockets. In confronting this threat, military forces now in Saudi Arabia and the Persian Gulf region have a variety of options. These range from passive defenses, such as protective suits and gas masks, to active defenses, such as air defenses and preemptive strikes. Preferable to these, of course, is the option of deterring an Iraqi attack by threatening retaliation against key targets in Iraq, or on the battlefield, with U.S. conventional weapons, chemical weapons, or — in the extreme — tactical nuclear weapons. U.S. air defense missiles, ground-attack aircraft and artillery could all be used in U.S. operations to counter an Iraqi chemical attack.

SADDAM HUSSEIN'S CHEMICAL ARSENAL

Iraq's chemical weapons threat is a diverse one. Iraqi strongman Saddam Hussein has at his disposal mustard gas, used widely in World War I, and two types of nerve agents, called sarin and tabun.

Mustard gas is known as a "blistering agent" that can be inhaled or absorbed through the skin. It causes severe skin irritation and lung damage about two to six hours after exposure. Sarin and tabun interfere with the transmission of nerve impulses to the brain, causing heart failure or asphyxiation. A single drop on the skin can be enough to kill. Reaction to these agents starts within minutes.

It is estimated that Iraq can produce over 700 tons of mustard gas a year and 50 tons a year each of sarin and tabun. This is enough to produce thousands of chemical bombs and artillery shells. A typical shell would kill or injure at least half of all

IRAQI CHEMICAL AGENTS

| Agent | Type | Persistence | Production |
|---------|---------|------------------|-------------------|
| Mustard | blister | days or weeks | 720 tons per year |
| Tabun | nerve | minutes or hours | 50 tons per year |
| Sarin | nerve | minutes or hours | 50 tons per year |

Sources: "Chemical Weapons in the Middle East" by W. Seth Carus, December 1988 and *U.S. Soviet Military Balance 1980-1985* by John M. Collins, Senior Specialist, National Defense with the Congressional Research Service.

MAIN IRAQI DELIVERY SYSTEMS FOR CHEMICAL WEAPONS

| Delivery System | Payloads | Range |
|---------------------------|-------------|-------------|
| BM-21 rocket | 42 lbs. | 6 miles |
| <i>Al Hussein</i> missile | 600 lbs. | 500 miles* |
| <i>Scud-B</i> missile | 1,200 lbs. | 185 miles* |
| <i>Mirage F-1</i> | 7,700 lbs. | 265 miles |
| <i>MiG-23 Flogger</i> | 6,600 lbs. | 800 miles |
| <i>Su-25 Frogfoot</i> | 9,920 lbs. | 350 miles |
| <i>Tu-22 Blinder</i> | 22,000 lbs. | 1,800 miles |
| 152mm. artillery | | 20 miles |

*The Iraqis are not known to have armed these missiles with chemical warheads.

Sources: "The Sword of the Arabs:" *Iraq's Strategic Weapons* by Michael Eisenstadt of The Washington Institute for Near East Policy, *The Middle East Military Balance 1987-1988* by Zeev Eytan and Aharon Levran, *Jane's Armour and Artillery* and *Jane's All the World's Aircraft*.

The Iraqis could employ chemical weapons under a variety of circumstances. If Iraq anticipates a ground attack by American forces in Saudi Arabia, the Iraqi command could try to create a chemical barrier against U.S. land forces to slow their advance or stop them. If the Iraqis launch an offensive along an established front, they could try to break through by using artillery or aircraft to fire chemical weapons at the American front line forces, although problems would arise since the Iraqis would have to pass through contaminated territory. Finally, the Iraqis could launch missile or air attack on U.S. naval vessels or operational bases, military bases in Saudi Arabia, or even against Saudi cities.

Iraqi scientists also are researching biological weapons at a facility in the town of Salman Pak, 20 miles southeast of Baghdad. It is not known whether they have succeeded in developing a biological weapon. Biological weapons spread microorganisms that cause such diseases as anthrax, botulism, cholera, and typhoid. The only defense against biological weapons is inoculation against the diseases they cause. U.S. forces are not routinely inoculated against all these diseases, although they could be. The fear is that scientists could engineer microorganisms against which there is no known vaccine, although it is unlikely that the Iraqi program has progressed to this point.

AMERICA'S MILITARY RESPONSES

U.S. forces have several options for defending themselves against a chemical attack. The first line of defense is what is known as passive measures. These include protective clothing and masks, cleansers, and antidotes. U.S. soldiers deployed in the Middle East are equipped with protective suits and gas masks. Protective clothing covers a soldier from head to toe. It consists of charcoal-impregnated nylon and cotton trousers and a jacket. The charcoal neutralizes the deadly chemicals. Rubber gloves, boot covers, and hood protect other exposed areas. Protection also includes a mask and a respirator which filters poison gas to allow the soldier to breathe safely.

This protective gear can be effective if worn properly, provided a soldier is washed down with a decontaminating bleach solution, which neutralizes the chemical agents, after exposure to chemicals. Though the suits are not leak-proof, they can be overwhelmed only by massive surface contamination.

The main problem for soldiers wearing protective gear is heat. The suits are designed for combat in Europe and thus intentionally give some insulation against an often chilly or cold European climate. In the desert, where temperatures regularly rise above 100 degrees, soldiers can operate in full protective gear for only short periods before risking heat stroke. The suits also impede vision and movement and make it difficult for soldiers to communicate. American soldiers carry auto-inject syringes containing atropine, an antidote to sarin and tabun. Atropine, however, has its own debilitating effects, including dehydration, nausea, and disorientation.

Highly Trained Americans. American forces train regularly for chemical warfare. A typical U.S. Army division has 215 chemical warfare specialists trained in

UNITED STATES CHEMICAL AGENTS

| Agent | Type | Persistence | Production |
|---------|---------|------------------|------------|
| Binary | nerve | minutes or hours | classified |
| Mustard | blister | days or weeks | none* |
| Sarin | nerve | minutes or hours | none* |
| Tabun | nerve | minutes or hours | none* |
| VX | nerve | days or weeks | none* |

*While the U.S. maintains supplies of these agents, they have not been produced since 1969.
 Source: *U.S.-Soviet Military Balance 1980-1985* by John M. Collins, Senior Specialist, National Defense with the Congressional Research Service.

MAIN U.S. DELIVERY SYSTEMS FOR CHEMICAL WEAPONS

| Delivery System | Weapons/Payload | Range |
|-----------------|-----------------|-------------|
| F-15 fighter | 24,500 lbs. | 790 miles |
| F-16 fighter | 12,000 lbs. | 575 miles |
| FB-111 bomber | 29,000 lbs. | 1,100 miles |
| M-55 rocket | 10 lbs. | 6.75 miles |
| M-198 howitzer | | 11 miles |

Sources: *Poisoning Arms Control: The Soviet Union and Chemical/Biological Weapons*, Mark C. Storella, Institute for Foreign Policy Analysis, *The Military Balance 1989-90*, by the International Institute for Strategic Studies, *Jane's Armour and Artillery* and *Jane's All the World's Aircraft*.

chemical detection, decontamination, and chemical warfare tactics. A Marine division has from 80 to 90 chemical warfare specialists.

Some American troops in the Persian Gulf area are equipped with British-made mobile alarm units to detect the presence of harmful chemicals. West Germany is rushing to the American troops some of its advanced *Fox* reconnaissance vehicles, which use an instrument known as a "mass spectrometer" to analyze the air for poison gases.

U.S. warships are vulnerable to chemical attacks. Lethal chemicals can be drawn into shipboard ventilation systems and spread quickly. Sailors are issued protective suits, but operating in the suits decreases their fighting ability.

U.S. military forces can defend actively against a chemical attack. Iraqi planes and helicopters attempting to deliver chemical agents can be shot down by U.S.

Army *Patriot* and *Stinger* air defense missiles and the Navy *Aegis* air defense system. U.S. aircraft carrier-based F-14 *Tomcats* F/A-18 *Hornets*, or Saudi Arabia-based U.S. Air Force F-15 *Eagles* and F-16 *Fighting Falcons* can attack Iraqi planes in the air or on the ground. These planes, along with U.S. carrier-based A-6 attack jets and Turkey-based F-111 bombers, could strike preemptively against Iraqi chemical weapon storage sites, production facilities, and delivery systems.

Preemptive attacks on Iraq also can be conducted by American missiles armed with highly accurate conventional munitions. These include the *Tomahawk* cruise missile, with a range of 1500 miles and a 1,000-pound conventional payload, and the Multiple Launch Rocket System, which is able to launch surface-to-surface rockets at enemy targets up to 18 miles away in rapid succession.

THE NEED FOR DETERRENCE

The fact that America possesses chemical agents and corresponding delivery systems is something that Iraqi military leaders must keep in mind. While the U.S. is in the process of destroying its aging stock of chemical munitions, most of which are not consider reliable, the Iraqis know that the U.S. has the capacity to respond in kind to a chemical attack. The U.S. arsenal contains chemically-armed artillery shells, bombs, and rockets including shells for the M-198 155 mm howitzer, a warhead for the M-55 rocket, and Mk-94, Mk-116 and MC-1 aircraft-delivered bombs.⁵ These weapons generally contain nerve agents. The U.S. has started producing a new generation of "binary" chemical weapons, which contain two separate canisters of non-lethal chemicals that become lethal when the contents of the two canisters are mixed after the weapon is fired. These shells are available for use and can be fired by the M-198 howitzer.

It long has been U.S. policy that chemical weapons will not be used unless U.S. forces are first attacked with them. Recent remarks by Defense Secretary Dick Cheney, however, raise questions as to whether U.S. forces in fact will respond in kind to a chemical weapons attack.⁶ Cheney should clarify the U.S. position. The U.S. should not rule out retaliating with chemical weapons if Iraq uses them, particularly since the threat to respond in kind could help deter Iraq from using chemical weapons in the first place. The threat of retaliation also will force Iraqi soldiers to don the same type of bulky protective gear U.S. soldiers will have to wear.

Conventional Retaliation. The U.S, of course, need not automatically use its own chemical weapons to respond to an Iraqi chemical attack on U.S. forces. Conventional military retaliation, however, should make Iraq and Saddam Hussein the main targets. These include Iraqi nuclear research facilities, chemical weapon

5 Mark C. Storella, *Poisoning Arms Control: The Soviet Union and Chemical/Biological Weapons* (Institute for Foreign Policy Analysis: Cambridge, Massachusetts, 1984), pp. 85, 88.

6 Frank J. Murray and Paul Bedard, "Bush Threatens to Block Jordan Port," *The Washington Times*, August 15, 1990, p. A-1.

plants, ballistic missile research centers, as well as the key industrial targets (example: electric generating plants) in and around Baghdad. While it serves no purpose to forswear any response to Iraqi chemical attacks — if only to keep Saddam guessing — the use of U.S. tactical nuclear weapons should be considered only as a last resort if the Iraqi chemical attacks unexpectedly cause massive American casualties and threaten the defeat of U.S. forces on the battlefield.

CONCLUSION

Iraq's arsenal of chemical weapons poses a special threat to the American forces now deployed in the Middle East. But it is a threat that the U.S. may well be able to deter. Iraqi military commanders know that the U.S. can respond to a chemical attack by conventional means and by chemical weapons. The Iraqis also must reckon that American troops are better equipped and vastly better trained to fight in an environment poisoned by chemical weapons than are Iraqi forces.

Main Target: Saddam Hussein. America should be prepared to order a massive conventional military strike at the heart of Iraqi power should chemical weapons be used against U.S. forces. This should include a preemptive strike against the Iraqi Air Force and potential chemical delivery systems such as *Scud B* missiles. Other targets should include Iraqi chemical weapon production facilities and ballistic missile research facilities — to prevent Iraq from building more weapons of mass destruction. The main target of the retaliation should be Saddam Hussein, who must be convinced that he, personally, will not survive a decision to use chemical weapons against American Forces. This is the best deterrent against an Iraqi chemical attack.

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unprotected people over an area about half the size of a football field.¹ Mustard gas is a persistent agent, which can contaminate an area for days or even weeks. Both sarin and tabun are non-persistent and will contaminate an area for minutes or hours.² All three of these agents are debilitating even if not delivered in lethal doses.

Production Facilities. The Iraqis are thought to manufacture chemical weapons at several sites. The main facility is thinly disguised as the State Establishment for Pesticide Production, located in the town of Samarra, northeast of Baghdad. Much of the equipment for the Samarra plant was supplied during the 1980s by the West German firm Karl Kolb GmbH, located in Areieich, outside Frankfurt.

Thiodiglycol, a chemical used in the manufacture of chemical weapons, was supplied to the Iraqis in the early 1980s by the Phillips Petroleum Company. The Bartlesville, Oklahoma, company has a plant in Tessengerlo, Belgium, that produced thiodiglycol for export until the Belgian government blocked chemical exports. The Iraqis continue to obtain chemicals from other sources by clandestine means and on the open market.³

The Iraqis have a multitude of systems for firing their chemical weapons. Chemical ordnance can include bombs dropped by aircraft, artillery shells, and warheads carried by missiles. Chemical agents also can be sprayed from aircraft, airplanes, or helicopters. Iraq possesses some 4,500 artillery pieces, of which many are known to be capable of firing chemical shells.

Long-Range Delivery. The Iraqi arsenal also includes French and Soviet attack aircraft and bombers which could deliver chemical bombs. These include the French *Mirage F-1* and Soviet MiG-23 *Flogger* and the MiG-27 *Fulcrum* fighter-bombers, the Soviet Su-25 *Frogfoot* ground-attack planes, and the Soviet Tu-22 *Blinder* and Tu-16 *Badger* bombers. Iraqi surface-to-surface missiles include the Soviet-built *FROG-7* and *Scud B* missiles, as well as Iraqi-produced *Al-Abbas* and *Al-Hussein* missiles, which are *Scud Bs* modified by the Iraqis to increase the range from 185 miles to 550 miles and 370 miles, respectively. It is unknown whether the Iraqis have produced or deployed chemical warheads for any of these missiles. Finally, the Iraqis have French- and Soviet-built military helicopters that could spread chemical agents. These include the French *Alouette III* and the Soviet Mi-24 *Hind*.⁴

1 W. Seth Carus, "Chemical Weapons in the Middle East" (Washington, D.C.: The Washington Institute for Near East Policy, 1988), pp. 3-4.

2 John M. Collins, *U.S.-Soviet Military Balance 1980-1985* (Washington, D.C.: Congressional Research Service, 1985) p. 163. The persistence of a chemical agent depends in large part on how thick it is and how fast it evaporates. Agents such as sarin evaporate rapidly, thus losing their lethal effects more quickly than a VX agent, which is a viscous compound and slower to evaporate.

3 Gary Thatcher and Timothy Aepfel, "The Trail to Samarra," *Christian Science Monitor*, December 13, 1988, p. B1.

4 Zeev Eytan and Aharon Levran, *The Middle East Military Balance 1987-1988* (Boulder, Colorado: Westview Press, 1988), pp. 295-305.