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IRON CURTAIN PLAQUE

This piece of barbed wire is a part of the Iron Curtain alongside the Hungarian-Austrian border, that palpably represented the division of the European continent in two halves. Its dismantling was made possible by the will of the HUNGARIAN PEOPLE and the recognition of peaceful coexistence and mutual interdependence. We believe that the artificial, physical and spiritual walls still existing in the world, someday shall collapse everywhere.

AT LARGE

THE PEASE REPORT
- A Confidential
- Newsletter to NH's
- Movers and Shakers

TO: OUR SUBSCRIBERS September 18 , 1991

FROM: R. WARREN PEASE NO.16

NEW HAMPSHIRE SENATE Republicans are unhappy.

No!

Not unhappy, furious!

Details of Senate President **Ed Dupont's** backroom dealings relating to the reshaping of the senate districts are being called a sell-out to the Democrats.

The word has reached Republican lawmakers that **Dupont** has assured Democrat Senators Jeanne Shaheen and Beverly Hollingworth that he will not touch their districts.

My word processor didn't fail. It is printing this as I intended it to be printed.

Shaheen of Madbury and **Hollingworth** of Hampton two very liberal members of the upper chamber, worked very closely with Republican **Dupont** in the last session. To assure that this support continues, **Dupont** promised the seacoast duo he would not approve any redistricting plan that changed the existing make-up of Senate Districts 21 and 23.

"He's screwing up redistricting, " is the expressed opinion of one of **Dupont's** senate colleagues.

Most senators understand the politics of redistricting. What they can't understand is **Dupont's** wheeling and dealing with two of the senate's most liberal Democrat members.

The remark of one Republican lawmaker was representative of the reaction of a majority of senate and rank and file Republicans when she said, "This kind of deal does nothing to help the party or Dupont's future political ambitions."

There's little that can be added to her assessment. **Dupont's** reported deal with **Shaheen** and **Hollingworth** may help him get through next year's legislative session with less aggravation. It does nothing to enhance his political ambitions to become governor.

\# \# \#

DISREGARD!

We repeat **disreard** media reports, and the mouthings of **Hugh Gregg** that President **George Bush** is going to sit out the New Hampshire Presidential primary.

We have talked personally with the political powers that be in Washington and the word is, "Under no circumstances will President **George Bush** sit out the primary."

There you have it, the final word.

And you read it here first!

This doesn't mean you're going to have the kind of exciting presidential primary that we have witnessed in recent years. The opposition to **Bush's** renomination is almost non-existent. A full blown campaign isn't necessary. **(Continued on page 2)**

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But!

This does not mean the President is going to by-pass New Hampshire and let his would-be Democrat challengers bang away at him without fear of a returned salvo.

The excitement of past Presidential primaries in New Hampshire will be missing.

George Bush will not.

# # #

THERE'S MORE FROM the political powers that be in Washington.

Ignore the shoot-from-the-hip commentary of **Hugh Gregg** as it relates to the negative status of Vice President **Dan Quayle.**

The President is not, we repeat, **is not,** going to dump **Quayle** from the ticket in '92.

The liberal wing, what's left of it, of the GOP, would like to return to power in 1996 by convincing **Bush** to dump **Quayle** and select a liberal as his running mate.

We've heard from reliable sources that the elder **Gregg** is a major mover in this grab for power. In his role as Republican National Committeeman from New Hampshire he has the ear of those national Republican liberals who want one more day in the sun before total darkness engulfs them.

This is the reason behind **Gregg's** thinly disguised efforts to force **Quayle** into a Vice-Presidential write-in campaign.

A write-in campaign he may be get, but **Bush's** support for **Quayle's** ouster will never be forthcoming.

"No way," is the word out of Washington.

Bet on it! Bet big.

# # #

DEMOCRAT PRESIDENTIAL aspirants are putting on a brave front for the public.

But!

To paraphrase a one-time hit song, "They're laughing on the outside and crying on the inside."

The extent of their despair can best be judged by some enlightening financial figures that have been passed along to us.

By Labor Day of 1983 the Democrat Presidential aspirants had raised $12 million. Remember this was the war chest put together for the right to oppose **Ronald Reagan** in his bid for a second term.

You all know the outcome of that race.

By Labor Day of 1987, the would-be Democrat Presidents had raised $17 million in their campaign to carry the battle to the Republicans.

You all remember what **George Bush** did to **Michael Dukakis.**

By Labor Day 1991, the would-be Democrat challengers have raised a mere $700,000.

You're senses have not left you.

That's $700,000.

This isn't enough financial moisture to wet a political whistle, not a presidential political whistle.

And keep in mind that this total is a national total.

Money makes the political wheels turn.

The Democrat challengers don't have it.

# # #

ELSEWHERE ON THE Presidenital front look for **(Continued on page 3)**

Iowa Senator **Tom Harkins** to be in New Hampshire for at least three days this week. He's picking up some support in the state and can be expected to generate his share of early interest among Democrats.

We wrote "early-interest" because **Harkins"** talks conservative but votes liberal.

This will go over well with those liberals in the party who want a possible winner and don't care what a candidate says so long as he votes liberal.

But!

There are indications he'll lose the party's more-conservative voters once his voting record becomes more publicized.

Arkansas' **Bill Clinton** was expected to be the heart throb of the party's conservative wing but some skeletons have been unearthed in his basement. This may not help him pass political muster. Insiders say there are charges of marital infidelity which **Clinton** may not be able to brush aside.

Democrat string pullers are saying privately **Clinton** could become the **Gary Hart** of 1992 if his candidacy lasts that long.

Nebraska Senator **Robert Kerrey** is the new kid on the New Hampshire block. He's a stranger to New Hampshire Democrats and is expected to remain an outsider even if his reconsideration of an earlier reconsideration results in a bid for the Democrat nomination.

In Washington the Nebraska **Kerrey** is considered "weird".

Paul Tsongas has the shortest distance to travel and he's spending the most time in the state.

But!

Very few Democrats are taking his challenge very seriously. But he win by default.

California's **Jerry Brown** will soon be grabbing his share of media space in New Hampshuire but money is going to keep him in low gear, so the Democrats believe.

This would seem to leave the field open for Virginia Governor **Douglas Wilder.**

Here to, there is a but.

A big but.

The Democrats we've spoken with say they don't like the man. He comes across as "very unlikeble".

No one will say this publicly for fear of being called "racist", but these political activists will find a role in other campaigns.

This lack of a stand out candidate has Democrats thinking ahead to their party's nominating convention. They believe there won't be any one candidate who will have enough votes to capture the nomination on the first or second ballot.

They see a scenario in which there are three or four ballots without a winner followed by the emergence of a compromise candidate.

They think either **Lloyd Bentsen** or **Mario Cumo** would be acceptable to the delegates.

Could such a series of events occur?

Possibly!

But!

Not very likely.

Whenever there is a field of little known candidates of national stature vying for a presidential nomination there is talk of choosing a candidate from the floor of the convention.

Its been a long, long time since such an event has happened.

1992 doesn't give promise of being the year for change.

One of the above mentioned candidates, or someone yet to appear, will emerge as the front runner and when such a candidate comes forth, whatever his current standing in the polls, he'll **(Continued on page 4)**

be the choice of the convention.

This you can almost bet on.

# # #

CALIFORNIA'S THREATENED plan to move up its Presidential Primary date to compete with New Hampshire has been put on hold.

The Democrat boys on the coast are concerned that such a move at this time would interfere with the state's redistricting plans.

This they see as more important than changing the date of the Presidential primary.

It may come some day. It won't come in 1991 or 1992.

# # #

MEMBERS OF THE Governor's Executive Council were witness to an Executive Council "first" last week.

The usually unflappable Governor lost his temper.

He screamed his opposition to the Council's announced intention to act independently of the Governor and vote to oust **Peter G. Weeks** from the Portsmouth Police Commission.

Peter Weeks has come under heavy, very heavy, fire for accepting a $25,000 check from **Phil Weeks,** no relation, who was recently convicted of misappropriating nursing home funds. Just prior to his conviction, **Phil Weeks,** reportedly turned over $25,000 to **Peter Weeks** for his kid's education. There was little doubt in anyone's mind that the $25,000 was nursing home funds, or at least funds that **Phil Weeks** would have to surrender once he was convicted and filed bankruptcy.

When this became known to Governor Gregg, shortly after he had nominated **Peter Weeks** for another three year term and the Council rubber stamped his nomination, Gregg called on **Weeks** privately and asked him to resign. **Weeks** refused.

Attorney General **John Arnold** then intervened, again privately, and repeated **Gregg's** request that **Weeks** step down.

Weeks refused.

At a private get together the council attempted to use it's power of removal. Second District Councilor **Peter Spaulding** led the charge with the argument, **Weeks'** continued presence on the commission was a black eye to police everywhere in the state. A police commissioner he argued, should be above reproach.

The Governor and Attorney General agreed.

But!

It's a helluva "but".

Both **Gregg** and **Arnold** argued against the council taking action.

So help me, it happened!

Gregg's Attorney General told Councilors they lacked sufficient grounds to oust **WEEKS** and if they took any action they would expose the council to a lawsuit.

His argument carried the day.

The Council fumes.

Weeks stays.

At least temporarily.

The citizens of Portsmouth were so angered by the turn of events they were successful in getting a referendum on the November ballot which will, if adopted, abolish the police commission.

There is some irony connected with this.

WEEKS when he was mayor worked hard to get the city council to abolish the commission.

That's right. **(Continued on page 5)**

Now that the voters want **Weeks** gone from the commission and are willing, or at least seem willing, to abolish the commission to accomplish this, the ex-mayor may achieve what he failed to achieve when he occupied the seat of power.

We'll keep you updated.

# # #

TRANSPORTATION Commissioner **Charles O'Leary** may be out of a job come December.

The Bedford man's term expires on the third of that month and he will have to do a lot of fence mending between now and December 3 if he wants the Council to give him a four-year term.

O'Leary has not made friends with a majority on the Executive Council. He's been a headstrong, I'll-do-it-my-way kind of a commissioner. He's rubbed many people the wrong way.

And!

There is another shortcoming that could prove to be more important in any reappointment consideration. He has not done the kind of job that makes him indispensable to the operation of the agency.

We'll have more on this.

# # #

JOHN EAMES, a name long familiar in political and criminal law doings in Grafton County, may be nearing the end of his stint as county attorney.

In his 1990 campaign for re-election he was **(Continued on page 6)**

REALTY RECRUITERS OF N.E.

CAREER POSITIONS:

BUSINESS BROKERAGE MANAGER — **BEDFORD, N.H.,** FOR START-UP COMPANY THAT IS AFFILIATED WITH LEADERS IN REAL ESTATE BROKERAGE FIELD, EMBARKED ON AGGRESSIVE EXPANSION PROGRAM. LOOKING FOR INDIVIDUAL TO FORMULATE & IMPLEMENT MARKETING PLAN, RECRUIT & MOTIVATE SALES TEAM, AND ESTABLISH COMPANY POLICY. COMPENSATION THROUGH DIRECT SALES OVERRIDE AND EQUITY POSITION IN COMPANY. BUSINESS BROKERAGE EXPERIENCE A MUST!

REAL ESTATE SALES: RESIDENTIAL SALES WITH MANCHESTER AREA FIRM WITH EMPHASIS ON LIQUIDATION OF FORECLOSED PROPERTIES. REAL ESTATE LICENSE REQUIRED — TRAINING PROVIDED.

REAL ESTATE SALES: COMMERCIAL AGENT, REAL ESTATE LICENSE (N.H.) REQUIRED — MANCHESTER AREA — TRAINING PROVIDED. POSITION INVOLVES DEALING WITH BUSINESS PEOPLE, DURING BUSINESS HOURS, MONDAY THRU FRIDAY.

SEND RESUME TO:
MR. REAL TORREZ
REALTY RECRUITERS OF N.E.
10 CHESTNUT DRIVE
BEDFORD, N.H. 03110

put to the test by challenger **Ken Anderson.**

And!

Eames' popularity appears to have declined since then. His laid-back, I'll-get-to-it-when-I-can approach to criminal prosecution has voters upset.

What has the citizenry aroused is **Eames'** failure to press the prosecution of a man accused of beating his wife to death with the butt of a rifle. The case has been dragging for a long time.

# # #

SHORT TAKES---MAX HUGEL, the former chief spy of the CIA has formed a national committee to raise dollars for the legal defense of members of the agency, past and present, who come under attack from lawmakers and detractors intent on discrediting the agency.

If you think the Presidential Primary season is dull in New Hampshire you should take a trip to Iowa. Political action in the farm state which tries to go one up on New Hampshire by holding statewide party caucuses a week earlier than the Granite State, is less exciting than a corn husking bee minus the corn.

Will or won't **Warren Rudman** seek reelection, is the question of the week, and the man from Nashua is adroitly grabbing himself some free publicity.

I won't play his game.

But!

Few people remember that Rudman, when he made his first bid for the Senate, told voters he would seek only two terms. Will he follow Gordon Humphrey's example and live up to his campaign promise?

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TESTING THE WATERS:

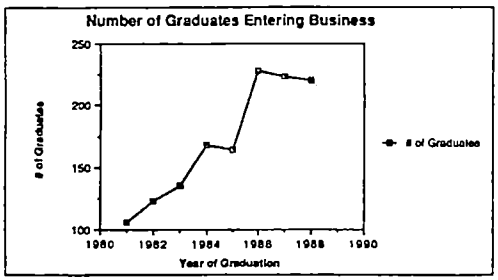
Career Opportunities in the "Real World"

Introduction by Joyce Campbell
Management Consulting by Christina Auth
Investment Banking by Joyce Campbell
Commercial Banking by Bill Gaylord
Accounting by Barry Hurwitz
Real Estate by Gregg Brockway

Christina Auth, Joyce Campbell, Bill Gaylord, Barry Hurwitz are juniors at Dartmouth College. Gregg Brockway is a senior at Dartmouth College.

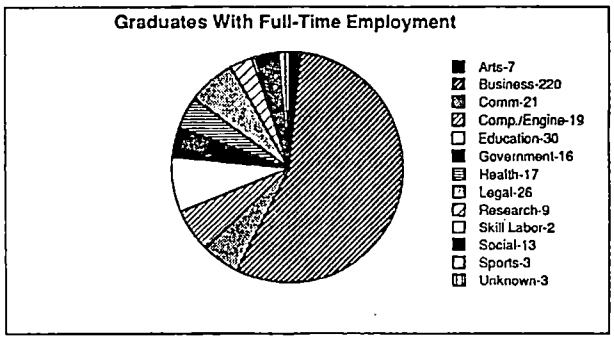
Introduction

Each winter Ivy League campuses are remarkably transformed into hunting fields for corporate recruiters from some of the nation's most prestigious firms and corporations. Students nervously don pinstripes, compile impressive resumes, and review various company profiles. Through this whirlwind of preparation, visions of high-salaries and big Wall Street names may become realities.



These are statistics for Dartmouth College

Within the past decade, the number of college graduates entering business-related careers has signficantly increased. According to statistics from the Dartmouth College



These are statistics for Dartmouth College

Office of Career and Employment Services, 591 of the 1042 graduates in the class of 1988 planned to find full-time employment. Of these 591 graduates, 71% of had been offered jobs. Currently, 394 are employed -- the majority of them (220) are in business.

While reported salary figures ranged from $10,000 to $45,000, the average starting salary for those offered full-time jobs in the Dartmouth class of 1988 was $23,917 (Leonard W. Chang).

Based upon these statistics, it was discovered that the areas of business which attract the most students are consulting, investment banking, and commercial banking. In our quest to learn more about these popular industries, we interviewed various Dartmouth graduates and executives and compiled other pertinent information. Through the following five profiles, we hope to share with you this insight and to provide a revealing glimpse at various careers for the future businessperson.

Management Consulting

Although management consulting is a relatively young industry, it has grown rapidly since the first general-consulting firm, Arthur D. Little, was founded in the late nineteenth century. Following the second world war, with the appearance of Booz-Allen Hamilton and McKinsey as well as the emergence of western European firms, management consulting became firmly established. Since the 1950's and 1960's, smaller "sole practitioner" firms appeared and have since become a significant force in the consulting business. Finally, two other important developments in the 1960's have further changed the face of management consulting. These include the arrival of pure strategy houses such as the Boston Consulting Group (BCG) and the expansion of "big eight" accounting firms into consulting services.

Although it is difficult to define management consulting precisely, the most commonly accepted definition is that management consulting is "an advisory service contracted for and provided to organizations by specially trained and qualified persons who assist in an independent and objective manner, the client organization to identify management problems, analyze such problems, recommend solutions to these problems, and help, when requested, in the implementation of solutions" (Greiner and Metzger, Consulting to Management). In general, the industry is distinguished by its advisory nature, the limited number of people qualified to give advice, their role as independent and objective

Almanac of Jobs and Salaries, junior partners earn an average of $150,000 yearly plus bonuses and the right to purchase shares of the firm; Senior partners may have a salary in the range of $300,000 as well as other compensation. Recent figures report that new senior partners may earn as much as $600,000 annually, and veteran partners have been known to make in excess of $1 million.

> ...junior partners earn an average of $150,000 yearly plus bonuses and the right to purchase shares of the firm...

Currently, minorities have little presence at major consulting firms and they only comprise between two to ten percent of firms on average. Women make up about 25 to 40 percent of entry-level positions, and roughly ten percent of partners are women. However, these figures are expected to increase with the expanding number of minority and female business school graduates. Although management consulting is a traditionally male-dominated field, and is demanding for women who seek to balance their career with family, the outlook for women in consulting is particularly optimistic. Consulting is an attractive option because of the flexible and divisible nature of the work. Typically, a consultant will split work between two clients, so this makes it simple to tailor the work-load and reduce it to one client if necessary. Women may still encounter barriers to entry at the highest levels of partnership, yet this is likely to change as more women enter the industry.

In conclusion, management consulting is a highly rewarding, well paying, and challenging profession. Carl Stern highlights as the three most enjoyable aspects of his work the interaction with people involved in consulting who tend to be very bright, "creative generalists" possessing a huge range of interests, the close relationships that he develops with clients, and the sheer variety of experience that he encounters on a daily basis.

If one decides to eventually move out of the consulting field, the experience that one accumulates serves as a career-accelerator and provides a solid overview of the business world. People in consulting feel that primarily they attain an appreciation for teamwork and the power of a small, intense group. They also derive a sense of affiliation with an exceptional group of people who demonstrate that there is value to their atypically intellectual approach to business.

Investment Banking

A pinstripe-suited figure occupies a spacious office within the confines of a prosperous Wall Street firm. With a Rolodex at his fingertips, he makes numerous calls to his investors - managing their portfolios according to the most recent economic and industrial information. Predicting market fluctuations and investing capital in a fast-paced environment appeals to this Gekko-ish figure.

In the 80's, this mystique attracts many young, competitive Ivy League students to the world of investment banking. However, as an industry, investment banking was nonexistent in the United States until the 30's. With the aftermath of the Crash, the 1934 Glass-Stegall Act separated the functions of commercial (collecting deposits and lending business) and investment (issuing and handling securities) banking. Banks had to make a vital decision, about which path to pursue. Those who opted for the investment side became concerned with raising capital through issuing securities and providing other services for "corporate" clients -- networking through old friendships and other business connections.

As a result of the 1987 Crash, the securities industry experienced a tremendous amount of structural and functional upheaval. Today, it is simplistic to think of investment banking as a homogeneous industry that was affected similarly by this change. When contemplating career possibilities, students should explore the various aspects of these firms. Beyond the basics of raising, trading, and managing capital, investment banks offer many alternative specialities:

CORPORATE FINANCE -- The corporate finance department of an investment bank provides a variety of services to corporations --managing underwritings, providing advice on mergers and acquisitions, and offering solutions to other financial problems. In this department, success depends upon the ability to anticipate client needs and exploit market opportunities.

MERGERS AND ACQUISITIONS -- With the advent of Time-Warner, RJR, and other billion dollar deals, mergers and acquisitions has become a high profile position in the world of investment banking. M&A associates design major strategic objectives through formulating takeover strategies and analyzing the eligibility of acquisition candidates. Because of the recent escalation of activity and increasing competiveness" mergers and acquisitions is a highly challenging, and yet significantly rewarding field.

> Investment banks have continued to cut their overhead and streamline staff organization in order to increase productivity.

VENTURE CAPITAL -- Venture capital involves the financing of high risk, rapidly-growing companies. Since the late 70's, investment banks have been involved in raising capital for small, high-tech companies. Venture groups pursue different investments strategies. Some specialize in short term goals like early financing and start-up functions, while others approach longer-term projects of management, personnel development, and problem resolution. Because venture groups are generally small, competition for positions within the field is intense.

Investment banking offers valuable experience to a select group of students who wish to pursue any of these specialities within a particular firm. However, certain characteristics are especially indicative of success as an investment banker. Recruiters search for an essential combination of traits -- the high intellectual ability to analyze complex situations and quickly draw accurate conclusions; a fascination with corporate finance; a spirit of entrepreneurism; and the commitment to a demanding career. If a student fits his description, his opportunities are endless.

At major New York investment banks, financial analysts and associates earn starting salaries of approximately $31,000. MBA's usually start at a base salary of $60,000. However, "total compensation is significantly higher because of bonuses ranging from 25 to 100 percent of the original salary figure. A chairman at an investment bank may receive a salary of $150,000 with a bonus that could boost his compensation over two million dollars.

Banking and securities industries are slowly recovering from the shattering results of the 1987 crash. Companies have continued to cut their overhead and streamline staff organization in order to increase productivity. Some firms are suffering from increased competition for investors' dollars while other brokerages are hurt from the defection of equity issuers and investors. Howev-

er, one potential change in the regulation of the banking-finance industry -- the repeal of the Glass-Stegall Act -- may bolster current conditions. Most analysts predict that the successful union of the investment and commercial banking industries will create a few large, full-service firms, other firms will concentrate upon their traditional strengths – re-establishing niches in wholesale banking, retail banking, or mergers and acquisitions.

Commercial Banking

The Commercial Banking industry has been growing larger because commercial banks are now able to provide an increasing number of financial services for its customers. While the main function of commercial banks is to accept deposits and loan money to individuals and businesses, the deregulation of interest rates has caused commercial banks to expand to include "fee" oriented services. The loosening of the Glass-Steagall standards restricting commercial bank activities has allowed the commercial banking industry to move in the direction of an "all-encompassing" financial institution.

Presently, commercial banks are only restricted from issuing U.S. stock based securities. This allows the commercial banking industry significant flexibility as a whole.

Expansion of commercial banks into other fincial services has opened a broad range of entry level opportunities available to Ivy League Students. Generally, positions include: sales and marketing, computer programing, and research and analyst positions. While each of these positions require different abilities, accounting background or computer programing knowledge, it is easy to pick out general skills and individual characteristics most employers look for. There are several "buzzwords" which are commonly thrown around by commercial banking recruiters: analytical/qualitative skills, communication/interpersonal skills, creativity, flexibility, and the essential component—initiative. Trying to identify a certain type of persona, or certain skills that are particular to commercial banking has not yielded any specific traits or qualities outside those contained in the pool of buzzwords defining marketable skills.

According to Richard Braddick, Executive in charge of the "Individual" banking sector at Citibank, Citibank is constantly looking for individuals who have a wide variety of backgrounds, talents, training, experience, and education. Because of the structure of the "Individual" Bank (not a traditional commercial bank, but a type of retail bank—centered more towards running consumer businesses), a marketing orientation and an interest in running consumer businesses are more desirable according to Braddick. Again, it is important to keep in mind that the department or specific area within the bank's structure will dictate qualifications.

> Citibank is constantly looking for individuals who have a wide variety of backgrounds, talents, experience, and education.

The lack of required background skills or orientation leaves opens the question ofthe specific nature of training programs. Again, training programs will be specific to different banks or different sectors within the bank. At Citibank, each division sets up its own program which may vary from a few months to two years. Braddick stressed the idea of hands on training. He suggests the value of such training is, "To give people a context in which to understand the corporation, but, not to particularly train them in a dedicated way."

In discussing the training programs themselves, Nigel Ekern, a third year analyst with Chemical Bank, spoke highly of the quality and benefits of the program he had completed at Chemical. According to Ekern, Chemical's program provided all the training necessary for the position. There was no specific background required. The program provided a broad business background that Ekern felt will make him marketable in areas outside commercial banking.

> Horror stories of training programs with sixteen hour workdays of monotonous number crunching were dispelled.

In contrast with investment training programs, Ekern felt that commercial banks invested more money in their training programs. This may be reflected in starting salary differentiation—commercial banks may have lower starting offers in order to compensate for the costs of their training programs. Because of the bank's increased investment in their training programs, they are more concerned with holding on to employees who have completed them. According to Career Employment Service figures, the median starting offer for commercial banking in 1988 was $31,000 per year. The range was from $22,500 to $34,500.

At Chemical Bank, the first three to eight months of the training program are academically oriented. Horror stories of training programs with sixteen hour workdays of monotonous number crunching were dispelled. Ekern compared the first part of his program to school, in which hours were dictated by study habits. This initial training stage is followed by a phase working mainly on transactions. This period of working purely as an analyst, which, consists for the most part of financial statement analysis and projections of how a company will react in certain situations (recessions, liquidation of certain assets, etc.) which usually last a year to a year and a half. Because most daily tasks focus on dealings with other companies, most business is done from nine to five. As Ekern says, "I tend to keep my customers' hours. It's hard to do anything with anybody outside the bank outside those hours."

According to Ekern, there seemed to be a natural break with the bank's training program at the three year point. This is the point at which most people return to school to earn an MBA. Ekern said no more than 20% of the third year analyst had MBAs, while in the higher levels, about 50% of the executives had MBAs. It is not uncommon for those remaining with the bank longer than three years to go to night school while working. An MBA does not seem to be a necessity for upward mobility. There are formalized routes for advancement, but, relatively speaking, there are more MBAs in the higher executive positions in both Citibank and Chemical Bank.

When asked what they enjoyed most about in commercial banking, both Braddick and Ekern pointed to the diversity of the job. Braddick felt lucky to be managing in such a change related environment and was confident in recommending commercial banking as a career. As he said, "We're a very vibrant business growing fast, and in this respect, able to challenge anyone." Ekern points to the lack of monotony, and enjoyment in having a different business come across his desk each day. The one negative feeling he expressed about commercial banking was the slow process in the day to day making money for the bank. "Commercial banks are

U.S. Influence: The future of the Seychelles

White beaches, sun, ocean, tropical lushness — for tourists, the Seychelles is an island paradise. But for the some 100,000 citizens of the archipelago in the Indian Ocean off the coast of Africa, life has been anything but a tropical idyll these past 15 years. In 1976, the string of 110 small islands gained independence from the British. Just one year later, in June 1977, the country's first democratically elected president, Sir James Mancham, leader of the Seychelles Democratic Party, was ousted in a violent coup.

Since then the Seychelles have been ruled with an iron hand by France-Albert Rene, the Marxist leader of the Seychelles People's Progressive Front, with the help of a 3,000-man army. Many of Mr. Rene's political opponents have been driven into exile. No dissent is tolerated in this one-party state, where the government controls the media and informers are everywhere. Laundering money for the Mafia and hosting Soviet spy operations have been other of Mr. Rene's pursuits. It is no surprise that since Mr. Rene's party took power, 10 percent of the population has fled.

Now, however, with many African nations moving toward pluralism and democracy, change may be coming to the Seychelles, too. The ruling party's loss of Soviet sponsorship is one reason. The determined campaign waged by the exiled Sir James and other opposition politicians via the wonder of the fax is another. So effective has the fax campaign been that in 1990 the police warned that anyone receiving "seditious, subversive, abusive or obscene" material could be liable to criminal prosecution — and the confiscation of his or her fax machine.

In any event, in December last year Mr. Rene extended an invitation to "all Seychellois currently residing overseas to return to the Seychelles if they so wish and participate in the political life of the country in a responsible manner," urging them to "forget past divisions." He has promised a Consitutional Commission to be elected in July 1992 and parliamentary elections later in the year.

In fact, the Seychelles already has a perfectly good constitution, one based on British principles of law and representative government. Mr. Rene's party suspended it in 1979, and the only action needed is to bring the constitution back into force.

Still, opposition leaders are encouraged. On April 12, Sir James will return to the Seychelles from his exile in Britain to start rebuilding democracy.

While the plight of the Seychelles is unlikely to keep many Americans awake at night, it is in the interest of the United States to see democracy restored. A democratic regime is likely to be more friendly to the West and to American interests, and, from a strategic standpoint, the Seychelles are of undeniable importance. The archipelago covers more than 200,000 square miles of the Indian Ocean, through which tankers carrying oil from the Persian Gulf to the industrialized world pass every day. It is no coincidence that since the decline of the Soviet Union, Iran and India have shown a lot of interest in developing ties with the Seychelles.

For the United States, specifically, at stake is a satellite tracking station, dating back to 1963, which monitors Soviet satellite activity and directs U.S. surveillance satellites over strategic areas. The United States also has a naval base on the island of Diego Garcia. These installations have been allowed to remain under the Marxist regime in return for foreign aid — and the understanding that the United States would not rock the boat.

But the Cold War is over, and with it any compelling need to cozy up to the likes of Mr. Rene. Last summer, members of Congress were pressing the State Department to take more interest in encouraging democracy on the islands. And since he arrived in the Seychelles in the fall, the new U.S. ambassador, Richard Carlson, has been leading an administration effort to press the government for pluralism. The December breakthrough is clear evidence that U.S. nudging is working.

The assets the United States has in the Seychelles would certainly be far more secure under a genuinely pro-Western democratic government than under one that in effect holds them hostage. The administration should continue to let Mr. Rene know that it is no longer willing to remain indifferent to the people of the Seychelles and that the United States will be paying close attention to ensure that Mr. Rene makes good on his new promises.

One of a series on U.S. policy toward unfree countries

WASH TIMES 3/23/92

Bush and Quayle at the State of the Union address, author Noonan

THE PRESIDENT

Message: I Need Help

WANTED: *Speechwriter for frequently tongue-tied president/candidate. Familiarity with health-care issues, economic woes and supermarket-checkout counters a plus.*

George Bush last week put out a call for new White House wordsmiths. Peggy Noonan, a veteran of the 1988 presidential race, has agreed to craft the president's remarks for major campaign events. She came on board after stepping in at the last minute to rewrite the State of the Union Message. But Noonan, a Reagan speechwriter, doesn't want to return to the White House full time.

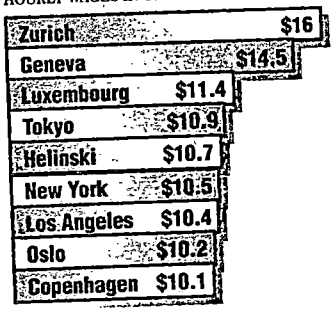
The president's top advisers, particularly campaign chiefs Bob Teeter and Fred Malek, are now worried that Bush's re-election effort could be hampered by his often uninspired rhetoric. To back up Noonan on everyday appearances, Bush's men have asked each cabinet department for a list of top writing prospects. At least one agency, so far, has replied that none of its writers is good enough. "Help," said one Bush aide. "We're desperate." ■

VITAL STATISTICS

Fat Cities

A new international survey of 12 occupations—blue-collar and white—shows which city's workers earn the most per hour:

Average Earnings in:
HOURLY WAGES IN U.S. DOLLARS



SOURCE: UNION BANK OF SWITZERLAND

THE GULF

Fear of Flying

Despite Iranian President Hashemi Rafsanjani's recent efforts to improve relations with the West, U.S. intelligence officials worry that Teheran's rearmament program could make it a serious threat to its gulf neighbors by the mid-1990s. Iran has allocated $10 billion to rebuild its armed forces over the next five years. It is now taking delivery of a squadron of MiG-29s purchased from the former Soviet Union in September 1990. Teheran's main objective, the officials say, is to redress the military balance with Iraq, whose armored tanks still outnumber Iran's by three to one. "There is also cause for concern that Iran is conspiring to build a strategic strike capability," says a U.S. analyst. It could include nuclear weapons, long-range delivery systems and missiles. ■

Headed for Iran: MiG-29

CONVENTIONAL WISDOM WATCH

'92 Campaign Edition

The conventional wisdom has found its perfect embodiment: Richard Nixon. Whatever he says on any subject, you can bet it's fairly close to the CW, humor-free division.

PLAYERS		Conventional Wisdom
B. Clinton	↔	USS Frontrunner is taking on water, but still the biggest ship in the channel.
P. Tsongas	↑	May actually win N.H., setting off after-Paul free-for-all.
B. Kerrey	↓	War hero can't even gain when focus is on draft dodging. Try the Debra Winger card.
T. Harkin	↓	Iowa Fave Son more like grouchy grandpa. "New New Deal" is Old Old Spiel.
J. Brown	↔	Love your threads and that 1-800-No-Bull gig. Hang in there, babe.
Late Entries	↑	Cuomo, Shlomo, Perot, *somebody*—the draft board is calling.

RUSSIA FAX

Gorb Sequel?

Mikhail Gorbachev may be plotting a political comeback. The former Soviet leader went out of his way last week to endorse the economic reforms of his rival, Russian President **Boris Yeltsin.** But well-placed Russian sources say that Gorbachev is quietly gathering friends and advisers at his Moscow think-tank, the International Foundation for Social, Economic and Political Research, to devise alternatives to Yeltsin's game plan. A key member of Gorby's team is **Aleksandr Yakovlev,** the intellectual architect of *perestroika.* Their headquarters: the former Soviet Communist Party's social-sciences institute.

UPDATE

Looking for Leaks

The Senate may never find out who leaked Anita Hill' charges that she was sexually harassed by Clarence Thomas But special counsel Peter Fleming is casting a wide net i his search for the tipster. The reporters who broke the story—Nina Totenberg of National Public Radio and Timothy Phelps of Newsday—have been subpoenaed. They've agreed to appear but won't name their sources. Fleming is also questioning leaders o liberal interest groups, inte viewing Democratic and Republican staffers and review ing Senate documents, phor logs and computer messages.

Anita Hill

CLOCKWISE FROM TOP: DOWNING—NEWSWEEK, BARRY TALESNICK—RE DOD, SCOTT ANDERSEN

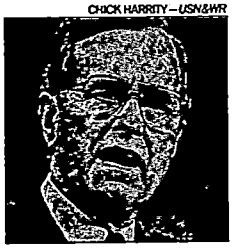
RENTA ?

TOMORROW

BUSH'S CAMPAIGN TUNEUP

BY KENNETH T. WALSH AND DAVID GERGEN

CHICK HARRITY—USN&WR



■ **Bush fluctuates between harsh and soft attacks on Democrats. His recent diatribe against them for playing racial politics and backing quotas was a last-minute outburst.**

ABC

■ **Dorrance Smith organized two teleconferences for Bush last week, one on education to public broadcasters in Orlando, Fla., the other on the economy to ad executives in Nashville.**

DARRYL HEIKES—USN&WR

■ **New White House speech writer Tony Snow is helping Bush sharpen his issue differences with Democrats and promoting the notion that the president is interested in ideas.**

■ **END-RUNNING THE PRESS CORPS.** Though still sputtering, George Bush's political machine is gradually gearing up for next year's campaign by trying out new techniques and old themes that are likely to become the core of the president's strategy. Some Bush political advisers think the most innovative change will be a much greater reliance upon local television to reach the voters, bypassing the media in Washington. Dorrance Smith, until recently the executive producer of ABC's "Nightline," joined the White House staff this spring at the personal request of the president, a longtime friend. Having watched the sharp audience decline of the network news shows, Smith has begun experimenting with different formats to get Bush's message out. His first road test was in mobilizing public support in states such as California, Texas and Florida for a congressional vote on trade with Mexico. Bush and other officials found they could spell out the arguments for trade much more effectively through satellite conversations with local anchors than in nine-second sound bites on the evening news.

Though Smith won't speculate on campaign plans, others foresee Bush sitting down with local newscasters for round-table discussions on the road. Local anchors are often unqualifiedly enthusiastic about putting the president on the air, and their questions are usually softer than those of the national press corps. The White House is also letting local affiliates and small independent networks cover Bush with camera crews only, ensuring pretty pictures and avoiding the presence of a hectoring reporter. And in the works are more teleconferences, which allow Bush to deliver an address to and answer questions from an audience anywhere in the country. In effect, the White House is building its own sophisticated television production company.

■ **ENVIRONMENTAL PORK BARREL.** Another new wrinkle will be an increasing use of environmental projects to showcase the president. Budget Director Richard Darman has seeded the administration's latest budget proposal with conservation plums such as new wilderness areas, parks and campgrounds. If Congress approves that budget, Bush plans to cut a lot of ribbons next year to open new sites, especially in voter-rich and environment-conscious California. The administration is proposing, for example, to spend $11.5 million to buy 1,300 acres of virgin land in the Santa Monica Mountains and $13 million for a 6,000-acre expansion of the Channel Islands National Park off Los Angeles.

■ **GOOD COP, BAD COP.** Prodded by a new chief speech writer, Tony Snow, former editorial-page editor of the conservative *Washington Times,* Bush has also begun road-testing more hard-edged speeches. In a series of graduation addresses, the president has decried hiring quotas, abortion, political correctness on campus, Lyndon Johnson's Great Society social programs and old court decisions against school prayer. Accompanying the harsher rhetoric has been a flurry of promises that he will veto a wide range of bills coming from Congress. Conservative leaders such as Sen. Phil Gramm of Texas think that if Bush pursues a more confrontational strategy, the GOP could pick up a number of congressional seats in 1992, especially against Democrats in the South. But Bush is still wavering on how hard a line to take, in part because some of those themes haven't had much resonance. Last week, when his supporters were sure Bush would bash Congress in an evening address at the White House, he backed off. Stung by critics who say the president has been too cynical and divisive, White House aides are also dancing away from recent attacks on quotas. On some days, Bush seems to side with Republican "tough guys"—Chief of Staff John Sununu, media adviser Roger Ailes, GOP strategist Charles Black and Georgia Rep. Newt Gingrich; on others, he listens to the more soothing voices of strategist Robert Teeter, who is expected to manage the re-election, and Darman.

Never far from campaign plans will be the president's continuing preoccupation with foreign affairs, especially East-West relations. That, of course, will be highlighted in his upcoming summit with Soviet President Mikhail Gorbachev, and Bush plans at least one other summit before the elections. He is also expected to meet more often with other Soviet leaders, starting with Boris Yeltsin, in the next couple of weeks. Teeter says the campaign will be designed to show how Bush's steadiness and knowledge of foreign affairs are vital because the whole world is realigning. Given current uncertain-

Photocopy-Preservation

PUTTING WORDS IN THE PRESIDENT'S MOUTH

George Bush hates speechwriters. He kicked them out of their posh offices. Snatched away their White House mess passes. Keeps them locked away from the public. Is it any wonder that the Wimp's words slip his lips with all the elegance of a fur ball from a cat's throat? Incoming Bushspeak director Tony Snow has accepted the assignment to help the prez make peace with the English language.

BY AILEEN HEFFERREN
Photographs by Darrow Montgomery

EVERY TIME HE APPROACHES A PODIUM, they break into a sweat; every time he steps off Air Force One into a throng of reporters, they're overcome by that sickening twinge of dread; every time he gives a speech, fields a question, goes out in public—every time he opens his mouth and threatens to speak, George Bush's speechwriters close their eyes and pray to *God* that he reads his prepared text verbatim, follows the TelePrompter precisely, and, oh, Lord, *please*, doesn't ad-lib a single noun, verb, adjective, or phrase that they *know* they'll regret later.

But he does it anyway.

Just this month, in a speech intended to smooth tensions between Democrats and Republicans battling over the civil rights bill, Bush inserted an off-the-cuff swipe that he'd heard White House Chief of Staff John Sununu make about the Democrats' so-called quota bill:

"You can't put a sign on a pig and say it's a horse," Bush exclaimed, earning him ugly recriminations from civil rights leaders and injuring his chances of reaching a compromise.

Likewise, when a reporter questioned Bush last year, not long after he announced a tax increase, the president, who was on his morning jog at the time, flippantly brushed off the question: "Read my hips," he mocked.

And then there are Bush's many ponderous public statements, which often bear little resemblance to the English language:

"I notice now that some of the critics who were so opposed and using this fantastically, diabolically, anti-me language, they come up now saying, 'Well, if you get A, B, and C, then it will be all right or then we'll understand.' Let them just stay tuned in."

"I used to think, 'Damn it, I wanted it to echo through history,' " says one Bush speechwriter who's felt the nausea of seeing a speech that one worked on for weeks—going without sleep, food, or natural light—haplessly mangled by one of Bush's cornball asides. "But then I grew up a bit." Now, the speechwriter says, "I wince it up a little bit maybe. But once I get it the best I can, I sign off."

Not everyone takes it so well. In April, Bush's chief speechwriter, Chriss Winston, signed off for good. She cited the usual litany of reasons for leaving a government post—"The hours were just too much. I live 30 miles out of town, which means a 45-minute drive at 11 p.m.," and so on.

Winston wasn't the only scribe to leave. Mark Davis also checked out recently for a post as California Gov. Pete Wilson's chief speechwriter. Ed McNally, another Bush speechwriter, fled as far from the Beltway as he could have without a passport. He's now the chief prosecutor for the state of Alaska.

Speechwriter to the president. It sounds great at first. Work at the White House. Wear a cool ID badge. Chat with the president now and then. Chat? Hell, you tell him what to say. Sounds great, sure, but it doesn't quite turn out that way. Because all told, writing speeches for the president is quite simply a lousy job. The hours are miserable, the pay mediocre. Officially confined to the dark corner of anonymity, speechwriters receive little or no public recognition for their work; that goes to the president and to the policy wonks who run roughshod over the speeches, torturing phrases, convoluting sentences, and taking grammar hostage.

The sometimes fierce competition among speechwriters for recognition and praise fosters enmity in the ranks. And while speechwriters for Ronald Reagan could at least take solace in a few measly prestige perks, upon taking office Bush stripped his speechwriters of their ragged epaulets and shunted them off to the far barracks of the White House. Unlike his predecessor, who wanted speechwriters to preach the gospel of Reaganism, Bush watered down his own speechwriting department with uninspired leftovers from other departments and made them answer to White House policy geeks. It's no wonder Bush's speeches are so lame. He did everything he could to make sure they would be. So who could blame Winston, Davis, or McNally if they went packing simply because they couldn't take it anymore?

Into the gap left by the departing Winston stepped 36-year-old Tony Snow, editorial page editor of the *Washington Times* and regular gum-flapper on Fox Television's *McLaughlin Group* rip-off, *Off the Record*. Snow's job is to clean up Bush's speechwriting mess. With the serious Democrat-bashing of the 1992 presidential race only months away, Bush wanted a wordsmith who could provide him with the rhetorical armor he'll need to keep his pits dry in debates against such fierce potential Democratic challengers as Iowa Sen. Tom Harkin, Arkansas Gov. Bill Clinton, and, yes, maybe even New York Gov. Mario Cuomo. Snow has already jostled Bush's speeches with a few jolts of rhetoric. But if he's to turn Bush into any kind of orator at all, the president's entire

speechwriting operation will need electroshock.

At first it's thrilling to write something and see it in the paper the next day, says Ben Wattenberg, the eternally optimistic newspaper columnist and American Enterprise Institute policy analyst who wrote speeches for Lyndon Johnson in the '60s. Until, he says, "you realize it is important not because you wrote it but because he said it." Then the thrill begins to wear off and you realize that you want "to write something of your own, even if it's not on the front page of the *New York Times*."

"Sometimes you worked six-and-a-half, seven days a week and you felt you were the most important person in the world," Wattenberg says. "Other times you felt like the janitor was doing more work than you."

A Bush speechwriter concurs. "I've gone through six-[and]-five-day periods where I sleep four hours a night. I don't want to make it out to be this great martyrdom, but we do eat a lot of Domino's."

Clark Judge, who as a speechwriter under Reagan pulled his share of all-nighters, says he saw his fiancé only when she brought him dinner at the office. "It got to the point," he says, "where the Secret Service guard didn't check what was in the bag."

And yet, a life of Domino's, missed dinners, and 12-hour days is "almost a vacation compared to the campaign," says Bush researcher Bob Simon. "We're down from 80-hour weeks to 55 hours." And almost no weekends. "The president gets his work done on the weekdays, we should be able to, too," Simon states matter-of-factly.

Tony Snow says he regularly works "12-, 13-, 14-hour days," but because he no longer faces the grueling deadlines of daily journalism, "The hours don't beat me up."

But even if the hours don't beat you up, your colleagues might. In a job where recognition from on-high is scarce, rivalry among speechwriters for credit and position in the White House hierarchy is tense. But Bush's speechwriters don't talk about intraoffice squabbles. Most scramble for the protective shelter of background to cover their tracks.

Reagan's speechwriting team, on the other hand, had more internal rifts than the PLO has factions, and the former president's speechwriters felt no need to muffle their venomous feelings for former colleagues.

In a recent interview, one Reagan speechwriter who asked that his name be withheld labeled a colleague "a drunk" and "a failure." In the pages of the *National Review*, Ken Bakshian ripped into fellow speechwriter Peggy Noonan for taking bows in public, calling her a "prima donna."

Reagan speechwriters also leaked early drafts of one another's speeches to the press and were known for taking authorship credit for fellow workers' words.

One of the "filched credits" Bakshian mentions is the "Everyday American Hero" theme of Reagan's 1982 State of the Union. Bakshian says he came up with the phrase, but says that it was credited, by a false leak, to another speechwriter in William Safire's *New York Times* column.

The zealousness of Reagan's speechwriting team came in part from their sense that they had a mission, that they were running with the red-hot burning torch of Reaganism. "For me it was wonderful," says Judge. "When I was on the president's staff we were custodians of Reagan's message. It was like being dropped in the jungle and told to fight our way out."

Bush's speechwriters reflect their boss' more pragmatic (some say indecisive) approach toward politics. They share a certain Republican centrism with an occasional hard-right hook; but they aren't all blind Bush-loyalists.

"There are issues [on which] I completely disagree [with the administration]," confides one Bush speechwriter. "Does this mean we're prostituting ourselves? No, I don't think so." Sometimes, this speechwriter says, "I write as though it's almost fiction." Pause. Fiction in the sense of "created words," the speechwriter qualifies.

If Bush had made fealty to the "vision thing" a litmus test for speechwriters, Tony Snow's resumé wouldn't have made it past Sununu's desk. As an editorial writer at the *Washington Times*, Snow was openly critical of the Bush administration.

"George Bush and his people came to Washington untarnished by dreaminess," Snow wrote in the *Times*. "They skipped the idealistic phase and jumped directly into an Imperial Presidency. There, gatekeepers control access to the leader of the Free World. They seal off leaks and fresh air. And in the president's case, they have created sort of a yuppie regency, complete with a vigorous, intelligent, decent, and utterly removed head of state."

If Bush doesn't require his speechwriters to be steadfastly loyal to his politics, he does require them to do one thing: keep quiet. One Bush speechwriter says that within the White House there is frequent talk about how Reagan's speechwriters were "out of control," and that rather than putting the president first they were "advancing their own agendas." No one batted an eye when Ken Bakshian used to hang out at the National Press Club after work. But one Bush speechwriter says that early on Bush's staff was warned, bluntly: "If you talk to a reporter, fine, but tell Governor Sununu about it."

Bush diminished the influence of his own speechwriters to "put the rhetoric machine in its place."

To begin with, the president filled his speechwriting department with seasoned scribes gathered from various Cabinet secretaries in the Reagan administration who were not particularly well-known for memorable oratory. Before being tapped by Bush, for example, Curt Smith worked for eight years as a speechwriter for HUD's former secretary, "Silent" Sam Pierce. Mark Davis for former Republican National Committee head Frank Fahrenkopf Jr.; Dan McGroarty for Secretaries of Defense Caspar Weinberg and Frank Carlucci; Mark Lange for Labor Secretary Ann McLaughlin and Transportation Secretary Elizabeth Dole.

He also relocated the speechwriters' offices. Reagan's team was comfortably ensconced in the southeast corner of the grand Old Executive Office Building, coveted by GS-15s everywhere for the view of the White House. When Bush took office, he relegated his speechwriters to the 17th-Street "ghetto" side of the building, where they toil in obscurity and shame. (Gregg Petersmeyer—now champion of Bush's "Thousand Points of Light" program—used campaign ties to snag the speechwriters' old turf, says Bob

PUTTING WORDS IN THE PRESIDENT'S MOUTH

Simon.)

Bush also revoked the speechwriters' prized White House mess privileges. No longer could the lowly scribes lunch among the powerful in the dining room where the president treads the Oval Office carpet one floor up. For status-conscious speechwriters, access to the mess was a major, ego-mollifying perk: "It's one of the first things people ask when they find out you work at the White House," laments Simon.

Even if Bush was trying to make a point, why did he so dramatically belittle the people who put words in his mouth? Steve Hess, a speechwriter for Dwight Eisenhower, suggests it's *because* they put words in his mouth. "I almost think [Bush] is embarrassed that someone composed a speech for him," says Hess, venturing to psychoanalyze the orator in chief. In his speeches, Hess says, Bush "has an almost apologetic tone."

Upset as they might have been about their diminished status, Bush's speechwriting crew still chafed at the early news stories in the *New York Times* that detailed their discontent. The speechwriters blamed overeager reporters for the minor fracas it stirred in the White House.

"The first six months were a horror because there were only four of us," recalls one Bush speechwriter, "and there were so many events piled on. We weren't returning reporters' phone calls, and they got mad. They assumed that either we were aloof or bureaucratic stooges....The story became the downgrading issue."

Seventy years ago, back when politicians were still elected without throngs of media consultants, pollsters, and flacks, presidents actually *wrote their own speeches*. They would tap a close friend or trusted adviser for advice. Thomas Jefferson gave George Washington's farewell address the once-over, and Daniel Webster begged incoming President William Henry Harrison to trim his inaugural address (to no avail: Harrison delivered a two-hour speech—replete with references to the Romans—on a frigid afternoon, and died of pneumonia within the month). It wasn't until Warren Harding dubbed Judson Welliver "literary executive secretary" that the modern era of presidential speechwriting arrived.

But as late as the Eisenhower administration, speechwriters were still as much policy advisers as wordsmiths. "Over time," says Hess, "speechwriters were called upon to write more and more speeches...not to advise the president."

Then, as the media age dawned in the '50s, the president was called upon to make frequent public appearances. The collected public statements of the presidents, which are bound in volumes in the Library of Congress, gauge the geometric progression of presidential elocution. The statements of the first 24 U.S. presidents fit neatly into 10 flaking volumes. The recorded public wisdom of Lyndon Johnson's first year in office alone takes up two volumes and totals nearly 1,700 pages. In 1976, Gerald Ford was the first to set the three-volume record for a single year, with almost 3,000 pages.

With the speech explosion came, inevitably, the speechwriters explosion. Eisenhower managed with two. Bush has six (with two more on the way, according to Snow). The speechwriters have even established their own fraternity, named (appropriately enough) the Judson Welliver Society: The list of members reads like a Who's Who in Washington politics and journalism. To name a few: Clark Clifford (Harry Truman); Ted Sorenson (John F. Kennedy); Bill Moyers and Jack Valenti (Lyndon Johnson); California Rep. Dana Rohrabacher and John Podhoretz (Reagan); and Patrick Buchannan (Nixon and Reagan).

It was under Nixon—a man with a "good feel for the language" and "respect for the written word," says *New York Times* columnist William Safire, himself a Nixon speechwriter—that the speechwriting department came into its own.

"This was the heyday of presidential writing," says Safire, praise that, in his eyes, only Franklin Roosevelt's administration shares. Though Safire left before the Watergate mess, it was the speechwriters of his school who almost managed to transform Nixon's last pathetic days into a noble struggle:

"Sometimes I have succeeded and sometimes I have failed," waxed Nixon in his farewell address, "but always I have taken heart from what Theodore Roosevelt once said about the man in the arena, 'whose face is marred by dust and sweat and blood, who strives valiantly, who errs and comes short again and again because there is no effort without error and shortcoming...if he fails, at least fails while daring greatly.' "

George Bush couldn't muster that kind of elegance even while telling the truth. It just isn't in him. Safire says that on his scale of presidential eloquence, Reagan's speeches rate an "average" and Bush's "a little below average—a little higher than Carter's." Though Bush may have what Reagan speechwriter Tony Dolan describes as a "craggy handsome face, a nice reedy voice, appealing Upper New England Yankee manner," those aren't enough to overcome his uncomely traits: "A rambler and a digresser," another Reagan speechwriter calls Bush.

In 1989, Hess was asked by C-SPAN to comment live after Bush gave his first-100-days-in-office speech at the American Newspaper Publishers Association Meeting in Chicago. "I had the text of Bush's speech and read along while Bush gave it," says Hess. "It was a perfectly good speech, but not when Bush finished with it." At the end of each paragraph, Bush had explained what the speech was about, what it was supposed to mean, thereby "wrecking any cadence and lilt the speech might have had."

Snow blames the speechwriters: "They may be trying to write for Winston Churchill, not George Bush." While Carter and Reagan actually spoke in sentences, "Bush speaks in three- to five-second bursts with lots of breathing spaces," Snow says. "If you don't insert them, he will."

But Hendrik Hertzberg, chief speechwriter under Jimmy Carter and now editor of the *New Republic*, offers a different explanation. "Like Carter before him," says Hertzberg, "Bush believes that his real job is making decisions," not making speeches. This isn't entirely problematic—it might even be refreshing to have a president who doesn't use the presidency as a rehearsal for the lecture circuit. According to Hertzberg, Bush's oratorical problem is that he lacks "a set of clearly defined bedrock beliefs that you could fall back on rhetorically."

And even if a sterling speech could somehow emerge from a deliberately uninspired, unmotivated team of disgruntled speechwriters under the command of an ideologically rudderless president, before it ever made it to Bush's craggy, handsome face and out his cracking, quivering lips it would have been wrecked by the bewildering bureaucratic gauntlet through which nearly every presidential speech must run.

Typically, an early draft of an important policy speech is "staffed" out to the 14 assis-

PUTTING WORDS IN THE PRESIDENT'S MOUTH

tants to the president, relevant Cabinet members, and other administration bureaucrats with a hand in the pot. At least 15 people will look over a relatively unimportant speech—what Hertzberg refers to as "Rose Garden rubbish"—and up to 50 will see something as important as a State of the Union.

"If it's [a speech for] the U.S. Open," says Snow, pointing to a draft of the speech he is working on, "most are not too concerned. If it's a commencement address, then they care."

Each of the policy analysts, advisers, legal "experts," and Cabinet members takes a turn knifing the draft, imbuing it with his own personal charm.

The results are disastrous. "Rhetoric becomes the reason, people focus on it," laments a Bush speechwriter, "and some beautiful prose is almost rendered oatmeal because so many people have whacked at it."

(The only speeches that go directly from the scribes-to-the-president are humorous ones. The speechwriters bring in four or five of their funniest friends, sit around and make up jokes, and then pass on pages and pages of yuks to the president for review. Snow says that his department maintains a "joke file," and sometimes contracts out to free-lance comics.)

"The most difficult speeches," says a Bush speechwriter, "tend to be those [where] there's an internal schism about the policy."

The speechwriter uses an example to describe the "internecine warfare" between speechwriters and White House staff. Mid-level bureaucrats have become adept at using the speech-drafting process as a way to sneak ideas to superiors without risking looking foolish. If the idea is a loser, it simply gets crossed off the speech by the boss.

What really burns the speechwriters, though, is when some junior policy staffer tries to make himself look good by withholding paragraphs from an early draft of a speech and then leaking the draft to the press. After the speech is made, the policy jock gets credit for the additions. The speechwriter looks like an idiot in the office the next day, when the paper reports that "Such and such policy was not included in earlier drafts."

Winston says that at times the speechwriters and policy-makers are still battling it out "right there on the plane, sometimes in a huddle" to bring it up to date. (References to the Bangladesh disaster were inserted in a recent speech while the president was in the air, for example.)

"I remember a State of the Union I was writing," says Hess. In the final stages of the writing, "calls were coming through the switchboard until 2 in the morning from Cabinet officers" with changes. Ultimately that particular State of the Union went back to Eisenhower—a heavy-handed editor and himself a speechwriter for General MacArthur—some 13 times. But even back in Eisenhower's day, Hess says, "the lawyers were most interested in qualifying each word."

But unlike Eisenhower, Bush finds that formulating and articulating coherent ideas just aren't his thing, as it were.

"Truth be told," says Simon, acknowledging people in the audience "is the most important thing to the president. He gets pretty upset if we miss someone." Which means that Bush's researchers spend a lot of time figuring out who'll be sitting in the front row and how to pronounce their names.

Even if Bush doesn't recognize the difference between, say, burning rhetoric and subtle irony, Tony Snow is out to make it look like he does. He won't be able to turn Bush into Churchill, but already there have been some noticeable changes in the president's oratory.

In an emotional address in South Carolina after the Gulf War, Bush exclaimed, with unusual vigor, "By God, we have licked the Vietnam syndrome."

Bush's much lauded commencement address earlier this month at the University of Michigan is widely considered to be Snow's major debut as a speechwriter. Bush launched into a fiery attack on the evils of "political correctness" on campus:

"Ironically, on the 200th anniversary of our Bill of Rights, we find free speech under assault throughout the Unites States, including on some college campuses," Bush said. "The notion of 'political correctness' has ignited controversy across the land. Although the movement arises from the laudable desire to sweep away the debris of racism and hatred, it replaces old prejudices with new ones. It declares certain topics off-limits, certain expressions off-limits, even certain gestures off-limits."

And last week Bush pounded the lectern with his fist in another strident civil rights speech at the Capitol Hill Hyatt Regency.

"I want a fair, strong anti-discrimination bill that will guarantee worker's rights, women's rights, workplace rights, but will not create quotas!"

Bush's enhanced rhetoric may be due in part to the enhanced power Snow has been granted. He meets with Bush twice a week to discuss things like speech strategy and tone, and the importance of sticking to the text.

And while Snow's predecessor Winston says she had to work in the ham-handed changes of the policy-makers, Snow claims to be "in a unique position" in that he is "under no orders to accept changes." Snow makes the decision to clear the final draft.

This has caused some grumbling among the policy grunts. The Michigan speech was heavily worked over in the staffing process, Snow says. "People were concerned about the PC bit," but it stayed because Snow had locked Bush in on the idea during a meeting before a first draft of the speech was even begun. "I told him about the 'Michigan Mandate' [a controversial speech code put into effect by university officials to curtail 'hate' speech], and he agreed that he should talk about it."

The Ann Arbor speech may have marked Snow's debut, but perhaps the most surprising single example of the difference between the rhetoric of pre- and post-Snow Bush is his now famous speech two weeks ago before the National Southern Baptist Convention, in which Bush, who normally shies away from emotional displays, brought the house down with his sticky-sweet admission that he cried on the night the air war in the Gulf began.

"...[w]e were thinking about the those young men and women overseas," Bush said. "And I had the tears start down the cheeks, and our minister smiled back. And I no longer worried how it looked to others."

With that, the president began to cry again.

And with that, Bush showed that speechwriter magic can only go so far. Snow can make Bush's lips utter word formations far more eloquent, funny, biting, and witty than the president ever could muster on his own. He can instruct him when to pound his fist, when to raise his voice, when to pause. But two weeks ago, the president of the United States cried on every television set in America. How can a speechwriter top that? **CP**

MARKETING IDEAS • HOLDING THE BAG ON BANKS

National Journal

THE WEEKLY ON POLITICS AND GOVERNMENT JUNE 22, 1991/NO. 25

Pinching the Public Purse

The squeeze on state and local governments is likely to continue for years

WITH NEW WHITE HOUSE WORDSMITHS...

Skeletons of grandstands were still in place along Constitution Avenue, left from the celebration four days before of President Bush's geopolitical triumph in Kuwait, when throngs of listeners came to the South Lawn of the White House on the evening of June 12 to glorify Bush's policy endeavors at home.

Bush's remarks were earnestly delivered and not uninteresting. He chided Congress for failing to enact his crime and transportation bills within the 100 days he'd prescribed in the wake of the Persian Gulf war. He also explicitly distanced himself from his predecessor and political mentor.

In sketching his philosophy for facing American social problems, Bush spurned not only the traditionally Democratic view that "bigger government was better government" but also the faith in "the genius of the free market" shown by President Reagan. The latter brought "a decade of exceptional economic growth," Bush said. "And yet, let's face it, many of our streets are still not safe, our schools have lost their edge and millions—millions—still trudge the path of poverty. There is more to be done, and the marketplace alone can't solve all our problems."

But what more is to be done, Bush never said. His speech seemed to fall flat. A Bush friend scoffed that it might have been written for President Ford, a known ideological nebbish. It offered no proposals to counter recent Democratic attacks on the gaps in his domestic agenda, especially on health care. The handpicked audience, packed with people Bush had previously addressed or somehow honored, was only occasionally moved to applaud.

The prime-time but newsless event drew no live television coverage. John H. Sununu, Bush's chief of staff, told an ABC News interviewer on June 16 that the White House "deliberately" hadn't asked the networks to carry it, presumably for fear of being refused. But a senior Bush aide confessed surprise that Cable News Network, which usually isn't so choosy, joined in the benign neglect.

Bush isn't ordinarily as bad as advertised in getting his points across to the public. His rhetoric isn't inspiring, but its style "works for him," said Theodore O. Windt, a University of Pittsburgh expert in presidential rhetoric. He thinks that Bush, often clumsy with language, "wisely" refrained from trying to rival Reagan as a Great Communicator. More important than oratorical flourishes, Windt explained, is the ability to persuade, which Bush displayed during the Persian Gulf war. Rhetoric, he judged, "is not central to George Bush's style of leadership."

But with an election around the corner, pressure is building on Bush to heat up his rhetoric. On top of long-standing laments about Bush's speech making, which crescendoed last fall after his tepid prime-time speech on behalf of his budget deal, Cabinet officials have complained internally that the White House hasn't made the best political use of Administration achievements.

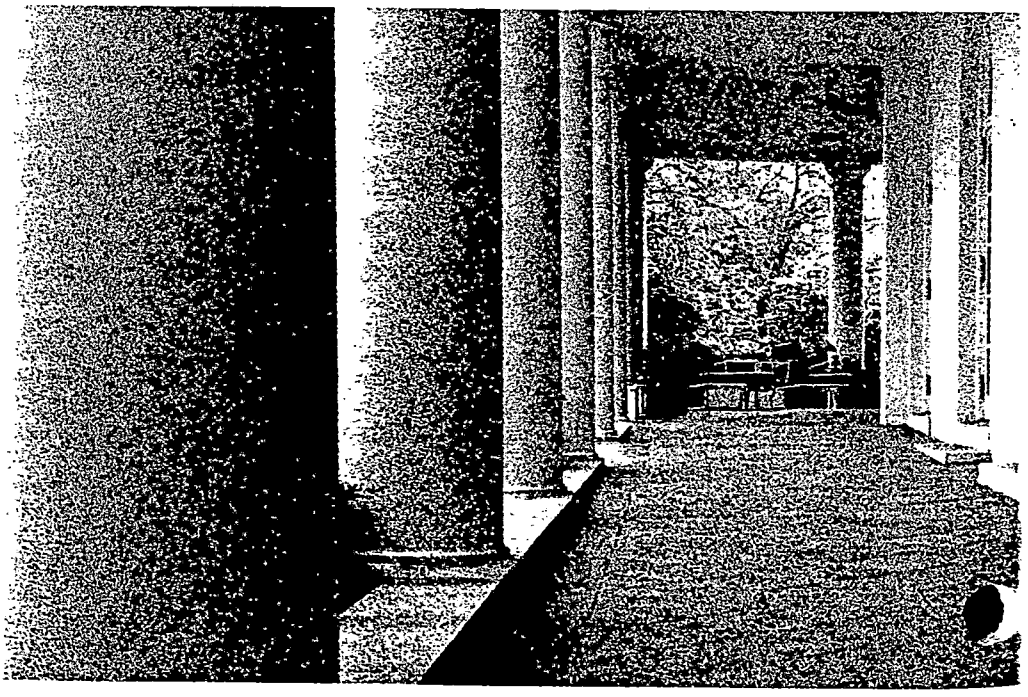
Political sharpies wax nostalgic for 1988, when Bush's caustic attacks on his Democratic opponent on politically volcanic subjects (such as prison furloughs and the Pledge of Allegiance) were deemed pivotal to his electoral success. Recent talk around Washington is that Bush will run for reelection next year on a platform of "Kuwait, quotas and crime"—reminiscent of Dwight D. Eisenhower's 1952 campaign cry of "Communism, corruption and Korea."

The White House seems to be moving that way. "I think there's been a lack of communications" in conveying Bush's accomplishments to the public, Sununu acknowledged to a CNN interviewer on June 13. "If it is our fault, we want to pick up the slack."

They've done so this spring in two ways. Counseled by Republican strategists that the White House needed a spirited chief speechwriter, Sununu found one in Tony Snow, 36, editor of *The Washington Times*'s ideologically ardent editorial page. The White House also hired Dorrance Smith, 40, a respected ABC News producer who's a Bush family friend, as assistant to the President for media affairs. Adding Smith to the threesome already overseeing White House message-making (communications director David F. Demarest Jr., press secretary Marlin Fitzwater and events-planner Sig Rogich) was believed to have been Bush's idea and was counted as evidence of his displeasure with the status quo.

A sharper edge has already emerged in Bush's speeches. In contrast with his bland commencement addresses of prior years, those he delivered this spring touched on some hot topics—notably, job quotas and "political correctness"—and drew considerable public attention. "Important and contentious issues . . . always have some political punch to them," Snow said in an interview.

Snow plays down his ideological zeal in a White House that's run by a President



BURT SOLOMON

. . . WATCH FOR TOUGHER-TALKING BUSH

devoted to pragmatism. "I'm not a screamer," he said. But Snow hopes to pursue "an activist conservative agenda," reports an empathetic Administration colleague who figures speechwriters' importance in the White House will rise—though not as high as in Reagan's day.

Unlike his predecessor, Chriss Winston, who was mainly an editor, Snow writes one or two speeches a week and is more heavily involved in rewriting the rest. He is said to carry more weight in inner councils and has helped shape the subject matter of speeches. White House aides say it was Snow's idea for Bush to lambaste campus intolerance of offensive speech—a conservative bugaboo—to University of Michigan graduates last month. Such a speech "wouldn't have come out of the White House speechwriting shop in 1989 or 1990," said Republican consultant John Buckley, who's pleased to see Bush "willing to use rhetoric" to move public opinion.

How far Bush will go isn't clear. "George Bush is not a firebrand, so you are not going to get barn-burner speeches," Snow said. "Nobody will confuse him for Jesse Jackson. . . . That's not his personality." But Bush's screechiest rhetoric lately was his own doing. Addressing the National Federation of Independent Business in Washington early this month, Bush ad-libbed amid Snow-written remarks in accusing his opponents on civil rights of "want[ing] to grind me into the political dirt"—a statement that troubled even some Bush supporters.

If Snow's selection was to remedy the absence of poetry, former *Nightline* producer Smith's was intended to bolster the prosaic side of White House outreach. Smith, considered on the ascendancy, was given a few specific tasks that no one had much attended to. He is to raise Bush's profile in the press beyond the Capital Beltway—a "fertile" field with a campaign coming, a longtime Bush aide noted. He recently arranged for Bush to address a couple of geographically distant but politically friendly audiences by means of satellite TV. " He has met with Cabinet public affairs directors who'd long felt ignored by the White House, intending to orchestrate Administration-wide follow-through on whatever word the White House wants out.

"With the right [communications] strategy, you can really create a mountain out of what appears to be a molehill," said an official who expects Smith to "fill a gap" as a strategic thinker on the White House staff. Roughly once a week since Smith's arrival, Sununu has chaired a series of communications planning meetings in his office. For an hour or so, Sununu and seven senior aides take "a rolling look" at Bush's schedule, a participant said, and consider which themes should be pursued at which events.

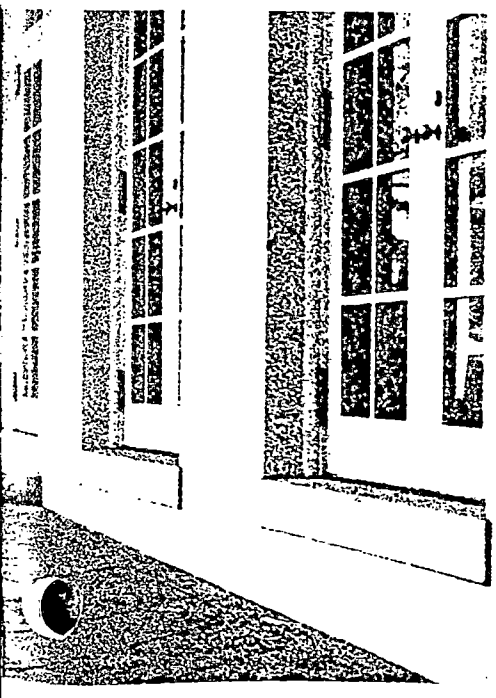
So far, this gaggle of communicators seem to be working smoothly. They speak highly of each other to outsiders. It helps, officials say, that Smith seems laid-back and unassuming—"a real pro," Rogich said, with "a nice, easy working manner." Demarest and Smith worked closely on Bush's South Lawn speech, which Demarest wrote, and share the task of flogging domestic issues. (Sununu assigned Smith to handle the campaign for a "fast track" toward foreign trade with Mexico, while Demarest did the one on education.) On a given project, Demarest, Smith and Rogich may consult 10 times a day, a well-placed official said.

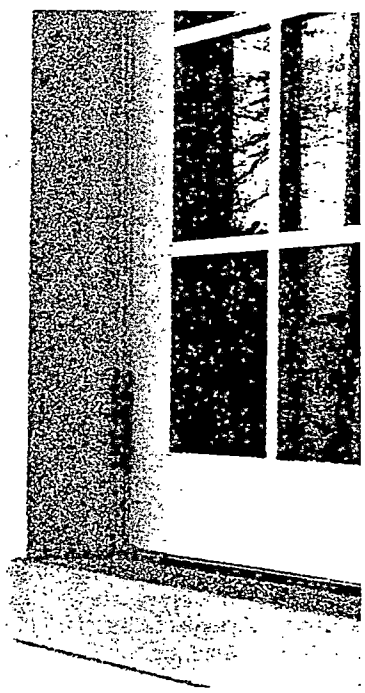
But in a White House proud of its collegiality, this job-sharing carries risks. The communications workload is "not quite a zero-sum game, but it's pretty damn close," an official who shoulders some of it said. Smith isn't likely to prove a rival to Fitzwater, who has a well-defined turf—the White House press—and generous access to Bush. But insiders suspect he may collide with Demarest, who gave up a seventh of his staff to Smith, or with Rogich.

Divvying up communications duties among a batch of equals poses a risk to Bush beyond tension on his staff: Diffused authority may also muddy the message-making. There's evidently "no captain" on Bush's communications staff to supply a clear direction, a Bush friend said. "I get the impression that people are going off in different directions."

But too sharp a message also carries political risks. For one thing, "a President runs a different kind of campaign than a candidate for President runs," Buckley mused. Should Bush revert to his 1988 tone, he may find it hard to switch back, as he did so abruptly on the night of his election.

And unlike Reagan, Bush has found his political strength as President in unifying the electorate, not in dividing it. "This isn't a polarizing President," American Enterprise Institute for Public Policy Research polling expert Karlyn H. Keene noted, citing pollster Richard B. Wirthlin's recent finding that the "gender gap" that has long plagued Republicans has markedly shrunk. The more Bush tries to sharpen his message, that is, the more he may jeopardize his political standing. ■





Essay

WILLIAM SAFIRE

Bush-Clinton Debate

WASHINGTON

President Bush and his likely Democratic challenger went back-to-back on CNN yesterday, and Gov. Bill Clinton came out standing a little taller.

Twenty minutes before a long-scheduled foreign policy address by Governor Clinton, the President rushed on the air to pre-empt his rival's call for aid to the republics of the former Soviet Union.

"This isn't driven by election-year pressures," Mr. Bush felt the need to explain, after his 1,400-word, hastily slapped together and ill-rehearsed speech in the guise of a statement to a news conference. Nobody watching his unseemly race against the opposition's deadline believed that.

As if it gave him pain to read the words, the President announced "a substantial multilateral financial assistance package ... to marshal roughly $18 billion in financial support." He followed this grand gesture with an apologetic "There's not a lot of new money," Mr. Bush's own version of "I didn't inhale."

Cut to Clinton on TV, who knew how to take advantage of White House panic. "Now, prodded by Democrats in Congress, rebuked by Richard Nixon and realizing that I have been raising this issue in the campaign since December, the President is finally, even now as we meet here, putting forward a plan of assistance. ..." He delivered the coup with zest: "I'd really like it if I could have as much influence on his domestic policy."

Challenger wins first round.

Zest was what the President lacked, because he was being pulled in two directions at the same time.

His political instinct told him to shy away from new foreign aid in an election year, lest the America-Firsters punish him; besides, he still holds it against Yeltsin for toppling Gorbachev and breaking up that old Soviet gang of mine.

However, Mr. Bush's Presidential instinct told him to step up to the urgent needs of the embryonic democracies; not only would this save the U.S. money in the long run, but it would relieve him of the Nixonian "Who lost Russia?" charge.

Result: a tortured call to act responsibly — but not to worry, it won't cost much.

Because this was the first time the two men had interacted on television, it's illuminating to compare their speeches and delivery.

1. *Substance of the proposal to help the broken-up union*: Remarkably alike in shape, though the Bush package seems more generous in dollars. Both want a capitalist corps, under different names. Upshot: a draw.

2. *Persuasive rhetoric*: Clinton eloquently made the case for helping the Russians, Ukrainians and the rest; Bush didn't even try.

Clinton saw the assistance "not as a bailout but as a bridge loan, much as a family gets from the bank when it's buying a new house before selling an old one." That's an oratorical device used by Lincoln (comparing slavery to a snake in the bed with children) and F.D.R. (comparing lend-lease to handing a neighbor your garden hose to put out a fire). A viewer could relate to Clinton's homely metaphor much more easily than to the stiff Bush bureaucratese about a "comprehensive and integrated package of support."

3. *Evocation of past leaders*: Bush plodded along with "It was my privilege to work with Ronald Reagan on these broad programs. ..." Clinton subtly recalled the Kennedy inaugural with "America's challenge in this era is not to bear every burden, but to tip the balance." And he threw in a pointed phrase that should become part of his stump speech, deriding Bush's "prudence without purpose."

4. *Focus*: The President dealt with one subject and could lay out the specifics of action taken; this had an advantage over Clinton, who had to roam over a range of subjects. The challenger's worst idea: sending the President to Brazil's global-warming orgy in June. The irony is that Bush may feel forced by Clinton to go.

5. *Delivery*: Clinton's voice was hoarse from campaigning and Bush's was not. But Clinton's attitude was assertive while Bush's was defensive; the challenger looked up while Bush looked down; and Clinton looked as though he was enjoying his speech, crafting it until the last minute, while the President seemed irritated about having to read the complicated mess just handed to him.

Round One: The challenger. But it's a long bout, and the champ has been in this ring before. □

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The 1992 Campaign

Candidate's Record

Despite Improvements, the Schools In Arkansas Are Still Among Worst

By B. DRUMMOND AYRES Jr.
Special to The New York Times

LITTLE ROCK, Ark. — As he campaigns for President, Gov. Bill Clinton talks a great deal about the importance of education, boasting that "the most important thing" he has accomplished in Arkansas has been improving the schools. If elected, Mr. Clinton says, he would do the same for the nation.

Under Mr. Clinton's leadership, Arkansas has done much to improve its schools — boosting expenditures, requiring competency testing for teachers, broadening curriculums, setting new academic standards, slowing the dropout rate and encouraging greater college attendance. The effort resulted in part from a court order that instructed the state to improve its education system.

But even with all Mr. Clinton has done in 12 years as Governor, the Arkansas school system, ranked among the worst in the nation when Mr. Clinton first took office 12 years go, still lags near the bottom in most national ratings. And state officials acknowledge that real improvement is many years away.

And so Governor Clinton's aides acknowedge that there is no guarantee that his ideas would produce positive results nationally.

Since Mr. Clinton first took office in 1979, more Arkansans have gone on from high school to college. At the same time, college-admittance test scores have fallen rather than risen. The state still ranks near the bottom in teachers' pay, 46th among the 50 states and the District of Columbia. It ranks 48th in spending for each pupil.

By most accounts Mr. Clinton's efforts seem to have simply kept Arkansas, one of the nation's poorest states, from falling even farther behind. While he has been pushing for better schools in his own state, many other governors, particularly in neighboring southern states, have also been improving their schools.

Mr. Clinton and his supporters do not deny that Arkansas continues to lag in many important areas. But they contend that the Clinton administration's effort has laid the groundwork for future improvement by focusing a spotlight on an issue that was seldom front and center in this state before the Governor took office.

They also point out that Arkansas, despite its poverty and multitude of competing needs, now commits a larger portion of its budget to education than all but two other states, suggesting that the state is making a concentrated effort to advance education, even if progress is slow.

"We haven't gone for a hollow, flashy quick-fix," said Bill Bowen, Mr. Clinton's chief of staff. "We've laid a foundation of good programs, and now it's a matter of fine-tuning and waiting for things to come to fruition."

Mr. Clinton's critics contend that much fine-tuning remains. They say the state, one of the least taxed in the nation, must make a greater commitment to education and spend even more on schools if it is ever to rise from the bottom ranks of education excellence.

"The bottom line is that Arkansas's standing in most measurements of education quality was on the bottom when Clinton came in, and it's still on the bottom," said Sheffield Nelson, Mr. Clinton's Republican opponent in the 1990 governor's race. "He's the one who brags he's accomplished so much over the years. Well, if he can't do any better than that nationally, God help us."

> Clinton has kept state education from falling further behind.

As Governor, Mr. Clinton has contended that Arkansas will never lift itself from poverty without an improved school system. Now, as a candidate for President, he is asserting that the United States cannot continue to be a global power if it does not improve its schools.

If elected President, he says, he would put into place some of the programs and innovations he has emphasized in Arkansas. Many were first suggested by an education study committee that he appointed his wife, Hillary, to head.

In particular, he mentions increasing state financing for Head Start, setting academic achievement standards, seeking new ways to help college students pay education costs and developing job-training programs for high school graduates who do not go on to college.

At home, those programs have often faced major resistances from state legislators, taxpayers and even the state's education establishment. But the Governor, with the help of his wife, has persistently pressed for action on the programs, with mixed results.

To increase school spending, he had to raise the state's sales tax, which hits poor people the hardest. He had been unable to persuade the Legislature to raise other taxes. When he pushed through his proposal to test teachers for competency, some retired and some quit rather than submit. One had just been named "Arkansas Teacher of the Year."

Clinton as Governor

12 Years at Arkansas's Helm

Second of five articles.

Consolidation Hits Roadblock

Mr. Clinton's effort to make schools more effective and efficient by consolidating the unusually large number of school districts has run head-on into local pride and political power, which brought the effort to a near standstill. Arkansas had more than 350 school districts 10 years ago and still has almost that number. Many districts have fewer than 300 students. When Mr. Clinton first moved into the Governor's office, Arkansas's education rankings were not just at the bottom. One study, produced at the University of Florida in 1978, concluded that Arkansas schools were the very worst in the nation.

In the absence of a new study, it is hard to say whether Arkansas schools may still be considered the worst in the nation. What is clear is that despite considerable improvement in the schools under Mr. Clinton's guidance, the state still ranks near the bottom in many of the charts that measure education quality nationally. For example, in 1979 the cummulative test scores of Arkansas students who took the America College Test, one popular college-admittance test, ranked 20th of 28 states that use the test. The state ranked 50th of 50 states and the District of Columbia in expenditure for each pupil in elementary and secondary schools. It ranked 51st in teacher salaries.

Today, the latest available statistics show that Arkansas has fallen to 25th of the 28 states that administer one popular college test examination. It has inched up to 48th in per-pupil expenditures and 46th in teacher pay.

Arkansas officials say they are not disturbed by the decline in test scores, which some educators consider a major measure of educational attainment.

"The pool of Arkansas high school seniors taking the test has greatly expanded," said Mike Gauldin, a Clinton aide. "Only the best of our students took the test a decade ago. But now, in good part because of Bill Clinton's push to get more kids to finish high school and then go on to college, we've got even some marginal students taking the test. So of course the average score has suffered."

Testing experts do not question that analysis. But they also note that the pool of high school seniors taking the test in other states has also expanded. And they point out that three of every four Arkansas high school graduates must take remedial courses as college freshmen, twice the national average.

Since Mr. Clinton first became Governor in 1979, Arkansas has managed to cut its high school dropout rate slightly. Now about 77 percent of all ninth graders go on to complete high school, compared with 75 percent a decade ago. That is better than the national average, which hovered around 72 percent over the period.

The improvement in that statistic resulted in good part, educators say, because Mr. Clinton imposed a regulation that has proved effective in a number of other states, too. Teen-agers who do not remain in school through graduation lose their driver's licenses. The Governor says he would try the same thing nationally if he were elected President.

More Arkansas high school graduates are going to college. In 1979, only about one of every three high school graduates went to college. More pointedly, only half of all high school valedictorians sought further education.

Today, half of all Arkansas high school graduates go on to college. That is about equal to the national average. Many use a college scholarship program instituted by Mr. Clinton.

In 1979, fewer than 10 percent of all Arkansas residents held college degrees, while the national average was about 15 percent. Today, Arkansas has achieved the 15 percent level, but at the same time the national figure has risen to more than 21 percent.

Similarly, just as Mr. Clinton was preparing to take over as Governor, Arkansas ranked 40th in per capita spending for its colleges and universities. Today, it has slipped back a notch, to 41st.

While many education statistical measures have stagnated during the Clinton years, some other measures are more encouraging.

In 1979, half of the state's high schools did not offer physics courses. Only two-thirds offered chemistry courses. Many offered no foreign languages. Today, all schools offer physics and chemisty courses, as well as foreign languages.

And then there are two other important measures that show how much emphasis a state puts on education. One shows what percentage of the overall state budget goes to schools, and the other shows what percent of the average Arkansas resident's personal income goes to education. These figures go beyond gross dollars and measure instead the overall emphasis a state puts on education.

In 1977, Arkansas ranked 19th in the percentage of its total state and local budget going to schooling, just over 40 percent, compared with a national average of about 38 percent. Now the state ranks third; almost 42 percent of its budget goes to education, compared with a national average of about 35 percent.

In 1977, the state stood 38th in the percentage of each Arkansas resident's personal income that went for schooling, at 4.3 percent, compared with a national average of 4.6 percent. Arkansas now ranks 24th in that category, at 4.1 percent, compared with a national average of 3.9 percent.

"At a time when some school systems have cut back because of enrollment decline and other factors, we haven't slacked off a bit," said Burton Elliott, the director of the Arkansas Education Department.

Teachers Back Overall Effort

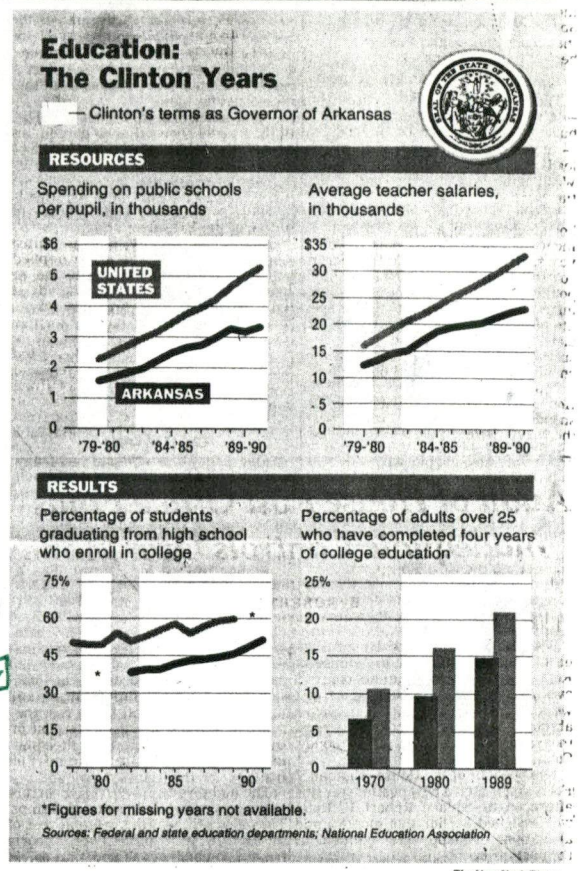
While Mr. Clinton has often been at odds with the Arkansas Legislature, the taxpayers and even the teachers over how to improve the state's schools, increasingly he has been having his way. In 1991, for example, lawmakers agreed to set up a trust fund that will be used to expand early childhood education programs like Head Start. That is an area of education Mr. Clinton considers critical.

"We've had the best of times and the worst of times with Bill Clinton, when it comes to schools," said Sid Johnson, president of the Arkansas Education Association, which represents the state's teachers.

After Mr. Clinton raised taxes to increase teachers' pay last year, the association put up a brass plaque in the capital, thanking the Governor for his contributions to education.

"We've fought him tooth and nail on things like teacher testing," Mr. Johnson says now. "But overall schools are a lot better now than they were before Bill Clinton arrived."

Next: Arkansas and business.



Houston School System:

Kids must be tested:

a better test

more comprehensive test.

Bush, Sensing Only a Public Relations Problem, Will Delay Any New Economic Plans Until 1992

By Alan Murray
And John Harwood
Staff Reporters of The Wall Street Journal

WASHINGTON—For the Bush administration, like the old Brooklyn Dodgers, the plan is, "Wait until next year."

Despite mounting bipartisan criticism for its failure to address the nation's economic ills, the administration has decided its immediate problem is largely one of public relations, and will put off any new economic policy proposals until next year.

"I think I've got to do better making clear what the message is," President Bush told a small group of reporters. White House officials say their intention is to lie low until Congress leaves town, then launch a communications offensive that will explain the president's position and attack congressional Democrats.

Vice President Dan Quayle gave reporters a preview of the rhetoric to come by singling out Senate Majority Leader George Mitchell of Maine for blocking consideration of the capital gains tax cut in 1989. "You ought to call it the George Mitchell recession, and I'm going to keep saying it over and over again because it's true," Mr. Quayle said. "Those that have stymied our program are going to have to be held accountable."

The White House strategy, however, is unlikely to satisfy many Republicans, who believe the president is endangering his own chances of re-election by ignoring the economy's problems. "The notion of sitting back and doing nothing while the voters get angrier and angrier about a sagging economy is simply not going to play," said GOP Rep. Vin Weber of Minnesota. And conservative activist David Keene argues that the president "does not seem to have a real sense of where he wants to go."

Credit-Card Brouhaha

The decision to do nothing until next year was reinforced at a meeting of the president's economic advisers Friday. At the meeting, several presidential advisers argued that the brouhaha over credit-card interest rates last week demonstrated the dangers of even suggesting measures to help the economy at the end of a congressional session.

White House officials have continued to attack a Senate bill to limit credit-card rates as preposterous, even though the legislation came a day after President Bush himself suggested that rates should go lower. Mr. Bush said, "That never occurred to me that somebody was going to introduce legislation ... I didn't think about it then. Maybe I should have."

At a lunch, Budget Director Richard Darman said "the end-of-session psychology is frequently very poor in Congress." He argued that the State of the Union address, which will be given in late January or early February, is a better time to set a strong economic agenda. "In the general public's mind there's a ritual, a rhythm of renewal ... to the State of the Union," he said.

Mr. Darman also argued that the problem was largely one of public relations. "I think that we have not yet done as good a job as we should do in communicating effectively what it is we're really for and why it really does make sense," he said. "We're aware of the problem and we're working on it."

Right-Wing Criticism

Much of the most intense criticism has come from the right wing of the president's own party. Dan Mitchell, an economic analyst at the conservative Heritage Foundation, dismisses White House economic policy as "taxes, regulation and easy money," referring to the 1990 deficit reduction agreement, environmental legislation and Mr. Bush's calls for lower interest rates. "Carternomics doesn't work any better for George Bush than it did for Jimmy Carter," Mr. Mitchell says.

The president's top economic advisers have argued for some time that the administration shouldn't try to fine-tune the economy, and instead should focus on long-term growth. As long ago as February 1990, the White House Council of Economic Advisers wrote that attempts to influence the economy in the short run "can be detrimental to good economic performance."

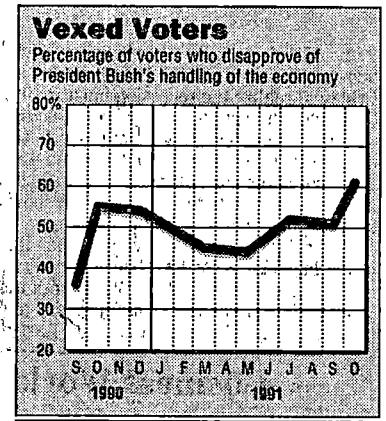
But the president's critics say he's failed to make even that case convincingly. He would do better, says Mr. Keene, "if he were able to say with conviction that anything we do will screw it up, and by God we are on the right course and nobody is going to change it."

Instead, the president's wavering has created the impression that he doesn't know what to do. Presidential scholar Fred Greenstein says the president appears to have been "caught flat-footed by a hemorrhaging of domestic support." Mr. Greenstein asserts that while Mr. Bush sounded very confident during the Persian Gulf war, when discussing the economy recently he has lapsed into the shrill, fragmented syntax "that betray this man when he's not comfortable with himself."

Worry Over 'Caving In'

Even if the president were to put forward an economic rescue plan now, he would likely be attacked for merely caving in to political pressure—as he has appeared to do recently on other issues, including unemployment compensation, the civil rights bill and the cancellation of his trip to Asia. "Whatever he does now is going to be seen as reactive," says GOP pollster Bill McInturff.

The president's indecisiveness has fostered public bickering among his own advisers. Most notably, Housing and Urban Development Secretary Jack Kemp has said in interviews and on television that he believes the president should immediately begin pushing a tax cut through Congress.



Mr. Darman said his differences with Mr. Kemp were merely "tactical." And, he said of Mr. Kemp: "On balance, he has been a net plus publicly for the administration, so I would not want to be critical of him."

Vice President Quayle, meanwhile, plans to take his message on the road this week with a speech in Tennessee, and another in Chicago later in the month. That message, he says, is that a capital-gains tax cut is "a silver bullet" that will "create jobs and put America back to work." By blocking the administration's proposal on grounds of fairness, Mr. Quayle adds, Democratic leaders in Congress are "willing to risk keeping people poor because one person may get rich."

"Congress has basically told us they're not going to pass the president's growth package," Mr. Quayle says. "We've basically said, 'OK ... there's no use staying around. You go home, listen to the American people, and be prepared to work when you get back in January.'"

—Michel McQueen contributed to this article.

If you dr

BUSH HAS NO PLANS FOR MAJOR EFFORTS TO REVIVE ECONOMY

SEES EVIDENCE OF GROWTH

President Also Says in Interview He Feels No Urgency to Pick His Re-election Team

By MICHAEL WINES
Special to The New York Times

WASHINGTON, Nov. 18 — President Bush said today that he believed that the American economy was basically sound and that he planned no major new programs to stimulate growth, but he acknowledged having trouble convincing the public that his policies were adequate.

Amid evidence that the continued economic sluggishness is already throwing his re-election campaign off balance, Mr. Bush called reporters to his office on short notice to strike a confident note about the country and his plans for a second term.

He said he felt no urgency to have a full campaign team in place, but he nonetheless said he might soon announce a top echelon of re-election officials.

Allaying Fears

Just days after the stock market suffered its fifth-worst day in history, Mr. Bush took the opportunity to try to allay the fears of some supporters that the Democrats are using the poor economy to seize control of the 1992 election agenda. He said that neither he nor most top economists believed that the nation would slide back into a full-fledged recession next year.

"You see, there's some fairly good fundamentals getting out there," he said. "Inflation is down. Interest rates are down. Personal debt is down. Inventories are down. Quality — competitiveness — quality is going in the right direction, up, and exports are up. So it's not like we're dealing with a totally bad economy."

"I'm not basing any plans on the economy getting worse," he said.

Seeking a Compelling Message

Today's session with reporters in the Oval Office, like Mr. Bush's news conference before he left for a meeting of the North Atlantic Treaty Organization in Rome the morning after Election Day, seemed intended to get the President off the defensive, but ended up reinforcing the impression that he is struggling to find a compelling campaign message.

Rather than holding a formal news conference today, the White House in-

Bush Sees No Need for Moves to Revive Economy

Continued From Page A1

vited six correspondents recently assigned to the White House to meet with Mr. Bush.

Asked why polls indicate that many Americans believe that the country is headed in the wrong direction, he replied: "I think I've got to do better in making clear what the message is, and I think I can do better. But I think there's so much noise out there that I've got to figure out how to make it clearer that we are for the things that I have advocated that would help."

Mr. Bush said he felt that no "radically different approaches" were needed to promote further growth beyond his existing six-point legislative program, which includes a proposal to cut the tax rate for capital gains, legislation to overhaul the banking system and a highway bill that sponsors say would create thousands of jobs.

Some parts of that package, like the highway bill, appear headed for passage. Others, like the proposed cut in the capital gains tax, have been stalled in Congress for years and show few signs of moving toward passage.

In political speeches around the country in recent weeks, the President has responded to Democratic attacks by accusing Congress of thwarting his domestic legislation. That strategy has long worked for Mr. Bush and his predecessor, Ronald Reagan, but lately

The President concedes delivery problems for his message.

the unrelenting bad economic news has drowned him out.

Today's Oval Office interview came after a difficult week in which factory prices rose and automobile and retail sales fell. In speeches, Mr. Bush first called on banks to reduce interest rates on credit cards voluntarily, apparently hoping to touch a chord with middle-class voters. Then, some Republicans in Congress led a move to enact mandatory ceilings on credit card rates, panicking banks that rely on interest from credit cards to remain profitable.

That, in turn, may have helped spur a 120-point drop in the stock market on Friday and initiated another cycle of downbeat predictions about economic prospects.

Mr. Bush dismissed the steep drop in the stock market last week in a phrase on Saturday, telling reporters who interrupted his round of golf: "We'll see what happens Monday. No reason to get all concerned."

Today, noting that the stock market had headed back up, he said that attitude had been "the right approach" and that the President should not, and is not competent to, persuade stock traders to push stock prices upward or downward. The stock market gained 29.52 points today.

"I've tried as President to stay out of that," he said. "Perhaps what's happening in the market today vindicates that; I don't know. But let the market sort that out."

But the President defended his earlier efforts to persuade banks to lower their credit card rates, a move some experts have said is as likely to hurt the economy as help it; since lower rates would encourage financially pressed consumers to take on still more debt.

Not 'Interfering in the Market'

Encouraging a decline in interest, he said, is not "interfering in the market," but something the White House regularly does in statements aimed at the Federal Reserve and other institutions that influence such rates.

Asked whether he believed it would be good for the economy if Americans made more purchases on credit, Mr. Bush appeared to respond with a qualified yes.

"That should be a decision made by individuals," he said. "But frankly, I'd like to see the cash registers ring at Christmastime. It would be very good for the economy."

The President was reluctant to say what else he might propose to help the economy or when he might propose it, except that he would wait until after Congress's scheduled adjournment on Friday to announce any new legislative programs.

That, he said, would remove Congress from the scene, enabling the Administration to "package what I'm talking about in a way that people will see it loud and clear and understand it and, hopefully, support me more."

'A Certain Confidence'

On his own prospects for re-election, the President said that he felt "a certain confidence about it, about the outcome" of the 1992 race, but that he was taking seriously the emerging signs of challenges from both the Democrats and from within his own party's most conservative wing.

Paul Hosefros/The New York Times

President Bush said he is having trouble persuading the public that his policies are adequate.

Friends of Patrick J. Buchanan, the conservative television commentator and writer, have said he may enter the Republican primary against Mr. Bush, and David Duke, the former Ku Klux Klan leader who lost decisively in Louisiana's race for governor on Saturday, said today that he was exploring the possibility of challenging the President.

Mr. Bush acknowledged that 1992 was shaping up as a potentially bad year for incumbents, based on the anti-government message that most analysts saw in this month's elections in Pennsylvania, New Jersey, Virginia and elsewhere.

After nearly 11 years in the White House, he said he has some concern that the voters this year may start to view him as an incumbent marked for defeat. "But I think I can handle it," he said. "I also note at the same time that people seem to suggest that Congress is more to blame than the President, though."

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Foreign Affairs

LESLIE H. GELB

Mr. Bush's Three Trios

Never since World War II have so few had so much control over the making of American foreign and defense policy. And though the professionals in the State and Defense Departments grumble about being excluded, never in the last 40 years has the national security bureaucracy known such harmony.

The obvious part of this story is the passing of most throat-cutting cold war issues and Mr. Bush's skill in getting his trio of senior aides — Secretary of State James Baker, Defense Secretary Dick Cheney and Brent Scowcroft, the national security adviser — to work together without the legendary bloodletting that devastated their predecessors.

But a largely uncommented-upon and unusual part of the story has to do with the inner teams assembled by Mr. Baker and Mr. Cheney. These new second-tier officials who receive little publicity are young, generally without prior experience in top departmental jobs, of diverse ideological backgrounds and almost totally untainted by Ivy League educations. They, along with several key National Security Council staffers, wield unprecedented power inside their organizations. And they alone are privy to the innermost thinking of their bosses.

Like Mr. Bush, Mr. Baker has his own inner trio: Robert Zoellick, the Under Secretary of State for Economic Affairs; Dennis Ross, Director of the Policy Planning Staff, and Margaret Tutwiler, the Assistant Secretary for Public Affairs. All three worked closely with Mr. Baker in the Reagan Administration before he took them to State.

Mr. Zoellick, 38, runs foreign economic policy, but he also fills what had been two other separate top jobs — counselor and chief of staff. Every piece of paper going to and from Mr. Baker passes his desk. Mr. Ross, 43, is the key policy maker for East-West relations and the Middle East. Ms. Tutwiler, 40, is the political confidante.

Mr. Cheney also has his trio: Paul Wolfowitz, the Under Secretary for Policy; Pete Williams, the Assistant Secretary for Public Affairs, and Sean O'Keefe, the Comptroller. (Some might also include David Addington, 34, the Cheney special assistant and gatekeeper.)

Mr. Wolfowitz, 47 and the only member of the inner circle not tied to Mr. Cheney's past, is the big-think man for issues like the Persian Gulf war and arms control. Mr. Williams, 39, sits in on most discussions. Mr. O'Keefe, 35, oversees defense programs and spending — after Gen. Colin Powell, the Chairman of the Joint Chiefs, and the military services make their proposals.

Mr. Cheney and his trio are even more fierce than the Baker crowd in keeping other agencies out of their business. Even the White House largely leaves the Pentagon alone. And Dick Cheney tends to share fewer White House secrets with his aides than Mr. Baker does with his trio.

All these inner aides can be described as technocrats with certain leanings — with the exception of Mr. Wolfowitz, who is well established in conservative foreign policy circles. Mr. O'Keefe and Mr. Williams (also Mr. Addington) are more political operatives than policy advisers, and their politics run to a moderate-conservative Republicanism. Mr. Ross and Mr. Zoellick play the role of grand strategists, and their strategies have a moderate-liberal cast.

None of the inner aides carry the baggage of a personal policy bibliography, and that has proved of enormous advantage. Most key officials in recent Administrations, like Richard Perle and Richard Burt under Ronald Reagan, took to the pen to offer policy ideas and slay opponents — which made them constant targets themselves once in office. The new crowd came to power without a track record and without enemies.

What the two trios did bring with them, as did their bosses, was a distrust of the bureaucracy. Yes, they include senior departmental officials on certain subjects. But for the most part they meet with their bosses alone and tell their colleagues only what they want them to know.

The military and Foreign Service professionals are not happy with this lot. They used to rebel when given such treatment by allying with friendly legislators and leaking to the press. Now the professionals quietly march along because, much to their surprise, they like and respect the Bush Administration policies. Not a bad accomplishment for Mr. Bush and his trio and their trios.

initiative were true believers devot-
ir spare hours to a cause they held
They had a right to expect that their
would not be shunted into bureau-
or legal limbo.

tobacco-tax supporters find them-
in a special bind. They'd like to put
ative on November's ballot, but can-
asonably ask their troops to begin
ing signatures so long as the Su-
Court could rule in their favor on the
petitions and thrust *that* initiative
is year's ballot. Hence they sit on
ands, hoping the court will deign to
fore it's too late for a fresh cam-

OR has been punished with a differ-
t of water torture, with no end to it
it. Douglas Bruce, the Colorado
tax-limitation activist, submitted
is for two initiatives last November.
ary of State Natalie Meyer threw out
third of the signatures three weeks
- tomorrow we'll discuss the appall-
ails of this process — forcing Bruce
allies to pore over voter lists trying
e the validity of enough names to
eir proposals.

e case of a tax-limitation measure,
partisans succeeded in finding
state errors to preserve their
nent for the ballot. But the fate of
er measure remains in doubt. Bruce
cohort simply ran out of time before
uld complete a thorough review of
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of a judge can probably save their
e now.

e will emphasize during the next two
ie 1989 law throws petitioners into
ll battle when confronting hostile or
tate officials. The law assumes, of
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hostile nor petty, and there is evi-
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ential exists for similar abuses down
d, the law remains an affront to
and to the Colorado Constitution. It
nore than the minor tune-up now
plated by the General Assembly. It
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sday: How the secretary of office mishandled the two TA-itiatives.

and vase

glass, the Portland vase. None of
previous interpretations of the enig-
cenes on the vase has won general
nce. Skalsky intricately ties all the
and symbols to themes, and a par-
work, of the poet Catullus.
irst, scholarly publishers wanted
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's theory finally won a prestigious
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article in May. The modest Skalsky
nts to get back to his books, but we
ith satisfaction that his fortune is

"HAVE FUN, DEAR. I TRUST YOU'RE SEEING THAT NICE SOUTHERN BOY FROM ARKANSAS AGAIN, TONIGHT?"

ENVIRO

VIEWPOINT

The newest name for an old shakedown: 'Earth Summit'

In Michigan, scientists have discovered a 10,000-year-old fungus, weighing as much as a whale, 30 acres large, hidden under the ground, with only pretty, little mushrooms poking above the surface.

Ben Wattenberg

In New York, at the United Nations, another huge, old and hidden fungus has been vegetating, but the mushrooms are threatening to sprout bigger and uglier. Preparations have been going on for two years for "The Earth Summit," a spectacular U.N. conference scheduled for Rio de Janeiro in June.

A domestic political fight about it is already under way. Environmentalists want President Bush to attend the ES gala and announce that it's a grand idea.

But it isn't. It's an old hidden, U.N. fungus, painted green. In earlier times the U.N. mushrooms were called, among other things, "The New International Economic Order," "The Law of the Sea" and "The Brundtlandt Report." But the theme is always the same: The U.N. gets power, the Third World gets money.

The generic argument has gone this way: Poor nations are poor because rich nations are rich. Rich nations should pay poor nations reparations. The transfer should proceed under a cloak of crisis ("the sea," "the environment"). The terms of transfer should be centrally regulated by U.N. bureaucrats.

The more definite ES idea, still mostly hidden beneath mountains of platitudinous and weasel-worded documents, goes this way: We need general environmental clean-up and, particularly, emissions control to deal with "global warming." Poor nations are too poor to do it. Rich nations must pay them to do it. Rich nations will raise the money by taxing their citizens for energy use.

It is sad to see the U.N. go down the rip-off road again, using environmentalism as the mushroom of choice. The environment is one realm where some global regulation makes some theoretical sense.

What to do? Rethink from scratch. The intellectual basis for the Earth Summit runs counter to what the human species has learned recently. This: Centrally directed economies don't work, and dependency harms the people it is supposed to help. Thus, the communist centralized economies yielded poverty and pollution. Government-to-government foreign aid mostly helped scruffy tyrants. Yet the ES agenda tends to sanctify both ideas.

There is a better way. For we have learned something positive as well: Liberty works. Free markets and free politics yield prosperity. Only free countries are rich; only rich countries can pay the price of environmental cleanliness.

So President Bush should not go to Rio just to give the poor nations and the environmentalists a condescending pat on the head for a bad idea. Ideas have consequences. Legitimizing this discredited philosophy would yield a world both poor and polluted.

There is one other strategy. The president could go to Rio and tell the truth. Which would go something like this:

"Friends, there is no free lunch. There is no payoff in panhandling. Green beggar socialism is not the wave of the future. There are no magic mushrooms, only the magic of the market, which works because it comes from liberty, both political and economic. It can cure both poverty and pollution. If you're interested, we in America will try to help. If the U.N. is interested, let's all plan a new summit, for a new world order."

Soviet Union

Before the flood

AFTER spending nearly a week in the Georgian capital, Tbilisi, to look into the clash on April 9th between troops and nationalist demonstrators which killed 20 people, the Soviet foreign minister, Mr Edward Shevardnadze, had some hard words for the republic's Communist party. It was, he said, hard to explain why Communists should talk to the people "from behind tanks and armoured transports". Increasingly, Communists around the Soviet Union are doing just that.

In the week that followed the Tbilisi troubles, troops and tanks could be spotted on the city streets of at least six of the Soviet Union's 14 non-Russian republics. Their tasks ranged from brief cameo appearances in Latvia and Estonia in the Baltic region, through curfew duties in Georgia, Armenia and Azerbaijan (the site of nationalist unrest last year that claimed nearly 100 lives). In Tashkent, in the Central Asian republic of Uzbekistan, troops were reported to be on the streets in force on April 10th and 11th after a large nationalist gathering. Is the Communist party losing its grip?

Not yet. By April 17th Mr Shevardnadze, himself a Georgian and a former boss of the republic, had struck a deal that step by step withdrew the curfew and troops in Tbilisi in return for assurances that people would return to work. The Georgian party chief accepted responsibility for the violence in the city and has been replaced, along with the republic's prime minister and president. Although calm has been restored, the new leadership in Georgia still faces resentment, especially after reports that troops had used chemicals against some demonstrators. Events there have rattled party men all the way to Moscow.

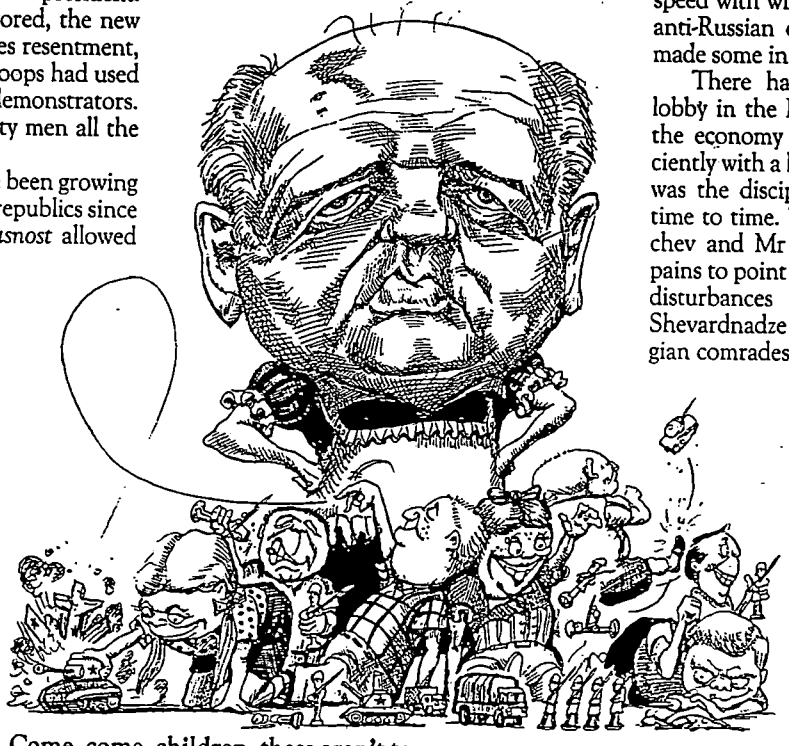
Nationalist demands have been growing louder in all the non-Russian republics since Mr Gorbachev's policy of *glasnost* allowed old complaints to be brought into the open. Each outburst of resentment has been containable. But to party people used to being able to keep a tight lid on things, they now seem to come with alarming rapidity.

Local party bosses, who are at the sharp end of Mr Gorbachev's reforms, could be forgiven for thinking that they can get nothing right. The violence in Tbilisi, Mr Shevardnadze seemed to imply, would not have happened if local Communists had talked to the nationalists earlier in an effort to calm things down. Calling in the troops on April 9th was a clear over-reaction.

At the other extreme is the Estonian party, which decided last year that, since it could not beat the mass popular-front movement pushing for greater autonomy, it had better join it. As a result, Estonia's Communists fared better than comrades in other republics in last month's election for the new national parliament. Yet twice in recent months *Pravda* has warned the Estonian party that calls for independence and the like, put out by the popular front (to which many individual Communists now belong), are getting out of hand. Indeed, Estonia looks set for its second defiance of Moscow in under six months over new laws on private property, immigration controls to keep out unwanted Russians, and financial measures to protect living standards in the republic. Latvia's parliament is about to follow suit.

Seen from Moscow, the enthusiasm with which some party members in the Baltic republics have espoused the nationalist cause is at best unseemly. At worst it threatens to split the Communist party, which so far, along with the army, has been the chief integrating institution in Soviet society.

In February the Lithuanian party boss, Mr Algirdas Brazauskas, told a meeting of his Central Committee that the republic was only a step away from the imposition of "a special form of rule", better known as martial law. Mr Brazauskas has tried to stay on good terms with Lithuania's popular front, *Sajudis* (Unity), but some of his colleagues, now smarting from the rebuff to senior party men in last month's election, have called for action to regain control. Throughout the Baltic republics, for the first time since *glasnost* began, individual party people are being warned—sometimes by their own leaders, sometimes by Moscow—that they must choose between the nationalist cause and the Communist one.



Come, come, children, these aren't toys

Warning: storms ahead

Across the country, alarm bells are ringing. A new militia is being created in Latvia, like the new riot squads in Moscow and Leningrad. Penalties for undermining the state or fanning nationalism have been stiffened. And plenty of worried letters have been appearing in the military press. This sort of thing has happened before, when nationalism has become a worry. This time it is different. Nationalist groups are ignoring the warnings. Especially in the Baltic republics, people seem to have lost their fear of stepping out of line. That can be a dangerous sort of self-confidence.

They calculate that Mr Gorbachev cannot impose a crackdown to "restore order" without undermining the whole process of reform. Mr Gorbachev has flatly ruled out the re-drawing of the boundaries between republics to settle local grievances. But he has otherwise tried to sound conciliatory towards the different nationalist groups. He recognises that the old policy of often brutal Russification fostered resentment. He hopes that the airing of grievances will make them less dangerous. In particular, he hopes that the problem can be contained until a special Central Committee meeting sorts out a nationalities policy in the summer. But the speed with which events in Georgia turned anti-Russian earlier this month may have made some in the party think again.

There has long been a conservative lobby in the Politburo which believes that the economy would work a lot more efficiently with a little more discipline, even if it was the discipline of the truncheon from time to time. That is why both Mr Gorbachev and Mr Shevardnadze have been at pains to point to the danger that nationalist disturbances pose for reform. As Mr Shevardnadze put it last week to his Georgian comrades: "Every river, however wide, has its banks. Every movement of people, however wide, has or should have internal and external limiting factors. If these limits are crossed, as by a river in spate, then devastating elemental forces may be unleashed. Alas, it is not only history that tells us this." Colourfully put. But is anybody out there interested in flood warnings?

Photocopy-Preservation

Speechwriter's S/N Newsletter

November 2, 1990

THE WEEKLY VOICE OF THE SILENT PROFESSION

LETTERS

An anonymous S/N reader sent in the following newspaper clipping and response.

Peggy Noonan, former Ronald Reagan speechwriter, in her *Mirabella* column:

"One of the things I have noticed lately about rich people is the perfection of their ears. I'm noting, in exclusive restaurants, at editorial board meetings where the perfectly dressed politician comes to speak, all these perfectly smooth, round ears, unflawed by a stray hair, a mole, an imperfection of any sort. I'm at a celebratory lunch at Le Cirque and to my right is a famous movie producer —two big perfect pink seashells on the side of his head."

Dear Peggy:

Two requests—

(1) Stop allowing yourself to be called a speechwriter. There are those of us who are proud of our membership in this 2500-year-old profession. You, on the other hand, are a dilettante and a pretender, and we resent your associating yourself with us.

(2) Shaddup!

All the President's speechwriters

For Chriss Winston, head of the White House speechwriting staff, "the main thing is to always remain a team."

"Early in the administration, people in the press were all saying 'George Bush hates to give speeches.' My question is, if he hates to give speeches so much, why does he give so many?" asks Chriss Winston. President George Bush has delivered close to 600 speeches since taking office, but before he saw any of them, they had to go through Chriss Winston, Deputy Assistant for Communications, and head of the White House speechwriting staff.

"My job is to make sure the speech matches the policy, that the rhetoric matches what the President wants," Winston told *S/N* in a recent interview. In many respects, Winston's job resembles that of a newspaper editor. She assigns speeches, edits them, sends them out for clearance by cabinet officers, and reconciles the new language with the original text when the speech is returned. "This includes toasts and brief remarks by the President—everything goes through the same process."

Winston shares responsibility for hiring the White House speechwriters with David Demarest, Assistant to the President for Communications. "We debated at the beginning of the administration whether to recruit people with expertise in particular areas and pigeonhole them, but that wouldn't work with the number of speeches the President gives." Thus, all the President's speechwriters are generalists—"All of them write on all subjects," Winston says, "and they're all experienced and flexible writers. They're extremely fast, and do well under pressure."

When Winston receives a draft, she edits it for length, knowledge of the event and the audience, and what she calls "oomph," something special that might grab some extra attention. Once the speech returns from the clearance process, Winston makes the requested changes (after discussing them with either the speechwriter or the research assistant assigned to the speech) and does rewriting "if it's simple." If more complex revision is needed, Winston will give the speech back to the original writer, then consult with the cabinet staff to make sure the revised language is acceptable. Winston's policy is to avoid conflicts; there are seldom any "knock-down drag-outs" in the process.

Teamwork is essential to the speechwriting effort. "That's best for the President," Winston says. "There are no prima donnas here. The main thing is to always remain a team." In addition to the speechwriters, staff research assistants are "an integral part" of the team. "They look not only for factual accuracy, but they provide 'gee whiz' kinds of facts, anecdotes, color, and ideas that can make the difference between a good speech and a great speech."

Winston's workday starts at eight or eight-thirty in the morning, and rarely ends less than twelve hours later. Although "there are days when I yearn to sit and write a whole speech," Winston looks at the White House job as "a once in a lifetime opportunity. It's a unique opportunity to learn so much. I haven't been so intellectually challenged in a long, long time."

LAWRENCE RAGAN COMMUNICATIONS, INC., PUBLISHER

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'Let Congress Clear It Up'

Bush's pratfalls last week underscored the evanescence of presidential power

Two weekends ago, when the government was under the Gramm-Rudman guillotine, the president traveled back to Washington from Camp David by car—not even a limousine—rather than helicopter, to affirm frugality. This Carteresque gesture began a week during which Bush stepped from his car onto a bunch of political banana skins strewn by himself. On Monday he said X about taxes. On Tuesday some Republican senators told him he really thought not-X, and he agreed. Asked on Wednesday (before Thursday's several staggers) whether he could clarify his position he said, "Let Congress clear it up." Those were portentous words.

Because of Bush's limitations as a leader he is losing a perennial constitutional argument: Who comes closest to having a mandate to rule, the president or Congress? Bush's pratfalls last week underscored the evanescence of presidential power. Bush is a case study of why, more often than not, presidents lack mandates and Congress has, if not a mandate, the next best thing: supremacy.

Bush contributed to the restoration of the American norm—congressional government—by the way he campaigned. Today he is augmenting congressional ascendancy by governing in a manner that illustrates this: Most presidents lack the skill or will to make the presidency more than subservient. And now Robert A. Dahl, emeritus professor at Yale, has published (in Political Science Quarterly) an essay, "Myth of the Presidential Mandate," which suggests that subservience ought to be a president's lot.

Andrew Jackson was the first president to argue that presidents, the officials elected by national votes, necessarily acquire mandates that put them at least on a par with Congress, which is a conglomeration of representatives of lesser constituencies. Prior to Jackson and for most of the 19th century, the prevailing doctrine was that Congress is the principal representative of the people. Jefferson's first message to Congress was couched in language of a nonpartisan executive: "Nothing shall be wanting on my part to inform, as far as is in my power, the legislative judgment, nor to carry that judgment into faithful execution." According to Edward S. Corwin, the constitutional historian, "The tone of [Jefferson's] messages is uniformly deferential to Congress."

So totally did Monroe subscribe to the doctrine of congressional supremacy, he was utterly silent on the burning issue of the day, the admission of Missouri and the status of slavery in Louisiana Territory. Teddy Roosevelt and, even more, Woodrow Wilson asserted presidential supremacy by invoking the mystique of the mandate. The nation, wrote Wilson, "is conscious that it has no other political spokesman. His is the only national voice . . ."

Dahl doubts that presidential campaigns generate mandates for specific policies. He says a necessary (but not sufficient) condition for claiming a mandate is winning a majority of the votes. Reagan in 1980 (50.7 percent) and Carter in 1976 (50.1) barely qualified and Kennedy in 1960 (49.7) and Nixon in 1968 (43.4) did not. And, says Dahl, even when a president wins a majority there can be competing claims for mandates: Democratic candidates for the House won 50.4 percent of the vote in 1980 and 52 percent in 1984.

But wait. Perhaps it can be demonstrated (as modern opinion research purports to do) that presidential elections usually involve meaningful majority consent to particular policies only at high levels of generality ("Get America moving again," 1960; "Peace with honor," 1968; "Cut taxes," 1980; "No new taxes," 1988). But such a demonstration does not dispose of the concept of a mandate.

Whatever else elections do, they confer offices. Since TR, Wilson and, decisively, FDR invented the modern presidency, presidential elections have conferred a mandate in this limited but not negligible sense: Elections create a public mood of initial deference to acts of presidential discretion.

Specific mandate: In 1988 Bush got a mandate for . . . what? For not furloughing Willie Horton? For pledging allegiance? For cutting capital gains taxes? (How many Bush voters were swayed by, or even aware of, that idea?) But even campaigns less negative and vapid than Bush's confer, primarily, an office and initial deference. That is, an election provides less a mandate than an opportunity to fashion a specific mandate while, and by, governing.

"The president," wrote president (of Princeton) Woodrow Wilson in 1908, "is at liberty both in law and conscience to be as big a man as he can. His capacity will set the limit; and if Congress be overborne by him, it will be no fault of the makers of the Constitution—it will be from no lack of constitutional powers on its part, but only because the president has the nation behind him, and Congress has not. He has no means of compelling Congress except through public opinion."

For a few presidents, those with the requisite will and skill, some modern extraconstitutional developments (broadcasting; opinion measurements techniques) compensate for Congress's superior constitutional powers. The kind of presidency ("tribune of the people," "rhetorical," "plebiscitary") necessary for wresting supremacy from Congress is an innovation. "From Washington through Jackson," writes Dahl, "no president gave more than five speeches a year to the general public, a total that was not exceeded by half the presidents from Washington through McKinley." Presidents spoke primarily to Congress (usually in formal language and deferential tones), and occasionally to the public in the sort of generalities heard in Inaugural addresses.

But today's political culture—a maelstrom of interest groups generated by omniprovident government—makes coherent congressional government impossible; hence presidential ascendancy is necessary. However, it may be beyond Bush's capacities.

Bush inherited the presidency from a "conviction politician" who, because he was that, often aroused public opinion to compel Congress. But Bush seems to regard as *lèse-majesté* the idea that he must constantly earn his claim on the public's continuing deference. Such deference depends on clarity about ideas and principles—"the vision thing." That is why Bush's inarticulateness, although often comic, is not funny. It is not an esthetic but a philosophic failing. He does not say why he wants to be there, so the public does not know why it should care if he gets his way. Until the public does, he won't. Congress will.

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Essay

Charles Krauthammer

Can America Stand Alone?

Has there ever been a more reluctant superpower than America? Has any great power taken less pleasure in its foreign adventures? I doubt it. As shown yet again in the Persian Gulf, the U.S. is the world leader, and Americans hate the job. The idea that the world is an arena of unending conflict repels Americans. It means that a superpower's work is never done.

Don't we get time off? Just weeks after winning the cold war, we face a new war in the gulf. Like Americans going off to Korea just five years after V-J day, we feel uneasy, disappointed. The more disturbed among us feel betrayed. They need to conjure up some conspiracy, some alien force (Jews, imagines the fevered Pat Buchanan) dragging us again to war.

The reluctant superpower seeks an end to toil. Which is why Americans are endlessly resourceful in trying to evade the burdens of history. First, there was the isolationism of the '20s and '30s. Then, during the cold war, the American left counseled abdication, denying either that the cold war existed or that it was anything more than a cozy arrangement to keep the Pentagon and the paranoid right happy.

ILLUSTRATION FOR TIME BY DAVID SUTER

Next, the cold war was won. In the accompanying euphoria, the idea was born that having once again won the war to end all wars, the U.S. could finally lay down its burdens. Calls rang out for cutting the defense budget in half by the end of the decade. The *New Yorker,* with its unerring instinct for the politically trendy and the politically stupid, suggested (quoting Daniel Ellsberg) doing the 50% cut right now. In Congress the rush was on for wholesale American demobilization. A reporter, complaining at a Feb. 12 White House press conference about "out of sync" defense spending, asked the President, "Who's the enemy?"

Well, now we know. Saddam Hussein has reminded Americans the world is a nasty place. Americans do not appreciate the reminder. They find it hard to accept the fact that as the planet's only remaining superpower, the U.S. is the one nation that can, and therefore must, face down the nasties.

Hence the search for another way to avoid the crushing burdens of superpower responsibility. The search has borne fruit. The newest panacea for getting us off the hook has been found: the U.N., multilateralism, collective security. Woodrow Wilson's great dream that the world would respond to aggression by acting collectively rather than having to rely on a policeman (i.e., us) is finally coming true.

What a dream. What an illusion.

What is happening in the gulf is not collective security but a coincidence of interests. And it is hardly collective. Without the U.S. leading, prodding, bribing and blackmailing, no one would have stirred. Nothing would have been done: no embargo, no Desert Shield. The world would have written off Kuwait the way the last body pledged to collective security, the League of Nations, wrote off Abyssinia.

Last week the commanders of both Egyptian and Syrian forces in Saudi Arabia declared that they would not take part in any counterinvasion of Kuwait. In Kuwait, as in Korea (our most recent exercise in collective security), if war comes it is America that will carry the fight. When the Iraqis complain that the anti-Iraq coalition, the U.N. front, the whole multilateral apparatus, is little more than a cover for an assertion of American power, they exaggerate only slightly.

Nothing wrong with cover. It is nice to have. It is always good to enter a conflict with lots of people cheering you on and saying how noble your cause. It is still nicer to have others standing on the front line with you, even though they are only a token force.

Multilateralism is fine. But it carries two dangers. First, that we will mistake illusion (world opinion, U.N. resolutions, professions of solidarity) for the real thing (American power), and assume that if we dispense with the real thing, illusion will get us to where we are going.

The second danger is that multi-lateralism will become a fetish. The need to nurture it can actually become a hindrance to the exercise of real, effective power. There are voices arguing that the U.S. should not do anything in the gulf—undertake military action, for example—that might jeopardize the grand coalition it has put together. This is to confuse means and ends. The coalition is a means to getting Iraq out of Kuwait. It is not an end in itself. As long as the means serves the end, it is worth having. If there comes a point at which holding the coalition together prevents us from achieving the objective, then surely the objective takes precedence.

The great danger with any collective action is that the more partners you have, the less you can do. U.N. resolutions, Security Council support, Soviet backing, allied troops and Japanese money are all very welcome in this or any other American geopolitical exertion. They are welcome but they cannot be made essential. Otherwise, American policy becomes prisoner to its partners' wishes. The more partners, the more wishes. Options become constrained, the chances of success diminished.

The point of policy, after all, is success. It is not to feel good. It is not international applause. It is not to hold coalitions for the sake of coalitions. It is to achieve ends. If coalitions help, fine. Otherwise, they cannot be allowed to paralyze policy.

President Bush says it is not America against Iraq but the world against Iraq. In fact, it is America, with some friends following carefully behind. Collective security is a diplomatic myth: convenient to use, dangerous to believe.

History has been severe with America. After reluctantly joining and decisively winning the three great wars of this century (World War I, World War II and the cold war), America is permitted no rest. It keeps getting stuck with the job not just of protecting itself but of imposing order on a disorderly world. Collective security is only the latest myth seized upon by Americans desperate to believe they have found their well-deserved escape from the burdens of history.

Unfortunately, and unfairly, they have not. ■

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NUTRITION

The lean years of early man

From the land that gave the West moo shu pork, Peking duck and Sichuan beef comes a warning: Don't eat them. The most encompassing study ever done on diet and health examined 6,500 Chinese to serve up evidence that the less meat in the diet, the better—at least for Chinese. Though they eat 20 percent more calories than Americans for their size, Americans wind up 25 percent fatter, partly because of meat consumption.

To Cornell University nutritionist and study leader Dr. T. Colin Campbell, who will publish preliminary results next month, the data suggest we were meant to be "a vegetarian-type species." He would have a tough time convincing anthropologists. Homo sapiens has been chewing on chops for hundreds of thousands of years. What has changed is the choice of side dishes, and the quality of the chops.

"Vegetarians return from the kill"

Our hunter-gatherer ancestors had a diet to put gluttonous Americans to shame. A group of Emory University scientists, in *The Paleolithic Prescription*, calculated that a Stone Age diet provided five times the fiber, one fourth the salt and half the fat of a contemporary American diet. Even when they gorged on buffalo—meat made up roughly a third of their calories—early humans ate better. In fat content, wild game is closer to bass than to beef. Also, venison fat is largely unsaturated, so it is less inclined to raise cholesterol levels.

Consumption of tender and fatty domesticated meat has surged only since the Industrial Revolution and especially in the 20th century. With it have surged ailments of affluence: Cancer and atherosclerosis. Such afflictions were as rare for game-eating early hunters as they are for vegetable-eating Chinese. Despite the centuries and entrée choices that divide the two groups, their lean, fibrous fare makes them dietary cousins.

THE FAR SIDE cartoon by Gary Larson is reprinted by permission of Chronicle Features, San Francisco, Calif.

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analysis. "This would have to all be done in a half hour," said a White House official, "which means the President's speech could only be 12 to 13 minutes."

- **The Reverend Jesse Jackson could get caught up in the net of ongoing investigations into the BCCI scandal,** as one of the original defendants prepares to testify before Senator John Kerry's Foreign Relations Subcommittee on Terrorism, Narcotics, and International Operations tomorrow. Jackson's name is expected to come up in the testimony of Nazir Chinoy, one of the original defendants of the 1988 BCCI indictments. Sources report Nazir, who plead guilty, is angling for a reduced sentence by cooperating with authorities like Senator Kerry and that his testimony could be related to allegations that Jackson received over $10,000 in hotel expenses paid by Nazir or other BCCI associates. There are reports that Jackson, like former President Jimmy Carter, Robert Altman, Clark Clifford, and former Atlanta Mayor Andrew Young, may have been introduced to BCCI operatives by Bert Lance, former OMB Director under Carter. Nazir was the regional manager for BCCI's European and African activities and operated out of Paris. He was indicted for his role in laundering the proceeds from sales of cocaine through BCCI and later plead guilty. He is the highest ranking BCCI official U.S. custody.

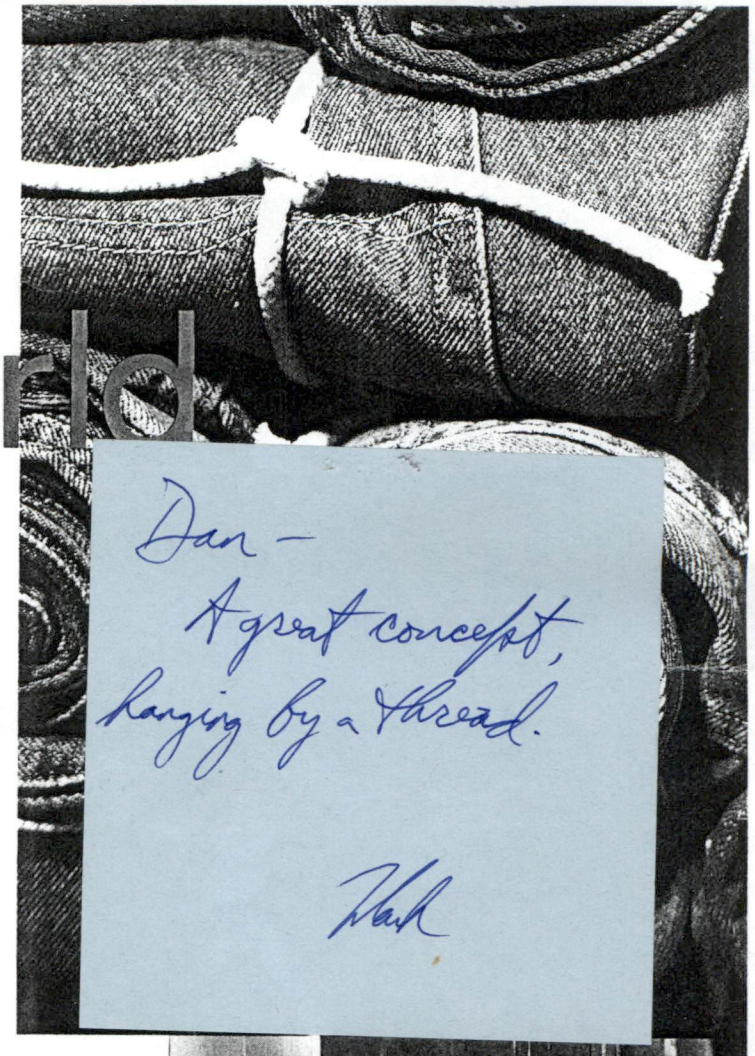
- **In today's primaries, the most interesting contest on the ballot may be in Illinois, but not on the Presidential front.** In an example of how quickly one's political fortunes can change, Senator Alan Dixon is fighting for his political life today as Democratic voters in Illinois decide whether or not the two-term Senator deserves his party's nomination this year. Just a few months ago, the consensus among most political analysts in Washington was that Dixon was untouchable. Dixon is opposed by attorney Al Hofeld, whose late surge some think could be enough to beat Dixon, and Carol Mosely-Braun, the Cook County recorder of Deeds who is expected to do well in Chicago's Black precincts. Earlier in the campaign season, The Democratic State Party of Illinois took an unusual step in refusing to endorse incumbent Dixon because the race was a contested primary. Whether or not Dixon survives, some Republican observers are poised to interpret the verdict as a "win-win" situation for the GOP, speculating that even if Dixon hangs on to win today's primary, he will be "bloodied and broke." The winner of today's Democratic primary will face Republican Rich Williamson, a former Reagan White House official with extensive contacts in the Bush Administration and GOP financial circles.

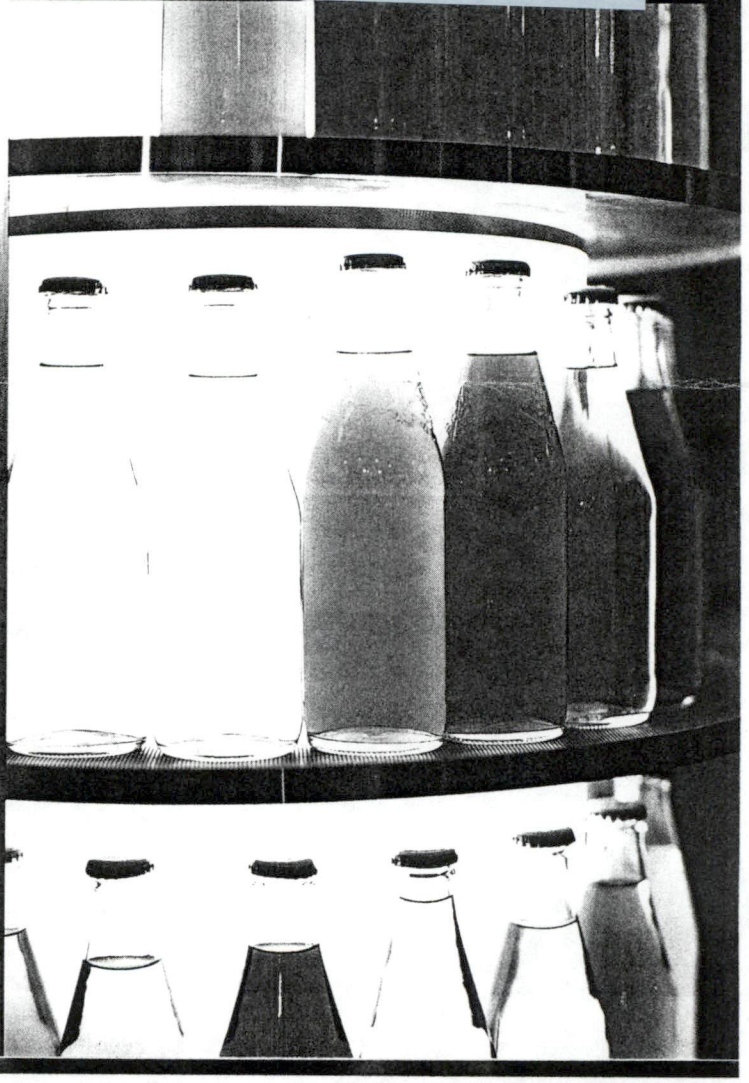
- **Some in the White House are concerned that the President's current re-election themes of family, jobs and peace are not catching fire with the electorate.** To promote these themes, Bush has made welfare reform and educational choice two of his major topics during his campaign addresses, but there is a growing sense that these words alone are not providing nearly enough of a reason for voters to justify giving Bush another term. "That does not exactly catch fire anywhere," said a White House official in referring to the current stump speech. The official added: "[Welfare and education reform] show up in the speeches, but there ain't no meat on those bones yet." The officials report that the newly organized White House policy shop is working to develop an "active element" to the themes, by providing new initiatives which would include goals to be achieved in the President's second term. The President provided a good example of his current campaign rhetoric late last night in Chicago. Bush told the audience at a Bush-Quayle fundraising dinner: "America was built on family and faith and freedom and these form the foundation of our great country and we must now renew those sources of our strength. And we must, for example, allow common sense to prevail in our welfare system. We've got to forge a new connection between welfare and work. And when Chicago, the city that works, finds that 17 percent of its population dependent on welfare, something's wrong. Americans aren't cold hearted. We're a caring people. Americans support welfare for families in need, but Americans want to see government at every level work together to track down the deadbeat dads, the ones who can't be bothered to pay child support, and they want to see us break this cycle of dependency that destroys dignity and passes down poverty from one generation to the next. That's wrong. That's cruel. And I'll tell you this: We are working hard to change it. My Administration will continue to encourage the states to innovate with plans that help people break welfare dependency and begin learning work skills. Here's another way that we

FASHION

Armani's New World Order

The Milanese maestro takes on sweatshirts and slouch socks in his new A/X shop—the prototype for a major nationwide chain





For Pol

John Lewis Gaddis

TOWARD THE POST-COLD WAR WORLD

For the first time in over half a century, no single great power, or coalition of powers, poses a "clear and present danger" to the national security of the United States. The end of the Cold War has left Americans in the fortunate position of being without an obvious major adversary. Given the costs of confronting adversaries who have been all too obvious since the beginning of World War II, that is a condition worthy of greater appreciation than it has so far received.

It would be foolish to claim, though, that the United States after 1991 can return to the role it played in world affairs before 1941. For as the history of the 1930s suggests, the absence of imminent threat is no guarantee that threats do not exist. Nor will the isolationism of that era be possible in the 1990s. Advances in military technology and the progress of economic integration have long since removed the insulation from the rest of the world that geographical distance used to provide. The passing of the Cold War world by no means implies an end to American involvement in whatever world is to follow; it only means that the nature and the extent of that involvement are not yet clear.

Finding one's way through unfamiliar terrain generally requires a map of some sort. Cartography, like cognition itself, is a necessary simplification that allows us to see where we are, and where we may be going. The assertion that the world was divided between the forces of democracy and those of totalitarianism—to use the precise distinction made in President Harry S. Truman's announcement of the Truman Doctrine—was of course a vast simplification of what was actually happening in 1947. But it was probably a necessary one: it was an exercise in geopolitical cartography that depicted the international landscape in terms everyone could

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understand, and so doing prepared the way for the more sophisticated strategy of containment that was soon to follow.

The end of the Cold War was too sweeping a defeat for totalitarianism—and too sweeping a victory for democracy—for this old geopolitical map to be of use any longer. But another form of competition has been emerging that could be just as stark and just as pervasive as was the rivalry between democracy and totalitarianism at the height of the Cold War: it is the contest between forces of integration and fragmentation in the contemporary international environment. The search for a new geopolitical cartography might well begin here.

II

I use the term "integration" in its most general sense, which is the act of bringing things together to constitute something that is whole. It involves breaking down barriers that have historically separated nations and peoples in such diverse areas as politics, economics, religion, technology and culture. It means, quite literally, the approach to what we might call—echoing some of the most visionary language of World War II—one world.

Integration is happening in a variety of ways. Consider, first, the communications revolution, which has made it impossible for any nation to deny its citizens knowledge of what is going on elsewhere. This is a new condition in international politics, the importance of which became clear as revolution swept through eastern Europe in the fall of 1989. A new kind of domino theory has emerged, in which the achievement of liberty in one country causes repressive regimes to topple, or at least to wobble, in others. Integration through communications has largely brought this about.

Consider, next, economics. These days, no nation—not even the Soviet Union, or China, or South Africa or Iraq—can maintain itself apart from the rest of the world for very long. That is because individual nations depend, for their own prosperity, upon the prosperity of others to a far greater extent than in the past. Integration also means that transnational actors like multinational corporations and economic cartels can have a powerful influence on what happens to national states. And in Europe, integration has led to the creation of a potential new superpower in the form of the European Community (EC). Europe as a whole, not just Brit-

ain, France or Germany, is already a major player in the world economy, and it may soon become one in world politics as well.

Consider, as a third manifestation of integration, security. It used to be the case that nations relied exclusively upon their own strength to ensure their safety, and that is still primarily the case. But Woodrow Wilson began the movement toward collective security after World War I with his proposal for a League of Nations, and although that organization proved ineffective, it did give rise to a United Nations that in recent years has become a major force in international diplomacy. It is significant that the United States waited to gain U.N. approval before using force in the Persian Gulf. Washington has not always been so solicitous in the past, and the fact that the Bush administration proceeded in this way suggests that it has come to see important advantages in the collective approach, which is to say the integrative approach, to security.

Then consider the integration of ideas. The combination of easy communications, unprecedented prosperity and freedom from war—which is, after all, the combination the Cold War gave us—made possible yet another integrationist phenomenon: ideas now flow more freely throughout the world than ever before. This trend has had a revolutionary effect in certain authoritarian countries, where governments found they had to educate their populations in order to continue to compete in a global economy, only to discover that the act of educating them exposed their minds to the realm of ideas and ultimately worked to undermine the legitimacy of authoritarianism itself.[1] The consequences can be seen in Chinese students who prefer statues of liberty to statues of Mao, in Soviet parliamentarians who routinely harangue their own leaders on national television and in the remarkable sight of the current president of Czechoslovakia—himself a living symbol of the power of ideas—lecturing the Congress of the United States on the virtues of Jeffersonian democracy.

Finally, consider peace. It has long been a central assumption of liberal political philosophers that if only one could maximize the flow of ideas, commodities, capital and people across international boundaries, then the causes of war would drop away. It was for a long time an idea based more on faith than on reality. But there is some reason to think that a

[1] See Theodore S. Hamerow, *From the Finland Station: The Graying of Revolution in the Twentieth Century*; New York: Basic Books, 1990, pp. 210–25, 300–9.

by-product of integration since 1945 has indeed been peace, at least among the great powers. The prosperity associated with market economics tends to encourage the growth of liberal democracies; and one of the few patterns that holds up throughout modern history is that liberal democracies do not go to war with one another.[2] From this perspective, then, the old nineteenth-century liberal vision of a peaceful, integrated, interdependent and capitalist world may at last be coming true.

III

Would that it were so. Unfortunately, the forces of integration are not the only ones active in the world today. There are also forces of fragmentation at work that are resurrecting old barriers between nations and peoples—and creating new ones—even as others are tumbling. Some of these forces have begun to manifest themselves with unexpected strength, just when it looked as though integration was about to prevail. The most important of them is nationalism.

There is, to be sure, nothing new about nationalism. Given that the past half century has seen the number of sovereign states more than triple, it can hardly be said that nationalism was in a state of suspended animation during the Cold War. Still, many observers did have the sense that, among the great powers at least, nationalism after World War II had been on the wane.

The very existence of two rival superpowers, which is really to say, two supranational powers, created this impression. We rarely thought of the Cold War as a conflict between competing Soviet and American nationalism: we saw it, rather, as a contest between two great international ideologies, or between two antagonistic military blocs, or between two geographical regions we imprecisely labeled "East" and "West." One could even argue that the Cold War discouraged nationalism, particularly in western Europe and the Mediterranean, where the mutual need to contain the Soviet Union moderated old animosities like those between the French and the Germans, or the Greeks and the Turks, or the British and everybody else. Much the same thing happened, although by different and

[2] Michael Doyle, "Kant, Liberal Legacies, and Foreign Affairs," *Philosophy and Public Affairs*, Summer/Fall 1983, pp. 205–35, 323–35; also Doyle, "Liberalism and World Politics," *American Political Science Review*, December 1986, pp. 1151–69.

more brutal means, in eastern Europe, where Moscow used the Warsaw Pact to suppress long-simmering feuds between the Hungarians and the Romanians, or the Czechs and the Poles, or the (East) Germans and everybody else. Nationalism might still exist in other parts of the world, we used to tell each other, but it had become a historical curiosity in Europe. There were even those who argued, until quite recently, that the Germans had become such good Europeans that they were now virtually immune to nationalist appeals and so had lost whatever interest they might once have had in reunification.

Today the situation looks very different. Germany has reunified, and no one—particularly no one living alongside that new state—is quite sure of the consequences. Romanians and Hungarians threaten each other regularly now that the Warsaw Pact is defunct, and nationalist sentiments are manifesting themselves elsewhere in eastern and southeastern Europe, particularly in Yugoslavia, which appears to be on the verge of breaking up.

The same thing could even happen to the Soviet Union itself: nationalist pressures the regime thought it had smothered as far back as seven decades ago are coming to the forefront once again, to such an extent that we can no longer take for granted the continued existence of that country in the form that we have known it.

Nor should we assume that the West is immune from the fragmenting effects of nationalism. The Irish question ought to be a perpetual reminder of their durability; there is also the Basque problem in Spain, and the rivalry between the Flemings and the Walloons in Belgium. The American presence in the Philippines is becoming increasingly tenuous in the face of growing nationalism, and similar pressures are building in South Korea. Nationalism is even becoming an issue in Japan, what with recent controversies over the treatment of World War II in Japanese history textbooks and the Shinto ceremonies that officially began the reign of the Emperor Akihito. It is worth recalling as well how close the Canadian confederation came in 1990 to breaking up—as it yet may—over the separatist aspirations of Quebec. There was even a point last year when the Mohawk Indians were demanding, from Quebec no less, recognition of their own rights as a sovereign state.

But the forces of fragmentation do not just take the form of pressures for self-determination, formidable though those

may be. They also show up in the field of economics, where they manifest themselves as protectionism: the effort, by various means, to insulate individual economies from the workings of world market forces. They show up in the racial tension that can develop, both among states and within them: the recent killings of blacks by blacks in South Africa, after the release of Nelson Mandela, illustrates the problem clearly.

They certainly show up in the area of religion. The resurgence of Islam might be seen by some as an integrationist force in the Middle East. But it is surely fragmentationist to the extent that it seeks to set that particular region off from the rest of the world by reviving ancient and not-so-ancient grievances against the West, both real and imagined. Forces of fragmentation can even show up as a simple drive for power, which is the only way I can make sense out of the fiendishly complex events that have torn Lebanon apart since the civil war began there in 1975. One can look at Beirut as it has been for the past decade and a half and get a good sense of what the world would look like if the forces of fragmentation should ultimately have their way.

Fragmenting tendencies are also on the rise—they have never been wholly absent—within American society itself. It would be difficult to underestimate the disintegrative effects of the drug crisis in this country, or of the breakdown of our system for elementary and secondary education, or of the emergence of what appears to be a permanent social and economic "underclass." Well-intentioned efforts to decrease racial and sexual discrimination have increased racial and sexual—as well as constitutional—tensions.[3] Linguistic anxieties lurk just beneath the surface, as the movement to make English the official language of the United States suggests. Immigration may well be increasing at a faster rate than cultural assimilation, which in itself has been a less than perfect process. Regional rivalries are developing over such issues as energy costs, pollution control and the bailout of the savings and loan industry. And the rise of special interest groups, together with their ability to apply instant pressure through instant communications, has thrown American politics into such disarray that elections are reduced to the unleashing of attack videos, and the preparation of the budget has come to

[3] See "Race on Campus," *The New Republic*, Feb. 18, 1991; also Dinesh D'Souza, "Illiberal Education," *The Atlantic*, March 1991, pp. 51–79.

resemble the endless haggling of rug merchants in some Oriental bazaar. When the leading light of American conservatism has to call for a return to a sense of *collective* interest, then the forces of fragmentation have proceeded very far indeed.[4]

All of this suggests that the problems we will confront in the post-Cold War world are more likely to arise from competing processes—integration versus fragmentation—than from the kinds of competing ideological visions that dominated the Cold War. Unlike the old rivalry between democracy and totalitarianism, though, the new geopolitical cartography provides no immediately obvious answer to the question of which of these processes might most threaten the future security interests of the United States.

IV

It would appear, at first glance, that the forces of integration ought to be the more benign. Those forces brought the Cold War to an end. They provided the basis for the relative prosperity that most of the developed world enjoyed during that conflict, and they offer the most plausible method of extending that prosperity into the post-Cold War era. They combine materialism and idealism in a way that seems natural to Americans, who tend to combine these traits in their own national character. And they hold out the promise of an international order in which collective, not unilateral, security becomes the norm.

But is the trend toward integration consistent with the traditional American interest, dating back to the Founding Fathers, in the balancing of power? Has that interest become obsolete in the new world that we now confront? The long-standing American commitment to the balance of power was based on the assumption that the nation would survive most comfortably in a world of diversity, not uniformity: in a homogeneous world, presumably, one would not need to balance power at all. No one would claim that the progress of integration has brought us anywhere close to such a world. Still, the contradiction that exists between the acts of balancing and integrating power ought to make us look carefully at the post-Cold War geopolitical map. Jumping to conclusions—in

[4] William F. Buckley, Jr., *Gratitude: Reflections On What We Owe To Our Country*, New York: Random House, 1990.

favor of either integrationist or fragmentationist alternatives—could be a mistake.

Consider the long-term ecological problems we are likely to face. The prospect of global warming looms as a constraint upon future economic development conducted in traditional—which is to say, polluting—ways. Integration here, in the form of expanding industrialization and enhanced agricultural productivity, has created a new kind of danger. The worldwide AIDS epidemic illustrates how one integrative force, the increasing flow of people across international boundaries, can undermine the effects of another, which is the progress made toward the conquest of disease. Population pressure, itself the result of progress in agricultural productivity and in conquering disease, is in turn magnifying disparities in living standards that already exist in certain parts of the world, with potentially disintegrative results. The forces of integration, therefore, provide no automatic protection against ecological threats: indeed, they are part of the problem. Despite classical liberal assumptions, we would be unwise in assuming that an ever-increasing flow of people, commodities and technology across international borders will necessarily, at least from the ecological standpoint, make the world a safer place.

Consider, next, the future of Europe. The reunification of Germany, together with the enfeeblement and possible breakup of the Soviet Union, is one of the most abrupt realignments of political, military and economic power in modern history. It has come about largely as a result of those integrative forces that ended the Cold War: the much-celebrated triumph of democratic politics and market economics.[5] And yet, this victory for liberalism in Europe is producing both integrative and disintegrative consequences. In Germany, demands for self-determination have brought political integration, to be sure, but the economic effects could be disintegrative. There are concerns now over whether the progress the EC has made toward removing trade and immigration barriers will be sufficient to tie the newly unified Germany firmly to the West; or whether the new Germany will build its own center of power further to the east, with the risk that this might undo the anticipated benefits of 1992.

[5] An extreme, but prominent, example of such celebration is Francis Fukuyama, "The End of History?" *The National Interest*, Summer 1989, pp. 3–18.

In the Soviet Union, the triumph of liberalism has had profoundly disintegrative consequences. The central government faces the possibility of becoming irrelevant as power diffuses down to the level of the republics, and even below. No one knows what the future political configuration, to say nothing of ideological orientation, of the potential successor states might be. Civil war, and even international war growing out of civil war, are by no means unrealistic prospects; such disruptions would be all the more dangerous because the Soviet Union's massive arsenal of nuclear and conventional weapons will not disappear, even if the Soviet Union itself does.[6] The future of Europe, in short, is not at all clear, and it is the increasing tension between processes of integration and fragmentation that has suddenly made the picture there so cloudy.

Then consider the Middle East and Africa. The combination of German reunification with Soviet collapse, if it occurs, will involve the most dramatic changes in international boundaries since the end of World War II. And yet no one seems to be thinking about what precedents this might set for other parts of the world where boundaries inherited from the colonial era do not even come close to coinciding with patterns of ethnicity, nationality or religion. If the Lithuanians are to get their own state, it will not be easy to explain to the Palestinians or the Kurds or the Eritreans why they should not have theirs also. If the boundaries of the dying Soviet empire are to be revised, then why should boundaries established by empires long since dead be preserved?

Finally, consider the Iraqi invasion of Kuwait. It was Iraq's integration into the international market in sophisticated military technology that made it possible for Saddam Hussein to perform this act of aggression. His arsenal of chemical and biological weapons, to say nothing of his surface-to-air-missiles, Scuds, Mirages, the nuclear weapons he probably would have had if the Israelis had not bombed his reactor in 1981 and the long-range artillery he certainly would have had if the British had not become suspicious of his orders for very thick "oil pipes" early in 1990—all of this hardware was not forged by ingenious and self-reliant Iraqi craftsmen, working tirelessly along the banks of the Euphrates. Saddam obtained it,

[6] The depressing possibilities are well summarized in George F. Kennan, "Communism in Russian History," *Foreign Affairs*, Winter 1990/91, pp. 182–84.

rather, by exploiting an important consequence of integration, which is the inability or unwillingness of highly industrialized states to control what their own entrepreneurs, even those involved in the sale of lethal commodities, do to turn a profit.

The global energy market—another integrationist phenomenon—created the riches that made Kuwait such a tempting target in the first place; it also brought about the dependence on Middle Eastern oil that caused so rapid a military response on the part of the United States, its allies and even some of their former adversaries. The eagerness of this improbable coalition to defend the principle of collective security would hardly have been as great if Benin had attacked Burkina Faso, or vice versa.

There is, of course, no assurance that Saddam Hussein would have refrained from invading Kuwait if the Cold War had been at its height. But there is a fair chance that either the United States or the Soviet Union—depending upon which superpower Iraq was aligned with at the time—would have sought to exert a restraining influence, if only to keep its principal rival from exploiting the situation to its own advantage. Certainly distractions associated with the end of the Cold War in Europe during the first half of 1990 prevented both Washington and Moscow from giving the attention they should have to Persian Gulf affairs.

It is also worth remembering that the first post-Cold War year saw, in addition to the Iraqi occupation of Kuwait, the near-outbreak of war between India and Pakistan, an intensification of tension between Israel and its Arab neighbors, a renewed Syrian drive to impose control over Lebanon and a violent civil war in Liberia. Conflict in the Third World, it appears, is not going to go away just because the Cold War has; indeed it may well intensify.

Finally, consider one other form of regional conflict that is likely to affect the post-Cold War era: it is what we might call the "post-Marxist revolution" crisis. The most potent revolutionary force in the Third World these days may well be democracy. But it is no clearer there than it is in Europe that this supposedly integrative "triumph of liberalism" will necessarily promote peace. For just as the United States used to justify its intervention in Third World countries as a means of "inoculating" them against the "bacillus" of communism, so the post-Cold War era could see military interventions by the old democracies for the purpose of confirming in power—or

restoring to power—new democracies. The violent, but overwhelmingly popular, American military operation to apprehend General Manuel Antonio Noriega in Panama could well portend things to come.

Threats can arise, though, not only from external sources; for the way in which a nation chooses to respond to threats can, under certain circumstances, pose as much of a danger to its long-term interests as do developments beyond its borders. The United States did not *have* to involve itself, to the extent that it did, in the Vietnam War. It did not *have* to become as dependent as it has on foreign oil. It did not *have* to accumulate such massive budget deficits that the government will have no choice but to allocate a significant percentage of its revenues, well into the 21st century, to paying off the accumulated debt. All of these were decisions Americans made, not their adversaries; yet their consequences have constrained, and in the case of energy dependency and the national debt, will continue to constrain, American freedom of action in the world for years to come.

These problems evolved from a curious unevenness that exists within the United States these days in the willingness to bear pain. Americans have readily accepted pain in connection with their integrative role as a global peacekeeper. They have repeatedly sent troops and resources overseas for the purpose of resisting aggression, even in situations where the probability of an attack was remote and where the states they were defending did not always see fit to contribute proportionately to their own defense. The United States has been unwilling to accept even moderate pain, though, when it comes either to raising the taxes necessary to support the government expenditures its citizens demand, or to cutting back on those expenditures to bring them into line with the taxes its citizens are willing to pay. The United States is generous, even profligate, with its military manpower and hardware, but it is selfish to the point of irresponsibility when it comes to issues of lifestyle and pocketbook.[7] As a result, a kind of division of labor has developed within the international community, in which the United States contributes the troops and the weaponry needed to sustain the balance of power, while its allies

[7] James Chace has suggested, persuasively in my view, that this attitude goes back to Lyndon Johnson's attempt to fight the Vietnam War without asking for sacrifices on the home front. See his *Solvency: The Price of Survival*, New York: Random House, 1981, p. 15.

finance the budgetary, energy and trade deficits Americans incur through their unwillingness to make even minimal sacrifices in living standards.

Whatever the causes of this situation, the long-term effects cannot be healthy ones. Americans will not indefinitely serve as "mercenaries" overseas, especially when the troops recruited in that capacity come, as they disproportionately do, from the less fortunate social, economic and educational classes. Resentment over this pattern—when it develops—is likely to undermine whatever foreign policy consensus may yet remain. Pressures will eventually build for *all* Americans to bear their fair share of *all* the burdens that are involved in being a world power, and that may considerably diminish the attractions of continuing to be one.

The end of the Cold War, therefore, brings not an end to threats, but rather a diffusion of them: one can no longer plausibly point to a single source of danger, as one could throughout most of that conflict, but dangers there still will be. The architects of containment, when they confronted the struggle between democracy and totalitarianism in 1947, knew which side they were on; the post-Cold War geopolitical cartography, however, provides no comparable clarity. In one sense, this represents progress. The very absence of clear and present danger testifies to American success in so balancing power during the past four and a half decades that totalitarianism, at least in the forms we have considered threatening throughout most of this century, is now defunct. But, in another sense, the new competition between the forces of integration and fragmentation presents us with difficult choices, precisely because it is by no means as clear as it was during the Cold War which tendency we should want to see prevail.

V

Examine, first, the most extreme alternatives. A fully integrated world would be one in which individual countries would lose control of their borders and would be dependent on others for critical resources, capital and markets. It would mean, therefore, a progressive loss of national sovereignty, and ultimately the loss of whatever remained of national identity. A fully fragmented world would approximate the Hobbesian state of anarchy that theorists of international relations assume exists but that, in practice, never has: the

world would be reduced to a gaggle of quarreling principalities, with war or the threat of war as the only means of settling disputes among them. Both of these extremes—for these are obviously caricatures—would undermine the international state system as we now know it: the first by submerging the autonomy of states within a supranational economic order; the second by so shattering state authority as to render it impotent.

No one seriously claims that, with the end of the Cold War, we can abandon the international state system or relinquish national sovereignty: not even our most visionary visionaries are prepared to go that far. This suggests, therefore, that the United States and its allies retain the interest they have always had in the balancing of power, but that this time the power to be balanced is less that of states or ideologies than of the processes—transcending states and ideologies—that are tending toward integrationist and fragmentationist extremes. Instead of balancing the forces of democracy against those of totalitarianism, the new task may well be to balance the forces of integration and fragmentation against each other.

What would this mean in practical terms? In the best of all possible worlds, of course, it would require taking no action at all, because integrationist and fragmentationist forces would balance themselves. Unfortunately, though, in the imperfect world in which we live things rarely work out this neatly. Gaps generally exist between what one wants to have happen and what seems likely to happen; it is here that the choices of states—and of the leaders who govern them—make a difference.

These choices in the post-Cold War world are likely to center on those areas in which integrationist and fragmentationist forces are not now balanced; where the triumph of one over the other could upset the international stability upon which rest the security interests of the United States, its allies, and other like-minded states; and where action is therefore needed to restore equilibrium. They are likely to include the following:

The Soviet Union and eastern Europe.

Over the next decade, the most serious source of instability in world politics will probably be the political, economic and social fragmentation that is already developing where communism has collapsed. Marxism-Leninism could hardly have suffered a more resounding defeat if World War III had been

fought to the point of total victory for the West. Fortunately victory, this time, did not require a war. The trouble with victory, though, is that it tends to produce power imbalances. It was precisely to avoid this danger that the peacemakers of 1815 and 1945, who designed the two most durable peace settlements of modern times, moved quickly after their respective triumphs to rehabilitate defeated adversaries and to invite them back into the international state system. Perhaps because the communist regimes of the Soviet Union and eastern Europe have not actually suffered a military defeat—and also because of recent distractions in the Persian Gulf—we in the West are not focusing as carefully as we should on the problems of reconstruction and reintegration in that part of the world. But should fragmentationist forces prevail there, the resulting anarchy—and mass emigration away from anarchy—could destabilize any number of power balances. The situation then would certainly command our attention, even if it does not now.

The peoples of the Soviet Union and eastern Europe will of course have to bear the principal burdens of reconstruction. But they will not be able to accomplish this task alone, and already discouragement and demoralization have set in among them. It is in dealing with this kind of despair that aid from the "West"—including Japan—can have its greatest impact. A multinational Marshall Plan for former communist states sounds impractical given the extent of the problem and the existence of competing priorities at home, but the "highly leveraged" character of that earlier and highly successful enterprise ought not to be forgotten. The Marshall Plan worked by employing small amounts of economic assistance to produce large psychological effects. It restored self-confidence in Europe just at the point, some two to three years after the end of the war, at which it was sagging. What was critical was not so much the extent of the aid provided as its timing, its targeting and its publicity: its main purpose was to shift the expectations of its recipients from the belief that things could only get worse to the conviction that they would eventually get better.

It will serve no one's interests in the West now, anymore than it would have served the interests of the victorious allies after World War II, to allow despair, demoralization and disintegration to prevail in the territories of defeated Cold War adversaries. What happened in Germany after World

War I ought to provide a sufficiently clear warning of the consequences that can follow when victors neglect the interests of those they have vanquished, and thereby, in the long run, neglect their own.

New security and economic structures for Europe.

Glaciers, when they invade a continent, not only obscure its topography but, through the weight of the accumulated ice, literally press its surface down into the earth's mantle. Retreats of glaciers cause old features of the landscape slowly to rise up again, sometimes altered, sometimes not. The expansion of Soviet and American influence over Europe at the end of World War II had something of the effect of such a glacier. It froze things in place, thereby obscuring old rivalries and bringing peace—even if a "cold" peace—to a continent that had known little of it throughout its history.

But now that the Cold War is over, geopolitical glaciers are retreating, the situation is becoming fluid once again, and certain familiar features of the European landscape—a single strong German state, together with ethnic and religious antagonisms among Germany's neighbors to the east—are once more coming into view. The critical question for the future stability of Europe is the extent to which the Cold War glacier permanently altered the terrain it covered for so long. Integrationist structures like the EC and NATO suggest such alteration; but they could also have been artifacts of the glaciation itself. If so, these organizations will become increasingly vulnerable as the forces of fragmentation revive.

No economic or security structure for Europe can hope to be viable over the long term unless it incorporates and benefits all of the major states on that continent: the classic lesson is the Versailles Treaty of 1919, which sought to build a peace that treated Germany as a pariah and excluded Soviet Russia altogether. But neither the EC nor NATO has given sufficient attention to how each might restructure itself to accommodate the interests of the former Warsaw Pact states, including whatever is left of the Soviet Union. Few efforts have been made to think through how these integrative organizations might expand the scope of their activities to counter the fragmentationist challenges—coming from the reunification of Germany, the liberation of Eastern Europe and the possible

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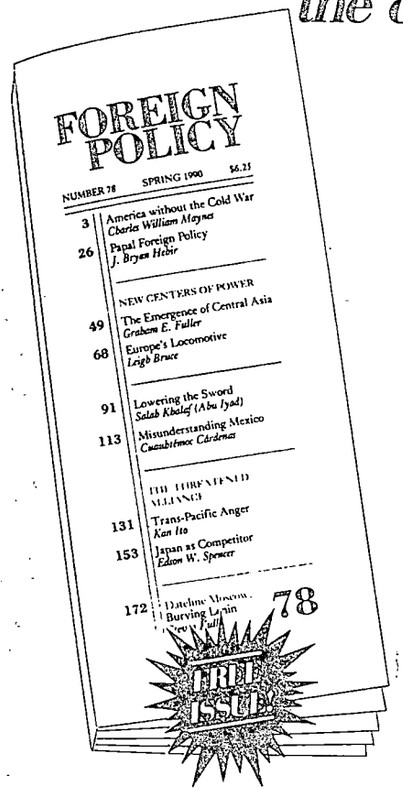

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collapse of the U.S.S.R.—that are already evident.[8]

The United States has used its influence, over the years, to favor integration over fragmentation in Europe; indeed without that influence, it is difficult to see how integration could have proceeded as far as it has. But Americans cannot expect to maintain the authority the Cold War gave them on the continent for very much longer, especially now that the Soviet "glacier" is so obviously retreating. We would do well, then, to consider what new or modified integrative structures might replace the role that the United States—and, by very different means, its former adversaries—played in "freezing" disintegrative forces in Europe during the Cold War. Otherwise, serious imbalances could develop in that part of the world as well.

Deterring aggression.

One thing the Cold War did was to make the use of force by the great powers against one another virtually unthinkable. It created inducements that caused states to seek to resolve peacefully—or even to learn to live with—accumulated grievances that could easily, prior to 1945, have provoked major wars. It did this by appealing more to fear than to logic, but patterns of behavior that arise out of fear can, in time, come to seem quite logical. Few today would question the desirability of perpetuating, and if necessary reinforcing, the inhibitions that arose, during the postwar decades, against once violent patterns of great power behavior.

The unprecedented multinational response to Saddam Hussein's aggression against Kuwait suggests that an opportunity now exists to extend disincentives to war beyond the realm of the great powers. The need to do this is urgent because the end of the Cold War is likely to end the informal crisis-management regime the United States and the Soviet Union have relied upon in the past to keep such regional conflicts limited.

Woodrow Wilson's vision of collective international action to deter aggression failed to materialize after 1919 because of European appeasement and American isolationism, and after

[8] The Conference on Security and Cooperation in Europe, now little more than a framework for negotiations, suffers from a deficiency opposite to that of NATO and the European Community: with the single exception of Albania, it includes all of the states of Europe, from the largest to the most microscopic, and it requires unanimity in order to act, which in most cases ensures that it will not.

1945 because of the great power rivalries that produced the Cold War. None of these difficulties exist today. The world has a third chance to give Wilson's plan the fair test it has never received, and fate has even provided an appropriate occasion: successful U.N. action to restore Kuwaiti independence sets a powerful example that could advance us some distance toward bringing the conduct of international relations within the framework of international law that has long existed alongside it, but too often apart from it.[9]

Can such a legalistic vision sustain the realistic security interests of the United States? Whether rightly or wrongly, the answer was negative after World Wars I and II; but Americans have reasons, this time, for giving a more positive reply. The "long peace" that was the Cold War has already created in the practice of the great powers mechanisms for deterring aggression that have worked remarkably well: these did not exist prior to 1945. There could be real advantages now in codifying and extending this behavior as widely as possible. The evolution of a new world order designed to deter aggression could ensure that the most important benefits of the "long peace" survive the demise of the Cold War. It could also counteract the dangerous conviction, which American leaders still at times appear to hold, that only the United States has the will and the capacity to take the lead in policing (or nannying) the world.

Finding appropriate limits of interdependence.

The Iraqi invasion of Kuwait raises another issue, though, that will involve more difficult choices: it has to do with just how far we want economic integration to proceed. The purpose of having global markets is to ensure prosperity, not to compromise national sovereignty. And yet, it was the international market in oil and armaments that made it possible for Saddam Hussein to violate Kuwaiti sovereignty. Economic integration, in this instance, produced literal political fragmentation. This unexpected and dangerous juxtaposition suggests strongly the need to think, more seriously than we have to this point, about how the economic and political forces that

[9] For an eloquent discussion of the advantages adherence to international law can offer, see Daniel Patrick Moynihan, *On the Law of Nations*, Cambridge: Harvard University Press, 1990.

are shaping our world intersect with one another, and about where our own security interests with respect to these lie.

Certainly there is much to be said, from a strictly economic perspective, in favor of reducing barriers to trade, investment and even labor flows across international boundaries if the result is to maximize production, minimize prices and ensure that consumer needs are satisfied. But what if the result is also to allow despots easy access to sophisticated military technology, or to increase the West's reliance on energy resources it does not control? Do market principles require that we welcome on a continuing basis the dispatch of troops to safeguard critical supplies halfway around the world? There are political costs to be paid for economic integration, and we are only now beginning to realize what they are.

These issues are only part of the much larger problem of how one balances the advantages of economic integration against its political and social disadvantages. Are Americans really sure, for example, that they want to integrate their own economy into the world market if the result of doing that is to shut down industries they have historically relied upon for both jobs and national defense? When the effects of integration are to transform once-diversified industrial complexes into strings of fast-food outlets and shopping malls, with the reduction in wages that kind of employment normally brings, one can hardly expect people to be out in the streets cheering for them, however ingenious the rationalizations of our professional economists.

Increasing labor mobility, together with the liberalized immigration policies that facilitate it, provides yet another example of how economic integration could produce political fragmentation. There are undeniable advantages in allowing immigration, not just because it provides cheap labor but also because in some instances the host nation can gain a diverse array of sophisticated skills as a result. But immigration also risks altering national identity, and the forces of integration have by no means advanced to the point at which one can dismiss concerns over that issue as anachronistic.[10] As a nation of immigrants, the United States handles problems of cultural assimilation more easily than most nations. Still, they are real

[10] William H. McNeill sets this problem within a long-term historical context in "Winds of Change," in Nicholas X. Rizopoulos, ed., *Sea-Changes: American Foreign Policy in a World Transformed*, New York: Council on Foreign Relations Press, 1990, pp. 184–87.

problems, and they exist on a world-wide scale. Attempts to write them off as reflections of an antiquated "nationalism," or even "racism," are not likely to make them go away.

What all of this suggests, therefore, is that we need better mechanisms for balancing the processes of integration and fragmentation at those points at which economic forces intersect those of politics and culture. The increasing permeability of boundaries is going to be an important characteristic of the post-Cold War world, and it would be a great mistake to assume—as market principles encourage us to assume—that in such an environment an "invisible hand" will always produce the greatest benefits for the greatest number. As in most other areas, an equilibrium will be necessary: if imbalances of power are not to develop, then a certain amount of protectionism, within prudent limits, may be required.

Regaining solvency.

The principle of balancing power also requires that ends be balanced against means. National security, even in the most auspicious of circumstances, does not come cheap. This country's reluctance to bring the costs of providing for its security into line with what it is willing to pay suggests that integrative and disintegrative mechanisms are imperfectly balanced within the United States as well as beyond its borders.

The last American president to preoccupy himself with solvency, Dwight D. Eisenhower, regularly insisted that the National Security Council specify as "the basic objective of our national security policies: maintaining the security of the United States and the vitality of its fundamental values and institutions." To achieve the former without securing the latter, he warned, would be to "destroy what we are attempting to defend."[11]

Too often during the years that have followed Eisenhower's presidency the quest for security has overwhelmed concern for the vitality of fundamental values and institutions. The Vietnam War, which came close to tearing this country apart, was fought for geopolitical reasons that remain obscure to this day. The Watergate and Iran-contra scandals revealed how excesses committed in the name of national security can subvert constitutional processes. And no one would be more appalled

[11] John Lewis Gaddis, *Strategies of Containment: A Critical Appraisal of Postwar American National Security Policy*, New York: Oxford University Press, 1982, pp. 135–36.

than Eisenhower himself to see the extent to which Americans now finance the costs of defense—as well as everything else—on credit extended by the unborn (who cannot object to the process) and by foreigners (who someday may).

A return to solvency in its broadest sense—by which I mean not just balanced budgets but bearing the full pain of what one is doing at the time one is doing it—might discipline our conception of the national interest in the way that it should be disciplined: through the constantly annoying, but also intellectually bracing, demands of stringency. The result might well be less grandiose visions, but more sustainable policies.

VI

Which is going to win—integration or fragmentation? At first glance, it would seem that the forces of integration will almost certainly prevail. One cannot run a modern postindustrial economy without such forces, and that, many people would say, is the most important thing in the world. But that is also a parochial view. Running a postindustrial economy may not be the most important thing to the peasant in the Sudan, or to the young urban black in the United States or to the Palestinian who has spent his entire life in a refugee camp. For those people, forces that might appear to us to be fragmentationist can be profoundly integrationist, in that they give meaning to otherwise meaningless lives.

We should also recognize that the forces of integration may not be as deeply rooted as we like to think. It comes as something of a shock when one realizes that the most important of them—the global market, collective security, the "long peace" itself—were products of the Cold War. Their survival is by no means guaranteed into the post-Cold War era. Fragmentationist forces have been around much longer than integrationist forces, and now that the Cold War is over, they may grow stronger than at any point in the last half century.

We should not necessarily conclude from this, though, that it will always be in our interest to try to ensure that the forces of integration come out on top. Surely, in light of the Persian Gulf War, the international community will want to restrict future sales of arms across boundaries, and it would not be a bad idea to develop alternatives to dependency on Middle East oil as well. The increasing permeability of borders—the very thing most of the world welcomes when it comes to the free flow of ideas—will by no means be as welcome when commod-

ities, capital and labor begin flowing with equal freedom. And Americans are already beginning to move away from the view that they can leave everything—international trade, energy resources and especially the regulation of the savings and loan industry—to the "invisible hand" of market forces that the integrationist model in principle recommends.

But swinging toward autarchy, nationalism or isolationism will not do either. The forces of fragmentation lurk just beneath the surface, and it would take little encouragement for them to reassert themselves, with all the dangers historical experience suggests would accompany such a development. We need to maintain a healthy skepticism about integration: there is no reason to turn it into some kind of sacred cow. But we also need to balance that skepticism with a keen sense of how unhealthy fragmentationist forces can be if allowed free rein.

So we are left, as usual, groping for the middle ground, for that rejection of extremes, that judicious balancing of pluses and minuses, that is typical of how articles like this are supposed to end. This one will be no exception to that rule. I would point out, though, that practical statecraft boils down, most of the time, to just this task of attempting to navigate the middle course, while avoiding the rocks and shoals that lie on either side. Certainly Americans, of all peoples, should find this a familiar procedure, for what is our own Constitution if not the most elegant political text ever composed on how to balance the forces of integration against those of fragmentation? It had been necessary, Madison wrote in *The Federalist*, no. 51, so to contrive "the interior structure of the government as that its several constituent parts may, by their mutual relations, be the means of keeping each other in their proper places."[12] That would not be a bad design to follow with regard to the external world as all of us think about how we might come to grips—as the Founding Fathers had to—with the centripetal and centrifugal forces that are already shaping our lives.

[12] *The Federalist Papers*, New York: New American Library, 1961, p. 320.

William J. Crowe, Jr.
Alan D. Romberg

RETHINKING SECURITY IN THE PACIFIC

While the world's attention has been riveted on eastern Europe, the Soviet Union and the Middle East, transforming events have also been taking place in East Asia. American interests there are at least as deep, and though the changes are not as dramatic the United States can ill afford to ignore them or leave its reaction in the hands of the fates—or compromises in Washington's bureaucracy.

Not only is the economic strength of Japan and the newly industrializing economies in the region of great importance to the United States, but Asian security issues also offer complex new challenges to U.S. defense planners. On the one hand, the Soviet threat has undergone a profound change; this movement has been manifested in some Soviet force reductions and changed dispositions in Asia, as well as in the plethora of Pacific arms control overtures. On the other hand, American forces must still deal with a sizable Soviet military presence in the region and play more subtle roles not related to the Soviet Union.

In the new post-Cold War era, what is the appropriate U.S. military role in Asia? Indeed what are Washington's security objectives? And, especially in light of the economic pressures that Americans face at home and the growing nationalism and economic strength of many Asian countries, what sort of presence is necessary, appropriate and affordable to carry out that role? How is the United States to share responsibilities—both burdens and power?

II

The qualities that define Asia are enduring: it is huge, diverse, dynamic and, frequently, dangerous. America's involvement in World War II began and ended in Asia, and

William J. Crowe, Jr., U.S. Navy (Ret.), former chairman, Joint Chiefs of Staff (1985–89), is professor of geopolitics at the University of Oklahoma and Counselor at the Center for Strategic and International Studies. Alan D. Romberg is the C. V. Starr Fellow for Asia Studies at the Council on Foreign Relations. This article grew out of discussions at a Council on Foreign Relations study group.

Americans have the talent and power to do anything. And so when history remembers Christmas, 1991, let it remember that we promise to bring God's light to our brothers and sisters in need. Let it record that on Christmas, 1991, this Nation united to ask God for peace on Earth, goodwill to all. And let it record that a new age of goodness and hope began here and now.

God bless you, and may your Christmas be bright with love.

Note: The President recorded this address at 11:45 a.m. in the Blue Room at the White House for broadcast at 2:30 p.m. A tape was not available for verification of the content of this address.

Statement on the Resignation of Mikhail Gorbachev as President of the Soviet Union

December 25, 1991

Mikhail Gorbachev's resignation as President of the Soviet Union culminates a remarkable era in the history of his country and in its long and often difficult relationship with the United States. As he leaves office, I would like to express publicly and on behalf of the American people my gratitude to him for years of sustained commitment to world peace, and my personal respect for his intellect, vision, and courage.

President Gorbachev is responsible for one of the most important developments of this century, the revolutionary transformation of a totalitarian dictatorship and the liberation of his people from its smothering embrace. His personal commitment to democratic and economic reform through *perestroika* and *glasnost*, a commitment which demanded the highest degree of political and personal ingenuity and courage, permitted the peoples of Russia and other Republics to cast aside decades of dark oppression and put in place the foundations of freedom.

Working with President Reagan, myself, and other allied leaders, President Gorbachev acted boldly and decisively to end the bitter divisions of the cold war and contributed to the remaking of a Europe whole and free. His and Foreign Minister Eduard Shevardnadze's "New Thinking" in foreign affairs permitted the United States and the Soviet Union to move from confrontation to partnership in the search for peace across the globe. Together we negotiated historic reductions in chemical, nuclear, and conventional forces and reduced the risk of a nuclear conflict.

Working together, we helped the people of Eastern Europe win their liberty and the German people their goal of unity in peace and freedom. Our partnership led to unprecedented cooperation in repelling Iraqi aggression in Kuwait, in bringing peace to Nicaragua and Cambodia, and independence to Namibia. And our work continues as we seek a lasting and just peace between Israelis and Arabs in the Middle East and an end to the conflict in Afghanistan.

President Gorbachev's participation in these historic events is his legacy to his country and to the world. This record assures him an honored place in history and, most importantly for the future, establishes a solid basis from which the United States and the West can work in equally constructive ways with his successors.

Address to the Nation on the Commonwealth of Independent States

December 25, 1991

Good evening, and Merry Christmas to all Americans across our great country.

During these last few months, you and I have witnessed one of the greatest dramas of the 20th century, the historic and revolutionary transformation of a totalitarian dictatorship, the Soviet Union, and the liberation of its peoples. As we celebrate Christmas, this day of peace and hope, I thought we should take a few minutes to reflect on what these events mean for us as Americans.

For over 40 years, the United States led the West in the struggle against communism and the threat it posed to our most precious values. This struggle shaped the lives of all Americans. It forced all nations to live under the specter of nuclear destruction.

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That confrontation is now over. The nuclear threat, while far from gone, is receding. Eastern Europe is free. The Soviet Union itself is no more. This is a victory for democracy and freedom. It's a victory for the moral force of our values. Every American can take pride in this victory, from the millions of men and women who have served our country in uniform, to millions of Americans who supported their country and a strong defense under nine Presidents.

New, independent nations have emerged out of the wreckage of the Soviet empire. Last weekend, these former Republics formed a Commonwealth of Independent States. This act marks the end of the old Soviet Union, signified today by Mikhail Gorbachev's decision to resign as President.

I'd like to express, on behalf of the American people, my gratitude to Mikhail Gorbachev for years of sustained commitment to world peace, and for his intellect, vision, and courage. I spoke with Mikhail Gorbachev this morning. We reviewed the many accomplishments of the past few years and spoke of hope for the future.

Mikhail Gorbachev's revolutionary policies transformed the Soviet Union. His policies permitted the peoples of Russia and the other Republics to cast aside decades of oppression and establish the foundations of freedom. His legacy guarantees him an honored place in history and provides a solid basis for the United States to work in equally constructive ways with his successors.

The United States applauds and supports the historic choice for freedom by the new States of the Commonwealth. We congratulate them on the peaceful and democratic path they have chosen, and for their careful attention to nuclear control and safety during this transition. Despite a potential for instability and chaos, these events clearly serve our national interest.

We stand tonight before a new world of hope and possibilities for our children, a world we could not have contemplated a few years ago. The challenge for us now is to engage these new States in sustaining the peace and building a more prosperous future.

And so today, based on commitments and assurances given to us by some of these States, concerning nuclear safety, democracy, and free markets, I am announcing some important steps designed to begin this process.

First, the United States recognizes and welcomes the emergence of a free, independent, and democratic Russia, led by its courageous President, Boris Yeltsin. Our Embassy in Moscow will remain there as our Embassy to Russia. We will support Russia's assumption of the U.S.S.R.'s seat as a permanent Member of the United Nations Security Council. I look forward to working closely with President Yeltsin in support of his efforts to bring democratic and market reform to Russia.

Second, the United States also recognizes the independence of Ukraine, Armenia, Kazakhstan, Belarus, and Kyrgyzstan, all States that have made specific commitments to us. We will move quickly to establish diplomatic relations with these States and build new ties to them. We will sponsor membership in the United Nations for those not already members.

Third, the United States also recognizes today as independent States the remaining six former Soviet Republics: Moldova, Turkmenistan, Azerbaijan, Tadjikistan, Georgia, and Uzbekistan. We will establish diplomatic relations with them when we are satisfied that they have made commitments to responsible security policies and democratic principles, as have the other States we recognize today.

These dramatic events come at a time when Americans are also facing challenges here at home. I know that for many of you these are difficult times. And I want all Americans to know that I am committed to attacking our economic problems at home with the same determination we brought to winning the cold war.

I am confident we will meet this challenge as we have so many times before. But we cannot if we retreat into isolationism. We will only succeed in this interconnected world by continuing to lead the fight for free people and free and fair trade. A free and prosperous global economy is essential for America's prosperity. That means jobs and economic growth right here at home.

This is a day of great hope for all Americans. Our enemies have become our partners, committed to building democratic and civil societies. They ask for our support, and

we will give it to them. We will do it because as Americans we can do no less.

For our children, we must offer them the guarantee of a peaceful and prosperous future, a future grounded in a world built on strong democratic principles, free from the specter of global conflict.

May God bless the people of the new nations in the Commonwealth of Independent States. And on this special day of peace on Earth, good will toward men, may God continue to bless the United States of America. Good night.

Note: The President spoke at 9 p.m. from the Oval Office at the White House. The address was broadcast live on nationwide radio and television.

The President's News Conference
December 26, 1991

Secretary-Designate of Commerce

The President. Good afternoon, the day after Christmas. Let me just say I am very pleased to announce my intention to nominate Barbara Hackman Franklin as the next Secretary of Commerce. I've known Barbara for many years, and I am confident that her outstanding record of achievement in both the public and private sector will serve her well as she tackles this tough and important assignment.

Barbara has dealt with a broad range of domestic and international issues. She's a recognized leader in her field. She served on the board of directors of seven major industrial companies, manufacturing and service, providing advice and guidance on how to successfully innovate, manage efficiently, and stimulate economic growth. In fact, in 1990, the American Management Association named her one of our Nation's 50 most influential corporate directors.

Currently in her fourth term as a member of the President's Advisory Committee on Trade Negotiations, she understands firsthand the challenge America faces in the international trade arena. She knows that, currently, exports are our strong suit and that we must continue to press hard to open more markets to quality American goods and services.

And that's why she's been a determined advocate of free and fair trade, keenly aware that when the playing field is level, American workers can compete with anyone anywhere.

Her first priority is the same as mine: jobs and economic growth. And she's shown a deep commitment to public service, from serving on the Consumer Product Safety Commission to working as an alternate public delegate to the United Nations.

In addition to her corporate and international trade experience, Barbara is an entrepreneur, founder and owner of her own management consulting firm. As one of the first women to earn an MBA from Harvard University, she's also been a leader and role model for many women in business. As we address the tough economic issues before us, I look forward to Barbara Franklin's sound, experienced counsel. And she will undoubtedly be a valued member of our economic team.

Let me just add that I am grateful for Bob Mosbacher's service at the Department of Commerce. I mentioned it here the other day, but as I name Barbara Franklin to this new position, I again want to express to Bob Mosbacher my sincere appreciation for a job so well done. And I have every confidence that Barbara will continue that fine tradition of exemplary public service.

And now, Madam Secretary-Designate, if you would like to say a word or two, and then we'll be—either both of us be glad to take some questions.

Ms. Franklin. Thank you very much, Mr. President. I am deeply honored, almost beyond putting that into words, but I am absolutely thrilled to be a new part of your team. And I'm particularly honored that you have chosen me to follow my friend, Secretary Bob Mosbacher, who really has done a wonderful job. And I admire very much what you and he have done to forge a partnership between Government and business and to promote exports. And I look forward to working with everyone on your team in the administration to continuing that momentum.

As Secretary of Commerce, when confirmed by the Senate, of course, I look for-

departments and agencies concerned stand ready to give you all possible aid.

Sincerely yours,

HARRY S. TRUMAN

NOTE: This is the text of identical letters addressed to the following appointees to the Advisory Committee: K. T. Keller, President, Chrysler Corp., Detroit, Mich.; Marion B. Folsom, Vice Chairman, Business Advisory Council for the Department of Commerce, and Treasurer, Eastman Kodak Co., Rochester, N.Y.; Andrew W. Robertson, Chairman of the Board, Westinghouse Electric Corp., Pittsburgh, Pa.; James B. Black, President, Pacific Gas & Electric Co., San Francisco, Calif.; and Vice Adm. Edward L. Cochrane, formerly Chief, Bureau of Ships, U.S. Navy, and President, The Society of Naval Architects and Marine Engineers. Mr. Keller was appointed Chairman, and Mr. Folsom, Vice Chairman of the Committee.

The letter and the list of appointees were part of a White House release announcing that the President had that day established the Advisory Committee on the Merchant Marine.

56 Special Message to the Congress on Greece and Turkey: The Truman Doctrine. *March* 12, 1947

[As delivered in person before a joint session]

Mr. President, Mr. Speaker, Members of the Congress of the United States:

The gravity of the situation which confronts the world today necessitates my appearance before a joint session of the Congress.

The foreign policy and the national security of this country are involved.

One aspect of the present situation, which I present to you at this time for your consideration and decision, concerns Greece and Turkey.

The United States has received from the Greek Government an urgent appeal for financial and economic assistance. Preliminary reports from the American Economic Mission now in Greece and reports from the American Ambassador in Greece corroborate the statement of the Greek Government that assistance is imperative if Greece is to survive as a free nation.

I do not believe that the American people and the Congress wish to turn a deaf ear to the appeal of the Greek Government.

Greece is not a rich country. Lack of sufficient natural resources has always forced the Greek people to work hard to make both ends meet. Since 1940, this industrious, peace loving country has suffered invasion, four years of cruel enemy occupation, and bitter internal strife.

When forces of liberation entered Greece they found that the retreating Germans had destroyed virtually all the railways, roads, port facilities, communications, and merchant marine. More than a thousand villages had been burned. Eighty-five percent of the children were tubercular. Livestock, poultry, and draft animals had almost disappeared. Inflation had wiped out practically all savings.

As a result of these tragic conditions, a militant minority, exploiting human want and misery, was able to create political chaos which, until now, has made economic recovery impossible.

Greece is today without funds to finance the importation of those goods which are essential to bare subsistence. Under these circumstances the people of Greece cannot make progress in solving their problems of reconstruction. Greece is in desperate need of financial and economic assistance to enable it to resume purchases of food, clothing, fuel and seeds. These are indispensable for the subsistence of its people and are obtainable only from abroad. Greece must have help to import the goods necessary to restore

internal order and security so essential for economic and political recovery.

The Greek Government has also asked for the assistance of experienced American administrators, economists and technicians to insure that the financial and other aid given to Greece shall be used effectively in creating a stable and self-sustaining economy and in improving its public administration.

The very existence of the Greek state is today threatened by the terrorist activities of several thousand armed men, led by Communists, who defy the government's authority at a number of points, particularly along the northern boundaries. A Commission appointed by the United Nations Security Council is at present investigating disturbed conditions in northern Greece and alleged border violations along the frontier between Greece on the one hand and Albania, Bulgaria, and Yugoslavia on the other.

Meanwhile, the Greek Government is unable to cope with the situation. The Greek army is small and poorly equipped. It needs supplies and equipment if it is to restore authority to the government throughout Greek territory.

Greece must have assistance if it is to become a self-supporting and self-respecting democracy.

The United States must supply this assistance. We have already extended to Greece certain types of relief and economic aid but these are inadequate.

There is no other country to which democratic Greece can turn.

No other nation is willing and able to provide the necessary support for a democratic Greek government.

The British Government, which has been helping Greece, can give no further financial or economic aid after March 31. Great Britain finds itself under the necessity of reducing or liquidating its commitments in several parts of the world, including Greece.

We have considered how the United Nations might assist in this crisis. But the situation is an urgent one requiring immediate action, and the United Nations and its related organizations are not in a position to extend help of the kind that is required.

It is important to note that the Greek Government has asked for our aid in utilizing effectively the financial and other assistance we may give to Greece, and in improving its public administration. It is of the utmost importance that we supervise the use of any funds made available to Greece, in such a manner that each dollar spent will count toward making Greece self-supporting, and will help to build an economy in which a healthy democracy can flourish.

No government is perfect. One of the chief virtues of a democracy, however, is that its defects are always visible and under democratic processes can be pointed out and corrected. The government of Greece is not perfect. Nevertheless it represents 85 percent of the members of the Greek Parliament who were chosen in an election last year. Foreign observers, including 692 Americans, considered this election to be a fair expression of the views of the Greek people.

The Greek Government has been operating in an atmosphere of chaos and extremism. It has made mistakes. The extension of aid by this country does not mean that the United States condones everything that the Greek Government has done or will do. We have condemned in the past, and we condemn now, extremist measures of the right or the left. We have in the past advised tolerance, and we advise tolerance now.

Greece's neighbor, Turkey, also deserves our attention.

The future of Turkey as an independent and economically sound state is clearly no less important to the freedom-loving peoples of the world than the future of Greece. The circumstances in which Turkey finds itself today are considerably different from those of Greece. Turkey has been spared the disasters that have beset Greece. And during the war, the United States and Great Britain furnished Turkey with material aid.

Nevertheless, Turkey now needs our support.

Since the war Turkey has sought additional financial assistance from Great Britain and the United States for the purpose of effecting that modernization necessary for the maintenance of its national integrity.

That integrity is essential to the preservation of order in the Middle East.

The British Government has informed us that, owing to its own difficulties, it can no longer extend financial or economic aid to Turkey.

As in the case of Greece, if Turkey is to have the assistance it needs, the United States must supply it. We are the only country able to provide that help.

I am fully aware of the broad implications involved if the United States extends assistance to Greece and Turkey, and I shall discuss these implications with you at this time.

One of the primary objectives of the foreign policy of the United States is the creation of conditions in which we and other nations will be able to work out a way of life free from coercion. This was a fundamental issue in the war with Germany and Japan. Our victory was won over countries which sought to impose their will, and their way of life, upon other nations.

To ensure the peaceful development of nations, free from coercion, the United States has taken a leading part in establishing the United Nations. The United Nations is designed to make possible lasting freedom and independence for all its members. We shall not realize our objectives, however, unless we are willing to help free peoples to maintain their free institutions and their national integrity against aggressive movements that seek to impose upon them totalitarian regimes. This is no more than a frank recognition that totalitarian regimes imposed upon free peoples, by direct or indirect aggression, undermine the foundations of international peace and hence the security of the United States.

The peoples of a number of countries of the world have recently had totalitarian regimes forced upon them against their will. The Government of the United States has made frequent protests against coercion and intimidation, in violation of the Yalta agreement, in Poland, Rumania, and Bulgaria. I must also state that in a number of other countries there have been similar developments.

At the present moment in world history nearly every nation must choose between alternative ways of life. The choice is too often not a free one.

One way of life is based upon the will of the majority, and is distinguished by free institutions, representative government, free elections, guarantees of individual liberty, freedom of speech and religion, and freedom from political oppression.

The second way of life is based upon the will of a minority forcibly imposed upon the majority. It relies upon terror and oppression, a controlled press and radio, fixed elections, and the suppression of personal freedoms.

I believe that it must be the policy of the United States to support free peoples who are resisting attempted subjugation by

armed minorities or by outside pressures.

I believe that we must assist free peoples to work out their own destinies in their own way.

I believe that our help should be primarily through economic and financial aid which is essential to economic stability and orderly political processes.

The world is not static, and the *status quo* is not sacred. But we cannot allow changes in the *status quo* in violation of the Charter of the United Nations by such methods as coercion, or by such subterfuges as political infiltration. In helping free and independent nations to maintain their freedom, the United States will be giving effect to the principles of the Charter of the United Nations.

It is necessary only to glance at a map to realize that the survival and integrity of the Greek nation are of grave importance in a much wider situation. If Greece should fall under the control of an armed minority, the effect upon its neighbor, Turkey, would be immediate and serious. Confusion and disorder might well spread throughout the entire Middle East.

Moreover, the disappearance of Greece as an independent state would have a profound effect upon those countries in Europe whose peoples are struggling against great difficulties to maintain their freedoms and their independence while they repair the damages of war.

It would be an unspeakable tragedy if these countries, which have struggled so long against overwhelming odds, should lose that victory for which they sacrificed so much. Collapse of free institutions and loss of independence would be disastrous not only for them but for the world. Discouragement and possibly failure would quickly be the lot of neighboring peoples striving to maintain their freedom and independence.

Should we fail to aid Greece and Turkey in this fateful hour, the effect will be far reaching to the West as well as to the East.

We must take immediate and resolute action.

I therefore ask the Congress to provide authority for assistance to Greece and Turkey in the amount of $400,000,000 for the period ending June 30, 1948. In requesting these funds, I have taken into consideration the maximum amount of relief assistance which would be furnished to Greece out of the $350,000,000 which I recently requested that the Congress authorize for the prevention of starvation and suffering in countries devastated by the war.

In addition to funds, I ask the Congress to authorize the detail of American civilian and military personnel to Greece and Turkey, at the request of those countries, to assist in the tasks of reconstruction, and for the purpose of supervising the use of such financial and material assistance as may be furnished. I recommend that authority also be provided for the instruction and training of selected Greek and Turkish personnel.

Finally, I ask that the Congress provide authority which will permit the speediest and most effective use, in terms of needed commodities, supplies, and equipment, of such funds as may be authorized.

If further funds, or further authority, should be needed for the purposes indicated in this message, I shall not hesitate to bring the situation before the Congress. On this subject the Executive and Legislative branches of the Government must work together.

This is a serious course upon which we embark.

I would not recommend it except that the alternative is much more serious.

The United States contributed $341,000,000,000 toward winning World War II. This is an investment in world freedom and world peace.

The assistance that I am recommending for Greece and Turkey amounts to little more than 1/10 of 1 percent of this investment. It is only common sense that we should safeguard this investment and make sure that it was not in vain.

The seeds of totalitarian regimes are nurtured by misery and want. They spread and grow in the evil soil of poverty and strife. They reach their full growth when the hope of a people for a better life has died.

We must keep that hope alive.

The free peoples of the world look to us for support in maintaining their freedoms.

If we falter in our leadership, we may endanger the peace of the world—and we shall surely endanger the welfare of this Nation.

Great responsibilities have been placed upon us by the swift movement of events.

I am confident that the Congress will face these responsibilities squarely.

NOTE: For the President's statement upon signing the bill endorsing the Truman Doctrine, see Item 100.

57 Statement by the President Concerning Greek Reaction to His Message. *March* 15, 1947

I HAVE just received two warm and appreciative messages from Greece, one from Prime Minister Maximos and one from Mr. Themistocles Sophoulis, leader of the Parliamentary Opposition. Both of these messages welcome the prospect of the kind of American assistance which I recently requested Congress to authorize, and pledge the wholehearted support of the Greek people in devoting any aid that may be forthcoming to the purpose of constructive rehabilitation and the cause of peace and freedom. These two statements bear witness to the fact that all of the Greek Parliament, including the Opposition as well as those parties now represented in the Coalition cabinet, are prepared to cooperate unreservedly with the United States Government in its desire to assist Greece in restoring those basic conditions of economic stability and internal order which will allow the Greek people to build their future in peace and security.

I sincerely hope that these evidences of good will mark the beginning of a happier era for Greece, in which all loyal citizens will contribute their share toward the restoration of a country of whose democratic history they may be proud. It is also my profound hope that those Greeks who have taken up arms against their government will accept with confidence the amnesty which the Greek Government is extending to all except those guilty of crimes against the common law. The Greek people, aware of the sympathetic interest of the American people, will, I am sure, rally their strength to vitalize their national life, forgetting past excesses and looking courageously toward a hopeful future.

NOTE: The messages to the President from Demetrios Maximos, Prime Minister of Greece, and Themistocles Sophoulis, the leader of the Opposition Committee, were released with the President's statement.

therefore essential that there be continued authority to restrict imports and to issue priorities for export of nitrogenous fertilizer materials.

(c) INDUSTRIAL MATERIALS. In general our supply of industrial products and materials has reached the point where delays in production and delivery are no longer crucial. The pipelines are full, or are filling up, and no general use of allocation powers is needed. But economic and political conditions in many other countries are so critical that it is necessary to continue the power to issue export priorities in special cases for key industrial items that are vitally required for reconstruction and rehabilitation. In most countries, supplies of industrial materials and products are still far short of minimum essential levels. Entirely apart from the use of priorities, the United States is furnishing substantial quantities of industrial equipment and supplies so urgently needed to reactivate the economies of these countries. However, great damage can be done by inability to obtain an occasional machine, or machine parts needed to complete a program or project. It is in such cases that priority assistance is needed. The Congress has already recognized the importance of supporting our foreign policy with financial assistance. Financial assistance alone, without occasional priority backing, may be useless in instances where speedy aid in concrete form is essential. The use of the priority powers that I am recommending would be limited to cases certified by the Secretary of State to be of high public importance and essential to the successful carrying out of the foreign policy of the United States.

In this message I have not considered it necessary to discuss certain powers originally derived from the Second War Powers Act but now covered by separate legislation, i.e., the Sugar Act, the Rubber Act and the Patman Act. I have also omitted reference to the great importance of continued authority to allocate the use of transportation equipment and facilities by rail carriers. This matter is covered by separate bills, H.R. 3152 and S. 1297, now pending before the Congress. Prompt action on these bills is urgently needed. Similarly, the Congress now has under consideration an extension of the Export Control Act. It, too, is essential in implementing our foreign policy. I also urge prompt action on this bill.

The further extension of the Second War Powers Act in the limited form described above is of direct interest to our own economy and is indispensable in supporting our international policy. The powers that I have outlined are the minimum needed to accomplish these ends. I therefore recommend that the Congress enact legislation to extend these powers for a period of one year.

HARRY S. TRUMAN

NOTE: On July 15 the President approved the Second Decontrol Act of 1947 providing for an extension until February 29, 1948, of certain emergency powers of the President. For his statement upon signing the act, see Item 143.

100 Statement by the President Upon Signing Bill Endorsing the Truman Doctrine. *May 22, 1947*

THE ACT authorizing United States assistance to Greece and Turkey, which I have just signed, is an important step in the building of the peace. Its passage by overwhelming majorities in both Houses of the Congress is proof that the United States

earnestly desires peace and is willing to make a vigorous effort to help create conditions of peace.

The conditions of peace include, among other things, the ability of nations to maintain order and independence, and to support themselves economically. In extending the aid requested by two members of the United Nations for the purpose of maintaining these conditions, the United States is helping to further aims and purposes identical with those of the United Nations. Our aid in this instance is evidence not only that we pledge our support to the United Nations but that we *act* to support it.

With the passage and signature of this act, our Ambassadors to Greece and Turkey are being instructed to enter into immediate negotiations for agreements which, in accordance with the terms of the act, will govern the application of our aid. We intend to make sure that the aid we extend will benefit all the peoples of Greece and Turkey, not any particular group or faction.

I wish to express my appreciation to the leaders and members of both parties in the Congress for their spendid support in obtaining the passage of this vital legislation.

NOTE: As enacted, the bill providing assistance to Greece and Turkey is Public Law 75, 80th Congress (61 Stat. 103).

On May 22 the President also issued Executive Order 9857 prescribing regulations for carrying out the provisions of the act (3 CFR, 1943–1948 Comp., p. 646).

101 Special Message to the Congress on Military Collaboration With Other American States. *May 26, 1947*

[Released May 26, 1947. Dated May 23, 1947]

To the Congress of the United States:

I submit herewith for the consideration of the Congress a bill to be entitled "The Inter-American Military Cooperation Act" authorizing a program of military collaboration with other American States including the training, organization, and equipment of the armed forces of those countries.

I submitted a similar bill to the 79th Congress and recommended at that time that the Congress give the bill favorable consideration and enact it. The Committee on Foreign Affairs of the House of Representatives reported the bill with amendments to the Committee of Whole House as H.R. 6326. This present draft agrees with H.R. 6326. World developments during the year that has passed give still greater importance to this legislation, and I again ask the Congress to give this bill favorable consideration and enact it.

As stated in my message to the 79th Congress our Army and Navy have maintained cordial relations of collaboration with the armed forces of other American republics within the framework of the good-neighbor policy. Under authorization of the Congress, military and naval training missions have been sent to various American republics. During the recent war, even prior to Pearl Harbor, this collaboration was intensively developed on the basis of inter-American undertakings for hemisphere defense. Training activities were expanded, and under the Lend-Lease Act limited amounts of military and naval equipment were made available to the other American republics as part of the hemisphere defense program. Forces from two of the American republics participated in combat overseas, and others joined in the defense of the shores and seas of the Americas at a time when the danger

Vital Speeches of the Day

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Arms Control and Soviet Relations

OUR POLITICAL VALUES – AN INSPIRATION TO ALL

By MAX M. KAMPELMAN, *Former U.S. Ambassador, Chairman of Freedom House*

Delivered at the United States Marine Corps Education Center, Quantico, Virginia, March 1, 1989

MR. CHAIRMAN, Mrs. Erskine, distinguished Guests, Friends: I am pleased to be with you this evening. Yours is a distinguished institution, new but already significant and prestigious. You are dedicated to providing the "Margin of Excellence" which has characterized the Marine Corps since its inception. You do so by training leadership for a dauntingly complex today and the even more complex tomorrow facing our country. America owes you a great debt for that commitment. It is a privilege for me to be delivering tonight's General Graves B. Erskine lecture. I cherish the honor and look upon it as a highlight to an otherwise all too brief period of service as a Marine.

This occasion, in this forum, before this audience, six weeks after leaving Government service, is appropriate for some personal retrospection and analysis. I invite you to join me as I stand back and evaluate our country's leadership role in an international community in a world that is changing so fast and so dramatically that we scarcely have time to focus on its details let alone its scope.

The pace of change in this century is greater than in all of mankind's previous history put together. Any statement we make today about tomorrow is likely to be obsolete even before the day is over. And newer scientific and technological developments on the horizon will probably make all previous discoveries dwarf by comparison. During my lifetime, medical knowledge available to physicians has increased more than ten-fold. The average life span is now nearly twice as great as it was when my grandparents were born. The average world standard of living has, by one estimate, quadrupled in the past century. More than 80 percent of all scientists who ever lived are alive today. In this century, our country's frontiers of exploration have gone from Alaska to the far side of the moon, and beyond. New computers, new materials, new bio-technological processes are altering every phase of our lives, deaths, even reproduction. World communications are now instantaneous, and transportation is not far behind.

These developments are stretching our minds to the outermost dimensions of our capacity to understand them. Moreover, as we look ahead, we must agree that we have only the minutest glimpse of what our universe really is. Indeed, "Our science is a drop, our ignorance a sea."

Much has been said, and much more must be said, about the significance of those awesome changes. But today, I would like to address this question in the context of our national security and our quest for "peace," a peace with dignity and liberty, understandably considered to be the ultimate objective of our diplomacy. It is a goal easy enough to state, but difficult to define, let alone attain.

Men and women seem capable of mobilizing their talents to unravel the mysteries of their physical environment. We have learned to fly through space like birds and move in deep waters like fish. But how to live and love on this small planet as brothers and sisters still eludes us. In every age, that has been the essence of the challenge. It is the primary challenge facing

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the next President – and he builds on an extraordinary beginning by President Reagan.

We are brought up to believe that necessity is the mother of invention. I suggest the corollary is also true: invention is the mother of necessity. Technology and communication have made the world smaller. There is no escaping the fact that the sound of a whisper or a whimper in one part of the world can immediately be heard in all parts of the world. And yet the world body politic is not keeping pace with those realities. What we have instead been observing is an intense fractionalization, as large numbers of peoples have had their emotions inflamed by nationality and religious appeals. It is as if a part of us is saying: "Not so fast. We are not ready. Our religious and communal culture has not prepared us for this new world we are being dragged into. We resist the pressures by holding on tight to the familiar, the traditional; and we will do so with a determined frenzy!"

But the inevitable tomorrow is appearing. Economic, technological, and communication advances have made global interdependence a reality. Economic power and industrial capacity are ever more widely dispersed around the globe. Our political and economic institutions are feeling the stress of these pressures as they try to digest their implications. We have yet to come to grips with a world in which the combined gross national product of Europe, for example, exceeds that of the United States; and the gross national product of Japan exceeds that of the Soviet Union; while the economies of South Korea, Taiwan, Hong Kong, and Singapore have moved, in the space of a generation, to international influence far beyond their relative size. And we have yet to settle on a legal and regulatory framework to cope with a world where economic interdependence blurs the origin of products, and where international financial flows in a single day (about $1 trillion) equal the U.S. government's annual budget.

There are, furthermore, new sounds and among those most clearly and loudly heard are the sounds of freedom and democracy. The striving for human dignity is universal because it is an integral part of our human character. We see it in Burma, Pakistan, Korea, the Philippines, South Africa, Chile, Poland. A larger part of the world's population is today living in relative freedom than ever before in the history of the world. Even in Latin America, a region of the world we grew up believing to be governed by military dictatorships and tyrannies, more than 90 percent of the people today live, though still precariously, in democracies or near democracies. In our own hemisphere, fifteen years ago South America had only two functioning democracies. Today it has only two dictatorships; with Paraguay one of them, just getting rid of its dictator, and Chile, the other, recently voting to do so. The Caribbean is today entirely democratic, except for Cuba and Haiti, with the rulers of Haiti now promising early and free elections. In Central America, there are now four democracies, with Nicaragua the blatant exception and the military dictator of Panama holding on precariously. Mexico completes the hemispheric round-up with indications from its most recent elections that its political system may well be opening up.

Let me take a moment to elaborate upon this point. I am this month reassuming the Chairmanship of an organization known as Freedom House. The organization, formed at the end of World War II by Eleanor Roosevelt and Wendell Willkie, is a non-partisan one in behalf of liberty all over the world. Freedom House annually publishes the definitive inventory of where democracy and freedom stand in the world. The latest survey released a few weeks ago shows that a higher percentage and a higher number of people live in freedom in 1988 than ever previously recorded – nearly two billion people. Just under 40 percent of the world's population lives in 60 countries and 39 related territories that are free. Major advances in freedom were recorded, furthermore, in every part of the world. In the past fifteen years the number of countries which can be called "free" or "partly free" has climbed from 92 to 117, with about 63 percent of the world's population living in these countries, while the number of "not free" declined from 71 to 50, with China and the Soviet Union representing more than 70 percent of those not living in freedom. When permitted, and sometimes even when not, people are choosing freedom.

There is alongside the cry for freedom also the clamoring sound for peace. Peace is the indispensable ingredient for the evolution of Man from the species *homo sapiens* to the species "human being." But what does it mean? It is a proud word that has too often been corrupted. There is the peace of the grave; the peace that reigns in a well-disciplined prison or gulag; the peace that may plant, with its terms, the seeds of a future war. Certainly those are not what our dreamers and philosophers have yearned for. It is peace with dignity and liberty that we seek.

The discussion of war since the beginning of time has been surrounded by ethical considerations. Theologians have long debated the "just war." From Thucydiudes to Tolstoy to Churchill, it was understood that wars could not just be fought, without justification. Ancient Greek philosophers and early Christian writers accepted war as a necessary part of nature. St. Augustine found justification for war in intervening to protect the innocent; Thomas Aquinas, in punishing wrongdoers; for others, simply the notion of defense. Modern day international law, reflected in the United Nations Charter, embraces the "inherent right of individual or collective self-defense."

Today, as it must, modern technology profoundly enters the discourse. Even before the full impact of nuclear weapons could be felt, Reinhold Niebuhr noted that "we have come into the tragic position of developing a form of destruction which, if used by our enemies against us, would mean our physical annihilation; and, if used by us against our enemies, would mean our moral annihilation." He noted "a moral dilemma for which there is no clear moral solution."

Neither the diplomat nor the politician in a democracy can afford to ignore the moral dimension of foreign policy. The citizen does not. With the clearly devastating character of modern weapons, conventional and nuclear, no democracy can effectively pursue its diplomacy, where the availability of force is an indispensable ingredient, unless there is a broad consensus behind the policy. Certainly for the United States, that consensus requires a moral foundation.

The pacifist meets – some would say avoids – the Niebuhr moral dilemma by declaring an absolute principle. "Wars will cease when men refuse to fight" is the slogan. "Someday they'll give a war and nobody will come," wrote Carl Sandburg. President Mitterrand had this phenomenon in mind with his sardonic comment that the Soviet Union produces weapons while the West produces pacifists.

The pacifist principle that war is a greater evil than any evil it would seek to correct seemingly justifies yielding to the lesser evil in the faith that history or a higher moral authority will in

the end set things straight. Regrettably, this has in recent years led to a rationalization that the purported enemy is not so evil after all. Thus, the sad alliance of some pacifists with politically motivated cadres who told us that Hitler was only reflecting rightful German grievances; or that the brutal excesses of Stalin and Mao were simply capitalist exaggerations; or that North Vietnam was seeking to unify and not subjugate its peninsula; or that the Sandinistas are idealistic revolutionaries rather than totalitarian communists. Clausewitz reminds us that "The aggressor is always peaceloving. He would like to make his entry into our country undisturbed."

Pacifists, many but not all of whom recognize the high moral duty to identify, challenge and attempt to defeat evil, focus on the power of love and non-violent resistance to evil. The human being, they argue, has the capacity to respond more to the human force of love and conscience in his fellow man than to coercion and hate, which perpetuate conflict. Modern technology now challenges that pacifist faith by depersonalizing and automating the process of war. The armed adversary in modern war never sees his victim, who, therefore, cannot reach his adversary to project the power of his love. The human dimension disappears. The Russian proverb goes: "Make yourself into a sheep, and you'll meet a wolf nearby."

Society, therefore, looks beyond pacifism for the peace with freedom and dignity we all seek. Here, those who have been called, "the moral architects," present their case. They seek to build a moral framework in which war could be contained, restrained, and perhaps even humanized. They accept the legitimacy of force and its presence in human history, but within a moral universe.

Non-intervention as an approach has historically also had its advocates. It was John Stuart Mill, however, who pierced the balloon of simplicity when he wrote:

> "The doctrine of non-intervention, to be a legitimate principle of morality, must be accepted by all governments. The despots must consent to be bound by it as well as the free States. Unless they do, the profession of it by free countries comes but to this miserable issue, that the wrong side may help the wrong, but the right must not help the right."

Society continues to look for other and perhaps better alternatives than war to assure peace with liberty. The Strategic Defense Initiative increasingly presents itself as an alternative that must here be addressed. It is defensive in intent. With our SDI program, we are exploring through research whether we can strengthen deterrence through an increased ability to create effective defenses and thereby deny and deter an aggressor from his objectives. Its appeal is that people ask of their governments that they be protected from attack, not that their government be able only to avenge them after the attack. The possibility is a real one that defense technologies, cost effective at the margin and preferably non-nuclear, can be created.

The search, furthermore, is not ours alone. The Soviet Union has for many years been active and successful in building up its defensive capabilities. This includes, as Mr. Gorbachev has acknowledged, proceeding with an intensified program of research on their own version of SDI. The new reality is that there can be no true security for any one country or people unless there is security for all. We must learn to accept in each of our countries a mutual responsibility for peoples in all other countries.

We are negotiating. We want our negotiating efforts to produce results. For the first time since the dawn of the nuclear age, we have produced a treaty completely eliminating to zero two entire categories of nuclear missiles. A total of 2096 warheads — 1667 Soviet and 429 U.S. — will disappear. We have already started to destroy these missiles. We have continued to make progress in Geneva where we have completed more than 300 pages of a joint draft text of a treaty which would achieve 50 percent reductions in long-range strategic nuclear weapons, the most dangerous and destabilizing nuclear forces on this planet. We are also on the verge of completing two treaties on nuclear testing.

Current United States policy is to reduce risks and tensions while maintaining the strategy of deterrence. In addition to negotiating toward further verifiable and stabilizing reductions in nuclear arms, we are preparing for talks to begin in a few days to reduce conventional arms and are continuing with talks dealing with the scourge of chemical weapons. Simultaneously, we are engaged in a process to build realistic, constructive, and more cooperative relations with the Soviet Union.

We have obviously begun an historic process, all in the context of change. Change is inevitable. As it must under the laws of nature, today will soon be yesterday and tomorrow will soon be with us. We must not fear it. We must influence it. With the complex issues we face, however, even should change bring with it further reduction agreements, we will still be nearer to the beginning than to the end of that process.

The tensions that have characterized our relations with the Soviet Union are real. Our problems are too profound to be thought of as being resolved by quick fixes, super negotiators, a summit, or a master-draftsman capable of formulating language to overcome differences. The leadership of the Soviet Union is serious. Its diplomats are well trained. Their response in a negotiation is motivated by one primary consideration: their perceived national self-interest.

The fundamental challenge to the free world has been a Soviet principle that everything that has become Communist remains forever inviolate; and everything that is not communist is open to change by pressure, subversion, even terror. We, therefore, observe with keen interest that the Soviets have withdrawn their troops from Afghanistan. Moreover, its leaders now say — and we are encouraged to hear — they are modifying their old faith that the "irreconcilability" of our two systems means the "inevitability" of war.

The Soviet economy is working poorly, although it does provide a fully functioning military and police machine. Massive military power has provided the Soviets with a presence that reaches all parts of the world, but this military superpower cannot hide the fact that its economic and social weaknesses are deep. The Soviet's awesome internal police force has provided continuity to its system of governance, but a Russia which during Czarist days exported food cannot today feed its own people. Productivity is low. With absenteeism, corruption, and alcoholism, internal morale is bad. Contrary to trends elsewhere in the world, life expectancy is actually decreasing. It is estimated that a worker in the Soviet Union must work more than seven times as many hours as a Western Europen to earn enough money to buy a car. One Russian recently said: "There have been many books written on the transition from capitalism to socialism, but not one on the transition from socialism to capitalism."

The new leaders of the Soviet Union are fully aware of its

problems. No police can keep out the ideas and developments that are communicated by satellite to all parts of the world, any more than it can by fiat insulate the Soviet Union from the wind currents that circle our globe. They are also aware of our strengths, reflecting the vitality of our values and the healthy dynamism of our system.

In the past six years, we have seen 17.8 million new jobs created in the United States, a 5.6 percent drop in our unemployment rate to its lowest level in 14 years, a 26 percent increase in real GNP per capita, and a reduced inflation rate, which had been at double digits, to an average of 3.4 percent. We have every reason to be proud of our system, even with its remaining inadequacies, and of the human values which govern our system.

Democracy works best. A closed, tightly-controlled society tied in knots by a repressive bureaucratic system, cannot compete in a world in which economic development and the creative power which it produces are all important. Rapid technological change, stimulated by an information explosion that knows no national boundaries, requires the vitality that comes from freedom. There is an inescapable link between human liberty, democracy, and economic well-being.

We hope the time is at hand when Soviet authorities, looking at the energy of the West, comprehend that repressive societies in our day cannot achieve economic health, inner stability, or true security. We hope Soviet leadership today realizes that its historic aim of achieving Communism through violence has no place in this nuclear age. We hope Soviet authorities will join us in making the commitment that our survival as a civilization depends on the mutual realization that we must live under rules of responsible international behavior. We hope — and there are encouraging signs to bolster that hope. But as yet, we, regrettably, cannot trust.

But even as we cannot yet trust, we have a responsibility to ourselves to observe developments in the Soviet Union carefully and to do so with open eyes and an open mind. The Soviet Government is going through what appears to be an historical strip tease as layer after layer of deceptive myths keep getting removed and replaced with hard unpleasant truths about the past. There have been significant changes within the U.S.S.R. President Gorbachev has shown himself in a dramatic way willing to reconsider past views. The words *glasnost* and *perestroika* have been repeated so extensively that the ideas they represent may well take on a meaning and dynamism of their own which could become internally irreversible.

We must challenge Soviet rhetoric into reality; and we must not fear those changes no matter how they may require us to alter our own rhetoric and modify our own perceptions. We can welcome Soviet use of words such as "democracy" and "glasnost"; and even though we must remind them that their words are too often contradicted by deeds, the continued use of the words may create standards that will more firmly establish them in their society. We welcome the news that Soviet military doctrine will in the future be a defensive one, but since we have not yet seen evidence of this change in the structure of their forces, we must keep a healthy skepticism as we challenge them to make the promised changes.

President Gorbachev's task is a formidable one. The U.S.S.R. is not apt easily or quickly to undergo what Jonathan Edwards called a "great awakening," or see a blinding light on the road to Damascus. Their heavy bureaucratic crust of tradition is thick and not easily cracked. The *fundamental nature* of their system is the fact *they* and *we* must still face.

Our ability to influence Soviet internal developments is likely to be limited, but we are not totally without influence. The Soviet Union and its people in many ways measure themselves by Western standards. The United States is the Soviet Union's principal rival, but we are also its standard for comparison. Language used by us to characterize our values, such as "human rights" and "democracy" are adopted by the Soviets, because they satisfy the deepest aspirations of the Soviet peoples as well.

The United States negotiates with the Soviet Union in that context. We intensify our efforts, through our negotiations, to find a basis for understanding, stability, and peace with dignity. To negotiate is risky. It is, in the words of Hubert Humphrey, something like crossing a rapid stream by walking on slippery rocks. The possibility of a fall is on every side, but it is the only way to get across.

For us, peace is not merely the absence of war. A genuine and desirable peace is, to paraphrase Niebuhr, built only on the foundation of justice, freedom, and the rule of law. These are not merely abstract ideals. These are real living values that have guided our nation since its founding.

All of us and our societies fall short of our aspirations. We grow by stretching to reach them. As we do so, however, let us be reassured by the conviction that the future lies with freedom because there can be no lasting stability in societies that would deny it. Only freedom can release the constructive energies of men and women to work toward reaching new heights. A human being has the capacity to aspire, to achieve, to dream, and to do. Our task is to stretch ourselves to come closer to that realization. With its realization, we not only find the path to peace, we find peace.

The major obstacle in the path toward realization is within ourselves. I not only refer to the metaphysical or to the nature of man here, whatever that may be. The obstacle is also structural. I note de Tocqueville's 19th century observation that "it is especially in the conduct of their foreign relations that democracies appear to be decidedly inferior to other Governments." We must achieve the firm unifying sense of purpose, steadiness and strength that is indispensable for effective foreign policy decision making. We must insist that our political community resist the temptation of partisan politics and institutional rivalry to develop the consensus adequate to meet our responsibilities.

Effective diplomacy requires the availability of power. Indeed, it has been said that diplomacy without arms is like music without instruments. But power today cannot be exercised effectively in our democracy without a broad consensus in support of that policy. Consensus — not unanimity — requires broad agreement and understanding between the President and the Congress. This in turn means that our policies require an identification with our country's values and aspirations. We are as a nation painfully coming to that realization.

G.K. Chesterton summarized his studies of our country by declaring that the United States is a "nation with the soul of a church." This must be understood as we seek the basis for national consensus in foreign policy. We require moral justifications for our actions.

Our political values and the character traits that have helped us build the most dynamic and open society in recorded history is a source of inspiration to most of the world. It should be a

source of inspiration for us as well. We cannot take it for granted. Last year, President Chaim Herzog of Israel was in Washington. In a speech before both Houses of Congress he sought to encourage the American people by reminding us that we have every right to be proud of our country and our democracy. There are, he said, hundreds of millions of people in our world "who suffer bondage, inhumanity, poverty." They "have never known and do not experience the gifts of human freedom." To these people, the United States is "a shining beacon of hope." They draw courage and inspiration from our moral fabric. These people, he urged us to remember, realize what the American dream means to the world.

Let us not forget our good fortune as Americans. Democracy is a great ideal and deserves passionate devotion. It is the political embodiment of our religious values. In fulfilling our responsibility as citizens of this democracy, there is no room for moral neutrality. The idea that somehow power is bad, that superpowers are worse, with one superpower more or less as bad as the other, is a nihilistic formula for defeat. There is an unmistakable difference between a prison yard and a meadow.

Our way is best. Let us say so. What democracy promises and delivers is to put the fate of peoples in their own hands, with a chance for success, for happiness, for self-fulfillment. It is not arrogant for us to proclaim the virtues or our own system because it casts no credit on us. We are not the ones who created American democracy. We are merely its beneficiaries with an opportunity to strengthen it for succeeding generations. It is only understandable, furthermore, for us to wish similar blessings for other peoples.

Abraham Lincoln in his day said that "America is the last great home of mankind." It still is. Our political values have helped us build the most dynamic and open society in recorded history, a source of inspiration to most of the world. It is a promise of a better tomorrow for the hundreds of millions of people who have not known the gifts of human freedom. The future lies with liberty, human digity, and democracy. To preserve and expand these values is our special responsibility. We cannot escape that burden. But more than a burden and responsibility, we should look upon it as an exciting opportunity.

Thank you.

The Deficit Time Bomb

THE PROBLEM THAT WON'T GO AWAY

By J. PETER GRACE, *Chairman, President and Chief Executive Officer, W. R. Grace & Co.*

Delivered to the Economic Club of Detroit, Detroit, Michigan, March 13, 1989

THANK YOU very much, Ted. It's a great privilege to be invited back — almost four years to the day — since I last addressed this prestigious forum. The last time I was here, I got bumped. I was told, "Forget it, we don't want you, we've got somebody else."

When that "somebody else" turned out to be President Reagan, I didn't feel so bad. And I was invited back a few weeks later anyway.

So now I'm expecting President Bush to show up at any moment.

I'm here today to talk about one of today's three great lies. The two lies I won't go into now are:

(1) Your check is in the mail; and

(2) I'm from the Government and I'm here to help you.

The lie I would like to talk about says "the Federal deficit doesn't matter." People who say this point to two facts.

(1) The deficit is declining in nominal terms (from a peak of $221 billion in 1986 to $161 billion in the current year) and in real terms (from a peak of 6.3 percent of GNP in 1983 to 3.2 percent in 1989); and

(2) Despite the massive deficits we've had since 1982, the economy has chugged along, growing at an average 4.0 percent annual clip from 1982-1988, one of the longest sustained expansions on record.

To refute point (1) is simple. The deficit is declining because the Government ignores much of its most rapidly growing major area of expense — which is interest. For example, in 1989 the Government reports its interest expense will be $165.7 billion. In reality, the Government will spend $238.9 billion to cover interest on its debt this year, $73.2 billion or 44.2 percent more than reported.

Now our company had a pretty good year in 1988, with earnings per share up 35.5 percent. However, we would have reported a great year if we could have ignored one third of our interest expense. Rightly so, the law says we can't do that. But for the Government it's "do as I say not as I do." They simply ignore any interest owed and forming an essential part of government trust funds like Social Security and Civil Service retirement.

If we add back interest owed to Federal trust funds, the deficit of $161 billion in 1989 rises to $212 billion, $51 billion or 31.7 percent more.

Apparently, the Government feels that what we don't know won't hurt us. This may be true. Ignoring the deficit may not hurt us but it certainly must hurt our children or our grandchildren. And this brings me back to the second defense of "the deficit doesn't matter" crowd, which is that, despite the deficits, we've had six years of steady economic growth.

Refuting this argument requires more intuitive than empirical evidence. For example, does anyone in this audience believe that the Federal debt, which has grown at an average rate of more than $250 billion per year over the past four years to $2.9 trillion, won't ultimately have disastrous consequences?

This year 56 cents of every dollar paid by individual taxpayers will be used to service the Government's debt burden. By comparison, in 1979 only 28 cents of individual tax receipts was required for Federal debt service. Therefore, the burden of Federal debt service on taxpayers has doubled in just ten years. If we continue this course, by the turn of the century, more than 100 percent of every dollar you pay in taxes will be required to meet the Government's interest bill. For your tax dollars, you'll get no Air Force, no FBI, no National Park

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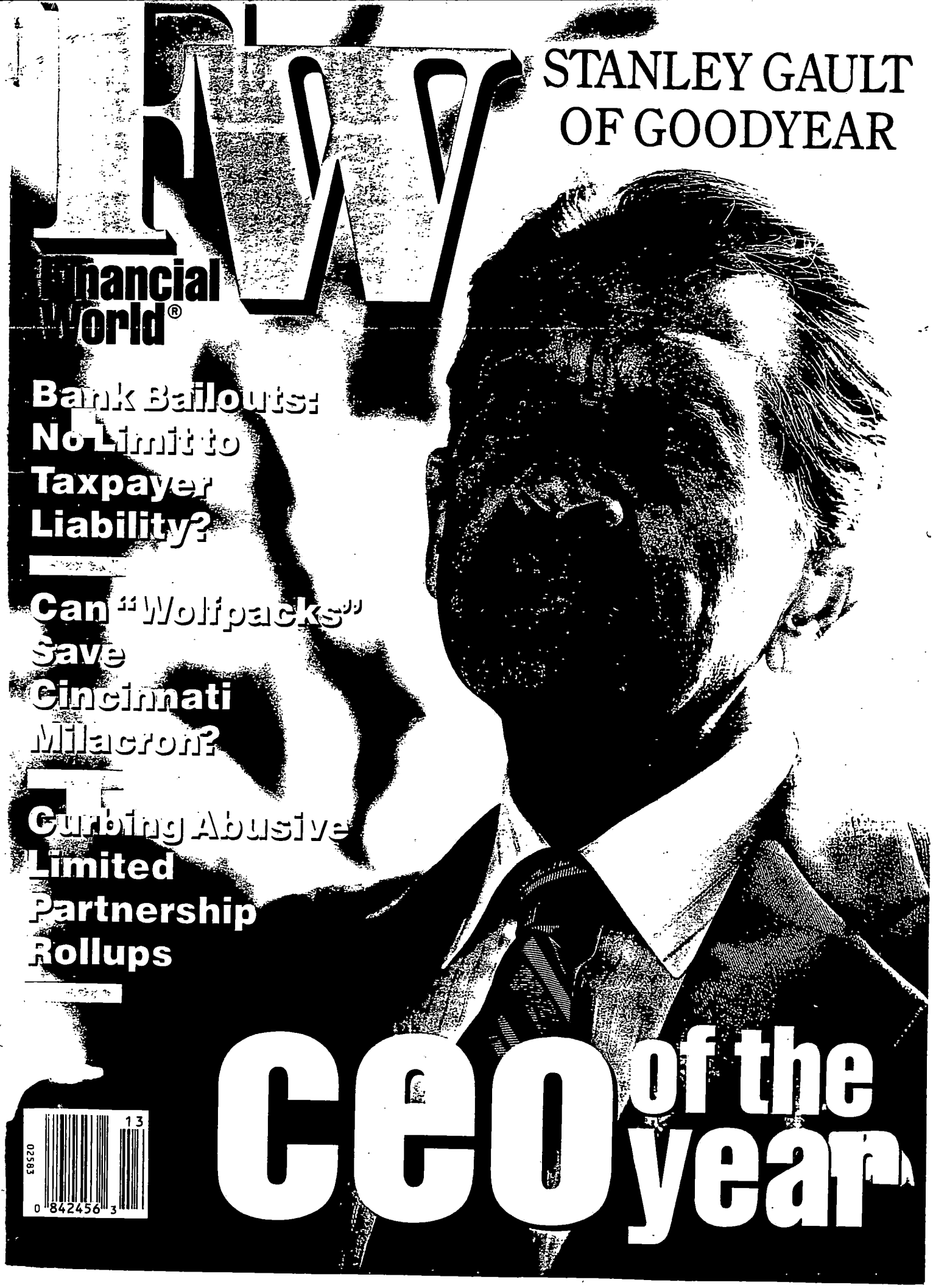

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New American Schools Development Corporation

A SPECIAL ADVERTISING SECTION

Break the Mold

A TALK WITH LAMAR ALEXANDER AND DAVID KEARNS

THE WORLD HAS CHANGED AND our schools haven't" states Education Secretary Lamar Alexander. "Our schools are in a sort of time warp. The family and the community have changed, but the way our children learn has not."

Schools in the rest of the world have kept up, however, and American schools now lag badly. So, comments Deputy Secretary David Kearns: "What I like to say is: How do you leapfrog the East Asians and the Northern Europeans? Not try to be just as good as they are. I am rather offended by the concept of striving for a school system as good as the Japanese. Why shouldn't we have the best school system in the whole world? And one that is uniquely American?"

"We have learned during the 1980s that trying to fix schools piece by piece doesn't work very well," Alexander points out. "The system is not just in one rut—it has fallen into several deep ruts. And almost all of the energy and enthusiasm for change can be exhausted just trying to gain agreement about fixing one.

"Sometimes it is easier to start over," he suggests. And that is what The New American Schools Development Corporation has been created to do. "There are a great many wonderful innovations in education, and many people have started to fix whole schools, with great success," Alexander acknowledges. "But we are talking about literally starting over to break the mold, to fix whole schools from scratch."

Kearns amplifies: "To those who claim that they are already doing good work on helping the schools, and that we don't need a project as big as New American Schools, I have two things to say. One, we have made absolutely no progress. The output coming out of the schools is exactly the same as it was in 1970. We spent all the Eighties talking about it and not getting anywhere. We have probably 200, 300, 500 good programs going on around the country. What we have got to do is take the ideas that look as if they will really work and stitch them together, to move the whole system forward.

"Because the second point is that, with all the activities we've got going now, the Japanese and the Northern Europeans are improving their school systems at a faster rate than we are—the gap is getting wider, not smaller."

Alexander likes the potential of the new strategy. "We believe that if thousands of communities begin to create truly New American Schools, that there will be a line around the block a mile long of families who want their children to attend these schools," he exclaims. "That, in turn, will force all schools to increase their rethinking of what they

Lamar Alexander and David Kearns

This section was developed, written and edited by Willard C. Rappleye Jr., FW Special Projects Editor.

TISING SECTION

were doing and be a powerful incentive to make the radical changes in the education system that will be necessary to help this country reach the six national education goals by the year 2000.

"The New American Schools Development Corporation is a private, independent corporation separate from the U.S. government," he explains. "But it is an integral part of the AMERICA 2000 education strategy that begins with the six national education goals which the governors and the President agreed upon in 1989 at the education summit in Charlottesville. The goals include all children arriving at school ready to learn, a 90% high school graduation rate, all children learning a core academic curriculum to world-class standards, first in math and science as a goal for American students, a literate skilled work force, and, finally, drug-free and violence-free schools."

KEARNS KNOWS THAT NASDC HAS TO BUILD a bigger, more urgent constituency. The question of universal high standards, for example, has "some poor communities very worried. If I were in one, I would love to ask them: 'You mean for your community you're suggesting low standards? What you need are the highest standards.' Then I would say we should work together to build a system for your community that will be different from a system for a rich one, but the standards must be just as high, or else the community will always stay poor. What we are really trying to accomplish is to give poor people the same chances that rich people have."

Initial support for NASDC has been encouraging, with upwards of $40 million already raised, toward its goal of $200 million over four or five years. Kearns admits that he has to overcome some reluctance on the part of companies that believe they are already doing all they can. "We have to convince them that we are not trying to compete with all the good things they are doing out there, and somehow dilute their efforts." But many understand "that this is a one-time request, to give us the leverage to make us the best in the world"—like Alcoa, which contributed $1 million. Chairman Paul O'Neill told Kearns: "I don't even want to debate that. This is the best damn idea I know about." And many others have promised to join in, once they have seen results; on the whole, Kearns professes to be "extraordinarily encouraged" by financial support to date.

"The greatest obstacle to America's future is complacency," Alexander points out, "the feeling in America that the nation is at risk, but I'm OK.

"That is gradually beginning to change," he contends. "Americans are uneasy, because we are now beginning to realize as a nation what most businesses began to feel in the early Eighties. World competition is causing all of us to rethink what we are doing, change our attitudes and values, get our feet more firmly on the ground, and be prepared to compete in a very different world.

"Too many Americans have assumed that what was good enough for them in school was good enough for their children," Alexander declares. "That's simply not true.

"So the whole basis of our education strategy is to help people realize how the world has changed, that it will take a radical set of adjustments in our schools and in our acceptance of educational responsibilities at home, to fit ourselves in those changes, and then to get on with it.

"That's why the President worked with the governors to create for the first time in America's history the national education goals. That is why we're working with educators to create a consensus about world-class standards in math, science, English, history and geography. That is why we're working with states to change their curriculum frameworks. That is why we are seeking to create a series of American Achievement Tests so communities and parents can know how their children and schools are doing, whether the children are learning so that they can live, work and compete in a world that includes children from Seoul and Tokyo and Hamburg and Budapest. That is why we want to give teachers much more flexibility in the classroom and the spending of federal money, why the President has proposed one million 'opportunity scholarships' to give middle- and low-income families more of the same choices of schools that wealthy people already have.

"And that is why we are encouraging communities to create thousands of New American Schools."

The needs of the school system are daunting, Alexander acknowledges. "Standards and curriculum are out of date, schools are uninteresting. Children watch too much TV, parents are too busy to keep up with what is going on. Teachers are untrained in many subjects. And, more than anything else, we probably have lower expectations for our children than, for example, Asian parents do.

"None of this should cause the U.S. to hang its head and wring its hands," he insists. "We are perfectly capable, in fact more capable than any other country in the world, of educating all of our citizens to a higher standard. We are still the country with 25% of all the world's wealth. We already spend more per student on elementary and secondary than any other country except Switzerland. We have the best system of higher education in the world today. We simply need to focus our attention, marshal our enormous capacity for reinvention on elementary education and realize that it involves not only fixing the schools but fixing our attitudes at home and in the community.

"That is what AMERICA 2000 is all about," he concludes. "And the idea of the New American School—starting from scratch to create thousands of new schools that are among the best in the world—is at the core of what we are trying to do."

R&D for the System

CEOs' EVALUATION REPORTS

THE PROBLEMS OF AMERICAN schools have been a shifting kaleidoscope of discovery and response, which only now is coming under powerful lenses to focus change.

Political leadership is being exercised, starting at the top with direction from President George Bush and extending to the organized efforts of state governors under the vigorous administration of Roy Romer of Colorado. Remarkably, among all the institutions concerned, including the education establishment itself, the U.S. business community has moved to the forefront in recognizing the problems and proposing solutions. It has done so in various forms of creativity, commitment and effectiveness, but with a cumulative and increasing energy that bodes well for the future.

The newest, and potentially the most powerful, of these lenses for change is the New American Schools Development Corporation. Created last summer at Bush's behest and funded by corporate contributions, it applies the classic business practice of finding solutions to persistent problems by assigning start-up research.

In the words of RJR Nabisco Chairman Louis V. Gerstner Jr., who is also vice chairman of NASDC, it is "R&D for the schools."

Kay R. Whitmore, chairman of Eastman Kodak, and a director of NASDC, welcomes Bush's unprecedented assertion of leadership. "This nation decided 200 years ago that the President should have nothing to do with education," he notes. "We have always had a dispersed educational system, which has historically been left to the states and the local school boards. That is still our basic philosophy—which was fine until now, when the problems in our schools have taken a high place on the national agenda.

"Now when Bush says he wants to be the Education President, wants to lead the system into improvement, to state the need and set the direction, it is in a leadership role, not in a sense of command and control," Whitmore emphasizes. "I see no conflict in that with our traditional practices."

The problem has forced its way to the top of the national agenda, he observes. "We've got a serious, serious disaster on our hands. It is not just a problem of the inner cities. If that was all it was, we could focus on that and raise the worst kids up. But that is not the whole problem. The problem is that there is not a school in this country that has high enough expectations," Whitmore declares. "We do not have world-class expectations of our very best kids. Yet that is what we have to have if we are going to survive.

Louis V. Gerstner Jr., RJR Nabisco

INNER-CITY KIDS HAVE A RIGHT TO BE HELD ACCOUNTABLE TO THE SAME HIGH STANDARDS AS RICH KIDS IN THE SUBURBS.

"The best thing Bush has done for education is to name Lamar Alexander as secretary and David Kearns as his deputy, to establish high national expectations of our education system."

To do that, they are pushing the New Schools idea. "Is that going to solve the problem?" Whitmore asks. "Absolutely not.

"Is it going to make sure that everything changes? Absolutely not. Does it say that in some cases we ought to go off and just completely break the mold? Recognize that we have a system that was generated to work for the farm communities of the 1900s, that we are having some trouble breaking away from? Yes," he says.

"Let's go in and try some experimental things that are more bold than what we would normally be doing, and let's develop some entirely new schools.

"It's a piece—I think an effective piece—of a very broad puzzle."

James R. Jones, chairman of the American Stock Exchange, and an NASDC director, is "intrigued by the concept that the private sector would step in without all the inhibitions and bureaucracy and regulations to see if there couldn't be some experimental work done on what the education system should look like. to innovate and experiment, for better ways to deliver education. That's what got me involved.

"As a nation, we have a real problem with an underclass that is growing much more rapidly than in any previous period, and perpetuating itself," Jones warns. "Education. which used to be the ticket up and out. is not doing that job.

"The value of the New American Schools idea," he points out, "is that it takes the shackles off and says: Let's open our minds and think big to make education something that improves the productivity, the competitiveness, the quality of all the students going through the system."

James J. Renier, chairman of Honeywell Inc., and an NASDC director, concedes that business "has been involved with education for years. But I don't think that business. even today, really understands the extent of the need that exists in public education. It was not until the publication of

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A Nation at Risk in 1983 that the crescendo started to build. And it was not until four or five years ago that the problems of education really hit business hard."

NASDC now comes on as a true expression of best corporate practice. he finds. "Just as I don't run the business of the divisions of this company—I set strategies. I set the vision and assign corporate R&D to help determine the future direction in which we are going—and, definitely, to set the vision for the future. That was missing before."

The function of the NASDC board will be "to preserve the integrity of the entire process." Renier declares, "so as to bring out the creativity, with the hope that this giant system out here will be interested in picking up the technology, and doing something with it. Because one thing we discovered in all the previous studies—there were thousands and thousands of initiatives between industries and schools and nothing being institutionalized of any significance.

"For two big reasons," he believes. "One, a lot of the time the people who have to implement the ideas have no ownership of the process. And two. the extremes of the social agenda in the schools have caused what appears to be great for one city or town, to turn out to be irrelevant for another.

"That has been a problem. But we could solve it if NASDC could institutionalize the discoveries."

John L. Clendenin, chairman of BellSouth. and an NASDC director, sees a need for long-term Presidential commitment. He was one of a group of CEOs who told Bush shortly before the Education Summit: "You are not going to solve this problem. No single American President is going to be in office long enough to solve it. This may take two or three or four presidencies."

During recent years, "the education arena has become one of high urgency for a lot of business people." he observes. "as a matter of survival. We've got to fix the public education system to turn out the kind of workforce that is going to be required as the information age and the high-technology world spirals forward.

"We've all come to the conclusion that routine change is not going to solve this. We're going to have to come up with some new ideas and applications. Yet the bureaucracy

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of our typical school organization doesn't lend itself to funding new ideas, innovative solutions, new concepts, trials. You've got to have a risk-capital source in order to do that." Clendenin insists. "We need a way to look at some educational approaches that are different from run-of-the-mill efforts."

THAT IS WHAT NASDC WILL PROVIDE, HE believes. "Then, after the effort has proven to be meritorious, it has got to be put in and be absorbed by the school systems. As the new ideas work, and availability and awareness and knowledge about these new techniques spread through the educational system, a slow 10- or 20-year process will evolve that will bootstrap America's education system up."

RJR Nabisco's Gerstner recognizes the difficulty of making changes in the existing system, and the urgency of making good ones as fast as possible: he is looking to NASDC as a powerful agent, once it produces models. Many businesses are already working with the schools on new programs, he points out, but even the most successful programs do not transfer easily. "Unfortunately, education is a local industry," he notes, "not a national industry. It's not three automobile companies, not six steel companies, not 15 food companies. It's thousands of school districts, all autonomous.

"You're talking about a local business that has got to be changed, schoolhouse by schoolhouse, district by district, state by state. And the fundamental problem with schools is like the problem with a lot of institutions in this country: They've gotten a little ossified and unresponsive to the last quarter of the 20th century, let alone the start of the 21st. As you look at the governments in this country, the business community, the labor unions, the churches—for 20 years they've been wrestling with modernity, and the problems of bringing themselves up to the demands of the current world.

"Some of them are doing better than others," Gerstner acknowledges. "The public education system, though, has probably done least well in its adaptation to change, for a lot of reasons.

"Most institutions do not change unless pressure comes from outside," he emphasizes. "Typically, businesses change because they have shareholders, they have boards, a marketplace. But the educational establishment is controlled by the establishment itself, and it is frightened by the prospect of change."

Even business as a whole, with all its individual corporate efforts, has not accepted the responsibility of insisting upon major change in education, Gerstner charges. Most of its efforts have been to support the system as it exists, and hardly any of its leaders are prepared to turn the whole system upside down, which is what he contends it needs.

"That brings us to NASDC," he says. "One way to deal with the bureaucracy, the problem of changing an existing institution, is to totally redesign the learning environments for the future. That is what the role of government should be. It ought to be responsible for R&D. What Lamar and David have designed is a program in which we can go to the best minds to design the learning environment for the 21st century. That's classic R&D.

"Business should support this sort of thing because it understands the need to develop prototypes, to develop R&D, to develop new ways to think about business," Gerstner contends. "The great buzzword of American industry today

Kay R. Whitmore, Eastman Kodak

THE PROBLEM IS THAT THERE IS NOT A SCHOOL ANYWHERE IN THIS COUNTRY THAT HAS HIGH ENOUGH EXPECTATIONS.

James R. Jones, American Stock Exchange

EDUCATION, WHICH USED TO BE THE TICKET UP AND OUT OF THE UNDERCLASS, IS NOT DOING THAT JOB TODAY.

is re-engineering systems. Well, that is what we need to do with the schools.

"It's like when people go out and build a new factory—they benchmark. So if we could get the educational institutions thinking that way and give them some models of what a school in the 21st century should look like, that's what NASDC can do."

Gerstner knows that fear of standardization will be one of the obstacles to widespread adoption of NASDC models, but rejects that argument "as an enormous red herring thrown out by people who don't want to change the system.

"There is no perfect standard in anything," he exclaims. "We all have to manage in an imperfect world. And having said that, I tell you that I believe that in most subjects—not just math—it is not impossible to get a group of educators together to determine what children should learn. Why should a child in Wisconsin not know as much about American history as a child in Virginia?

"There's a lot of discrimination in some of those comments, too: 'Why should we be giving these inner-city kids the same standards as these rich kids in the suburbs? It's going to hurt them.' Baloney: to say that inner-city kids can't perform is outrageous. They have a right to be held accountable to the same high standards."

John R. Hall, chairman of Ashland Oil, and a director of NASDC, has been getting a good preview of what corporations could accomplish: In his home state of Kentucky, the legislature passed the most extensive school reform program in the U.S. in the wake of a 1990 state Supreme Court decision that the existing system was unconstitutional. "Now we're involved, along with UPS and Humana, in what we call the Kentucky Partnership, trying to educate everybody in the state on what it means."

To Ashland, that is a lot. "We were just generally dissatisfied with the situation," Hall recalls. "We tried to transfer employees from out of state into Kentucky and they didn't want to come because the school system was so bad. So when we got this reform, we jumped into supporting it big time with a lot of advertising, and speeches and meetings, and a school bus that we outfitted with exhibits that we send out to every county in the state, to raise awareness in support of the new programs.

"OUR GOAL IS TO LIFT OUR SCHOOL SYSTEM UP to where it's going to be graduating people who can go on to college, or technical school, or right into the work force," he explains.

The process is simple, and could set examples in some respects for New Schools proposals. For instance, he says: "We want to get every kid into kindergarten," which would be a dramatic step forward. "We are going to try to have local school improvement councils, but whether we do or don't, we will have a very formal system of testing, at 4th, 8th and 12th grade. If a school doesn't improve the composite of those test scores, that school will be penalized—in fact, the whole school board may be taken out of office. And if a school shows constant improvement, it will be given more money."

James K. Baker, chairman of Arvin Industries, and a vice chairman of NASDC, has been working on the education problem at the corporate and state level for years, because he perceives it as an overwhelming threat to society, rather than one of world competitiveness, as so many businessmen do. "I can tell you that business is going to be competitive.

James J. Renier, Honeywell Inc.

THE BOARD MUST PRESERVE THE INTEGRITY OF THE PROCESS, BRING OUT CREATIVITY, INSTITUTIONALIZE DISCOVERIES.

John L. Clendenin, BellSouth

FOR A BUREAUCRACY THAT DOES NOT FUND INNOVATIVE SOLUTIONS, A RISK-CAPITAL SOURCE IS REQUIRED.

no matter what happens to the schools." he contends. "We'll find the people to do the jobs. They may be coming in on a boat; or we can put the work on a boat to send to them. Or I can hire anybody I want for any job, right here in Indiana. I don't think it's a competitive issue. And that's where I differ from most business people."

THE HEART OF THE PROBLEM IS SOCIETAL. Baker emphasizes. "We have to reach out for the kids who feel that the system has done them wrong—kids who haven't been able to find their way, got turned off and were never brought back into the system—who tomorrow are going to be wards of the state. The terrible thing is, the kids are right." he exclaims. "The system has not done right, to nurture, to preserve them as a very good investment. We have failed to do it."

He envisions the New American Schools process as a great engine to reward the reformers who make the patterns that will encourage others to join in, creating and reinforcing local change.

"You know," he adds, "for a national government initiative, I have higher hopes of this working than anything I've seen. It says to us that a government Department, like Education, which certainly has funding every year, ought to involve itself very deeply in research, just like NASA or NIH. We are setting up to do the research that should have been taking place all along."

Many other corporations that are not members of NASDC have already identified specific problems in the schools, and have launched bold ventures to deal with them.

EDS Corp. has decided to concentrate on the children, through a carefully organized company-wide program of individual mentoring. "We wondered what we could do to have a maximum impact," says Chairman Lester M. Alberthal, "even though we didn't feel that we could define the nationwide program that was going to solve all these ills.

"But we did feel that there were two things we could do. One was to heighten the awareness of our own employees who were young parents, or planning to be parents, to see the importance of the parent in the education process. And we wanted to try to make a difference to as many kids in the schools as we could who lacked good parental influence. Now, we know we are not going to solve every kid's family problem. But we did feel that we represent a resource that, when applied individually, could be helpful in many cases.

"So we went into schools in districts where we are operating—and there is a whole set of rationales on how we picked them—and formed partnerships to put our resources—these volunteers—to work with them to make the school better. Each program is pretty much tailored to what the principal or superintendent and some of our key people decide is best to do. And, without exception, a major part of every partnership is a commitment to mentoring.

"It's really K through 8, for the most effect," Alberthal points out, "because by the time they reach 8th grade, if they haven't had some positive influence somewhere, it's going to be that much more difficult to reach them.

"I don't know any other way. You can't hire enough psychologists; you can't assign enough social workers; you can't have every teacher educated in all these things. What it really boils down to is that a kid needs to feel that someone cares. And if they don't have that at home, and they are

John R. Hall, Ashland Oil

IF A SCHOOL DOESN'T IMPROVE ITS COMPOSITE TEST SCORES, THE WHOLE SCHOOL BOARD MAY BE TAKEN OUT OF OFFICE.

James K. Baker, Arvin Industries

FOR THE KIDS WHO FEEL THAT THE SYSTEM HAS DONE THEM WRONG, THE TERRIBLE THING IS, THEY ARE RIGHT.

part of a big class so they can't get it at school, then that is something we can offer.

"You know, we put a lot of emphasis on our employees—our biggest resource, our biggest asset; our thinking was that would probably be our maximum contribution. We can have an impact that's probably a lot more than throwing money at a problem, and the side benefit is that we get a plus out of it for our employees, so it's a morale issue. And, if it's good for the kids and it's good for our employees—well, you know there's not many win/win situations in this day and age."

John V. Roach, chairman of Tandy Corp., focuses on motivation of both students and teachers in the high schools through a company-sponsored program, which emerged from modest origins in the Fort Worth school district and was expanded in 1989 into the Tandy Technology Scholars. This recognizes the top 100 students and the top 100 teachers in math and science around the U.S.; about 12,000 high schools now participate. "We're very satisfied with the program," Roach asserts. "You know, the whole education issue is so complex, and we certainly understand the arguments for the preschoolers and the lower-school problems, and for the students who are not in this top percentage that we are really shooting at, but certainly there has been a lot of response to just recognizing the champions of the classroom."

From a purely practical standpoint, G. Kim Wincup, Assistant Secretary of the Army for Manpower and Reserve Affairs, looks upon the school system as the primary source for recruits, and finds the "quality of the production base" to be good.

The recruiting establishment has been very aggressive in trying to improve the schools through a major "Stay in School; Stay off Drugs" program, along with extensive mentoring and tutoring activities by soldiers and their families to help individual students.

Wincup attributes the high quality of recruits these days in large measure to improved techniques, from "essentially not knowing how to recruit, in 1973, because they just took volunteers and draftees, to a thoroughly sophisticated operation, right on through market analysis," augmented by substantial college-entitlement incentives, "which appeals to the parents and influencers like crazy." The combination of reduced demand and improved technique has resulted in the Army recruiting a constantly improving quality of youngsters coming out of the school system.

RICHARD M. ROSENBERG, CHAIRMAN OF BANK-America, speaks for a number of CEOs who believe that what they are already doing represents as much of a commitment to solving the problems of the schools as anything that they might be able to contribute by supporting NASDC, and that they are already producing impressive results.

Rosenberg is enthusiastic about how the bank puts its resources to work on specific needs of the schools and the children. He cites the success of classes that volunteers from the company run every year in its computer rooms for an Explorer Scout troop of inner-city boys and girls. "The kids learn how to program an IBM PC. They get a lecture on careers in banking—the kind of job they could do with a high-school diploma. These are kids who have never seen a PC before in their lives. Not in their schools, and certainly not in their homes. And they love it. It has been very, very

Lester M. Alberthal, EDS Corp.

KIDS NEED TO FEEL THAT SOMEONE CARES, AND IF THEY CAN'T GET THAT AT HOME, IT IS SOMETHING WE CAN OFFER.

John V. Roach, Tandy Corp.

SATISFACTION IN A LOT OF RESPONSE TO JUST RECOGNIZING CHAMPIONS OF THE CLASSROOM.

successful."

Rosenberg describes the way the bank, along with IBM, offers all newly appointed high school principals the same kind of management training programs it provides its own executives. "They've never had that kind of training. They've been teachers. We help them become managers.

"What we have done," Rosenberg observes, "is work out a variety of programs with individual schools and districts, to help effect change. So we are quite sympathetic to the goals of NASDC. But we're not quite sure that an overall umbrella is the only route, and therefore we have to be somewhat judicious in our response. We cannot support some national program to the exclusion of all the programs that we are evolving in California."

JOHN F. MCDONNELL, CHAIRMAN OF MCDONNELL Douglas, is troubled "that education is not a top priority of most Americans at this point. And until parents take education as a top priority, we can do all sorts of innovative things, and it is not going to get spread around."

McDonnell Douglas has taken a serious look at the problems in its hometown of St. Louis, increasing its commitment to improving K-12 education there from $10,000 four years ago to nearly $700,000 today, drawing from other sectors of its corporate annual-contributions budget of $8 million to $9 million. "But we have been going out in a number of directions," he acknowledges. "We have not yet figured out a really good focus within the area to know what we should be doing."

For that reason, the premise of New American Schools has considerable appeal, McDonnell states. "What NASDC can do is to get ideas into focus, and demonstrate support from the President and from leaders throughout the U.S. The important thing is getting commitment, because almost anything will be positive if you can get people rallied 'round." And then, once the public has come to care enough, and the new examples of successful programs become more visible, he suggests, replication will happen "through demand pull."

While McDonnell Douglas is not a member of NASDC, it will be supporting one of the proposals for a grant through a citywide initiative led by Sanford N. McDonnell, former chairman of the company, and cousin of the incumbent. "So it was natural that when he asked if we would be willing to be a sponsor, we said yes."

ARCO has taken the lead in an alliance of diverse Los Angeles institutions to think through, create and set in motion a system-wide program to restructure the city's schools, which could, in itself, serve as one of models NASDC hopes to produce.

Remarkably, says Robert E. Wycoff, ARCO's president and chief operating officer, the members of the alliance, who had all been working independently on the problem for years, found that once they joined together, there was little disagreement on what to do. "Out of all the experience, and the stacks of studies, we all had similar programs, so that all we had to do was put them together. The only difference was that some had them organized A, B, C, and others had them B, C, A.

"And that's true nationwide, if you really look at it," Wycoff observes. "There is hardly anybody that doesn't agree on what a school ought to look like. The trick is getting there.

"Oddly enough, during a year of operation, we have not

G. Kim Wincup, Assistant Secretary of the Army

INVOLVEMENT, MARKET ANALYSIS, COLLEGE INCENTIVES, KEEP ON RAISING THE QUALITY OF THE RECRUITERS' PRODUCTION BASE.

Richard M. Rosenberg, BankAmerica

SYMPATHETIC—BUT NOT TO THE EXCLUSION OF EVOLVING PROGRAMS WITH INDIVIDUAL SCHOOLS AND DISTRICTS.

encountered any resistance," Wycoff notes. "Inertia, yes. That is bound to be a big force in a district of more than 600,000 students. But aside from that, not any opposition. We would have expected, naturally, that people who would be directly affected by the change—administrators, some teachers—would present some opposition. And they still may. But so far the school boards, the heads of the schools themselves, the head of the union, are all in support."

The Los Angeles plan has seven parts. First is governance, "which would turn upside down this top-directed central system, and empower the schools themselves, basically by funding the schools directly instead of funding the district, thus allowing the schools to control their own budgets." Second is accountability, "a system of assessing progress by determining how well the kids are learning, at first through a series of interim measures such as attendance, graduation rates, how parents and teachers feel about the system, security and, eventually, as the system takes hold, the whole range of things that need to be measured, like college entry and the quality of the jobs students get."

The other elements are management training for principals; parental involvement and supplementary mentoring; school facilities, including not only technology, but actually working through the maze of real-estate law and practice to acquire perfectly usable buildings that are now standing empty; social services, with emphasis on student health and safety; and emphasis on the connection between school and making a good living after graduation.

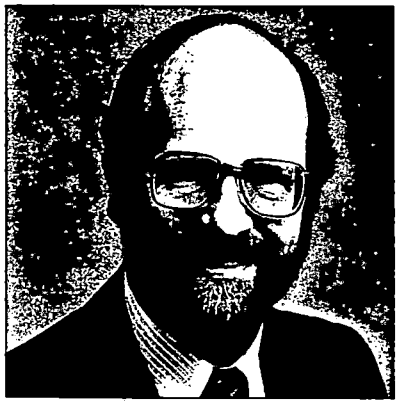
"As I understand the New American Schools program, it is focused on tomorrow, whereas we are more interested in fixing the existing system. Actually," Wycoff points out, "it may be that the sum of all the things we are doing is so new that you might consider it one of the laboratory models they are trying to create, so to speak."

George M. C. Fisher, chairman of Motorola, is more sanguine than most over the progress being made. "I'm one of those optimists who thinks that out of all this ferment there will be a lot of good ideas, and out of those good ideas will come systemic change, and we will solve this problem," he maintains. "Right now, I am a person who believes we are over the worst part. Not all has been done that needs to be done," he acknowledges, "but that will happen in time."

One of the reservations Fisher has with the NASDC approach, he says, "is that there are pockets of excellence in our education system everywhere you turn, even as you find that the biggest deficiencies are in the poorer areas, especially the poor urban areas. That is why I have problems with the broad brush approach, where everybody gets a little bit better. I think the great opportunities are to bring up the ones that are way low.

"I don't think you can lay the entire blame for our loss of competitiveness—and I use that term very generally—on K-12 education," declares Fisher, who is also chairman of the Council on Competitiveness. "I think that is a cop-out."

The real corporate challenge in education comes after K-12, he explains. "What companies have to come to grips with is the recognition that they have about three times as many years for employees' education and training as the employees have had in school. In high-tech companies like ours, we would say that the half-life of education of one of



John F. McDonnell, McDonnell Douglas

ONCE THE EXAMPLES OF SUCCESSFUL PROGRAMS BECOME VISIBLE, REPLICATION WILL HAPPEN THROUGH DEMAND PULL.

Robert E. Wycoff, ARCO

THE SUM OF ALL WE ARE DOING IS SO NEW THAT IT MIGHT BE CONSIDERED ONE OF THEIR LABORATORY MODELS.

our technical people is something on the order of two to five years. So if you don't continue to replenish the education of the ones you have, you have to go out and get a crop of new young people, whom you have to indoctrinate into your culture, and they have to learn the business, which is a very expensive way of doing it. It's better if you believe that the people you've got are a valuable asset in whom you continue to invest—who, like property, get more and more valuable."

JOHN F. AKERS, CHAIRMAN OF IBM, BRINGS UNIQUE perspective to NASDC. While the company is not a member of NASDC, it has committed $3 million in cash and $3 million in kind to its work. Also, as chairman of the Business Roundtable Education Task Force (BRT), for the past two years he has been working with governors and state legislatures to create the political structure and impetus for school reform.

Akers thinks "our two efforts are very simpatico." NASDC is setting up to do research at the grass roots level, "because that is the way you are going to affect what goes on with the student, while the BRT effort is to create a policy platform upon which to replicate the models NASDC will create."

Replication, key as it is to success in reform, needs all the structural support BRT can give it, he emphasizes. "It's going to be hard, very hard, but just as in business, that doesn't mean you ought not to invest in research activity, to establish any number of options that might be attractive. I spend a lot of my time with our research people, who are totally frustrated as to how you transfer good ideas from a research environment to the product that people will ultimately install in the marketplace. Same problem.

"I look upon NASDC as an R&D arm. What Lamar is doing is trying to get the private sector interested in this, in terms of money, and the energy of the people. I think he majors in 'create,' getting them to start fresh. Although I'm not so sure it will be quite as clean a sheet of paper as he thinks." Akers predicts—"they are going to bring in quite a few things that have worked.

"At IBM, we were interested in the proposition. We know something about R&D: we don't know so much about education. The more we thought about it, the more we realized how little we knew. We concluded we ought to work in a multiplicity of proposals, all over the country, in various projects. So we are partners with perhaps a dozen groups who will compete for the New American Schools Development grants. I think that is playing to our strengths, because it's already ongoing stuff."

Akers comes around to the matter of leadership. "I don't recall any previous president talking about education the way Bush has. I don't remember any other such organized approach to the problem. There was no America 2000. There was no Lamar Alexander in the Department. There was no private-sector R&D program."

He recalls the BRT meeting in June 1989, where education was the only topic and Bush the only speaker. "He was very complimentary about IBM and Xerox and this company and that company, and that we had all been able to demonstrate that we were active in the field. Then he said: 'That's not good enough. I challenge you guys to do something more.'

"Well, we have. And I think we ought to be kind of pleased with the quality of leadership we have been given."

George M.C. Fisher, Motorola

TO LAY THE ENTIRE BLAME FOR OUR LOSS OF COMPETITIVENESS ON K-12 EDUCATION— THAT IS A COP-OUT.

John F. Akers, IBM

AND THEN THE PRESIDENT SAID: "THAT'S NOT GOOD ENOUGH. I CHALLENGE YOU GUYS TO DO SOMETHING MORE."

Fred Bergsten, of the Institute for International Economics, in Washington, D.C., worry about the tendency of Washington's persistent budget deficits to leach away savings, drive up consumption, and suck in imports. Unless America takes hold of its economic destiny, they warn, the future offers a choice of horrors. Feckless consumerism might ignite runaway inflation, or the Federal Reserve might jack up interest rates so high—both to head off inflation and to attract foreign savings to float the buying spree—that it will cause a worldwide recession.

A. Gary Shilling, the president of his own economic advisory firm, with a blue-ribbon list of Wall Street and corporate clients, expects a near-term global recession, followed by a long and painful cycle of deflation. "The world's debt load has far outrun its collateral," he says, "whether you're talking about the Third World, farm land, corporations, consumers, everything. It will take a major global recession to force a debt restructuring. But even coming out of the recession there will be a fierce battle for exports—there's a lot of extra capacity coming on line in the developing countries—and a protectionist scramble. Governments won't help. Military spending is dropping; Star Wars will turn into Trade Wars. It's hard to foresee a happy resolution even longer-term."

These are all serious and respected thinkers. Even Batra, whose reading of history is sometimes comically simplistic, has made substantial contributions to the theory of international trade. But there is another view. A small but growing group of economists makes a strong case that the world and the United States, instead of teetering on the edge of disaster, are really on the threshold of an almost unprecedented long-run economic boom.

The Case for Optimism

THE INTELLECTUAL ICON OF THE NEW OPTIMISTS is Joseph Schumpeter, an Austrian economist who did much of his work in the United States. Schumpeter, who died in 1950, was one of the first to develop the theory of business cycles. He believed that economies progress in fitful starts and stops, interspersing long periods of economic dislocation with stretches of sustained growth and development. The driving forces behind Schumpeter's cycles of boom and bust are the pace of industrial innovation and the diffusion of new technology. In Schumpeter's terms, the optimists see the long run of economic turmoil that began in the early 1970s as a period of dislocation that is the prelude to a new industrial golden age.

Although there is some overlap between the new optimists and the supply-side publicists—the people, that is, who predicted we could have tax cuts without budget deficits—their case is not just blind Panglossism. It rests on sophisticated arguments, derived from economic and demographic developments around the world and in the United States. The gap between the optimists' view and that of most economists, according to Edward Yardeni, the chief economist at Prudential-Bache Securities, who is one of the most vocal of the optimists, is that mainstream economics focuses too much on formal macroeconomic models. "Most economists don't look much at the real economy," Yardeni says. "It's messy and doesn't translate well to models. But when you stop and look, the case for a long-run boom is almost overwhelming."

The optimists' arguments reduce essentially to three. The first is the integration of the global goods markets. Everyone knows about global *financial* markets. Stocks, bonds, and bank deposits surge around the world in nanoseconds, riding the twinkling green blips on trading-room computer screens. Integration of the manufacturing economy is an even newer development. High-productivity manufacturing technology, much of it pioneered in Japan, is spreading rapidly throughout the world; at the same time that big companies, and even many medium-sized companies, are operating more and more on a global scale. The result is relentless global competition on price and quality, a steady, even startling, worldwide increase in manufacturing productivity, and solid increases in real world output.

The second argument is a demographic one. The population profile of the United States has been wildly misshapen over the past twenty years. Tens of millions of young adults born during the Baby Boom years of 1946–1964, unskilled, semischooled, and very unsettled, streamed into the job queues, playing havoc with the unemployment rate, personal savings, and the quality of American work output. The populations of Japan and Germany, in contrast, have been much more heavily weighted toward mature adults in their forties and early fifties. Starting just about now the center of gravity of the American population is shifting radically once again. For most of the next two decades the age mix in America will be very much like those in present-day Japan and Germany. The labor force will grow very slowly, if at all; the demographic pressures making for unemployment will decline; output, income, and savings per worker should go up steadily.

Finally, the optimists foresee a steady decline in interest rates. Big-country governments, as a group—including the United States—have halved their budget deficits, measured as a percent of national income, over the past few years; some are already buying back their bonds. Over time reduced borrowing should mean lower rates. Meanwhile, global competition is already keeping a tight lid on inflationary wage and price increases. About half the long-term interest rate is a hedge against higher future inflation. As investors slowly come to believe that inflation isn't about to run out of control, the size of that hedge will drop. What's more, for a variety of complicated reasons, the demand for housing is expected to drop sharply. Real estate has absorbed an absurdly high proportion of American wealth over the past twenty years.

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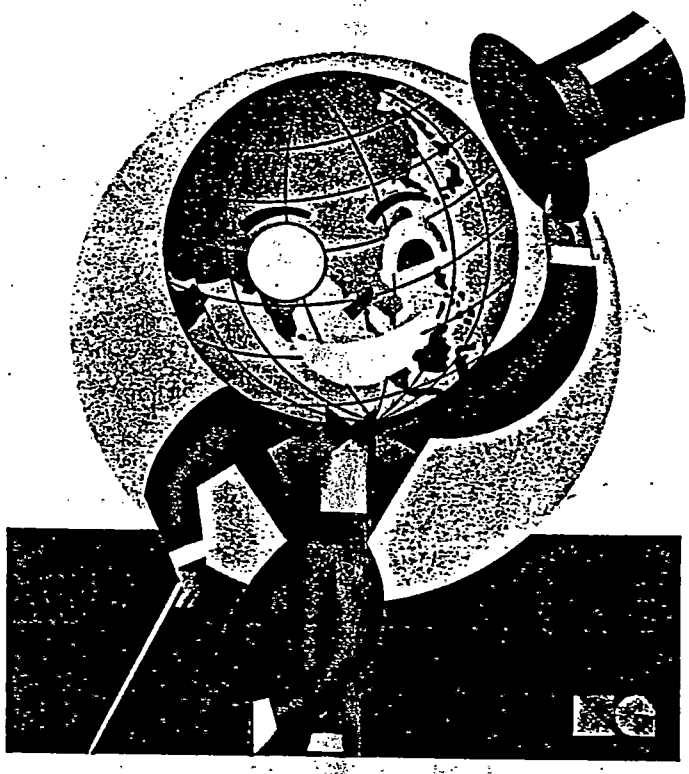
Over the next ten much of that capital will become available for productive business investment, helping to keep interest rates low.

It is important to be clear about what the optimists are *not* saying. No one is claiming that recessions are a thing of the past. Indeed, some of the optimists, like many other economists, believe that after seven years of uninterrupted growth there is considerable likelihood of an American recession late this year or sometime in 1990. But recessions in the 1990s should be short-lived and shallow—more like the twenty years after the Korean War, when the American and world economies grew smoothly and steadily, with occasional pauses, to be sure, but without the jagged bounces, the stomach-churning spurts and plunges, that we saw from 1973 to 1982.

Nor is the boom absolutely guaranteed. No one should underestimate the ability of governments to derail a drive for efficiency and productivity in the name of local special interests. And while the United States will prosper mightily during a long-run cycle of global growth, there is no assurance that it will remain the world's economic kingpin, the imperious proclaimer and disposer of the postwar years. Indeed, that is not at all likely to be the case.

Finally, the optimists tend to ignore the darker side of the boom. It will be some time, perhaps a decade or more, before the boom's blotched underbelly draws much public attention. Some of the issues of public policy will be momentous: What, for example, is the relation between a government, no matter how powerful, and a company that is truly global in its operations, its management, and its ownership? But there will be few hardy contrarians to point out the problems of the boom. For the foreseeable future, if the optimists are right—and their case is a strong one—powerful industrial, economic, and demographic forces will be converging in a way that will offer a welcome respite from the traumas of the past two decades.



FOR THE FORESEEABLE FUTURE, POWERFUL INDUSTRIAL, ECONOMIC, AND DEMOGRAPHIC FORCES WILL BE CONVERGING IN A WAY THAT WILL OFFER A WELCOME RESPITE FROM THE TRAUMAS OF THE PAST TWO DECADES.

Big Business Goes Global

LEE IACOCCA'S television ads blared, "Here's to You, America," as jet planes streaked red, white, and blue exhausts across the sky. There is no subtlety in the appeal: buying from Chrysler is your patriotic duty. But the pitch is more than normally disingenuous. For behind the smoke and clamor of the trade wars, Chrysler and the rest of the world's automotive majors are frantically forming engineering, production, and marketing alliances, literally carving up the world, to buttress their positions in the struggle for global car-sales supremacy. Who the eventual winners will be is far from certain, but what is clear is that only a small number of global companies will survive, and it is increasingly meaningless to speak of them as "American" or "Japanese" or "European" companies. (Even in Iacocca's ad the planes are French.)

The global restructuring of the automobile companies is being driven by the hurricane-force wind from East Asia that hit the industry in the 1970s, capitalism's "perennial gale of creative destruction" extolled by Schumpeter. In a world where no market is safe, only the biggest and strongest companies can thrive. The alliances of the automotive majors look like the intricate crisscrossing battle lines in the Oriental game of Go. Take Chrysler itself: For all of Iacocca's red, white, and blue bunkum, auto-industry analysts say that Chrysler has the lowest percentage of American-made parts in its cars of any of the Big Three. It also owns 24 percent of Mitsubishi Motors and, through Mitsubishi, a share of the South Korean upstart Hyundai. Mitsubishi has long made cars under Chrysler's label, and the two companies run a fifty-fifty joint venture in Normal, Illinois, which will be producing 240,000 vehicles under both nameplates by the end of next year.

Ford, with one third of its sales outside the United States, owns 25 percent of Mazda. Mazda makes cars in

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America for Ford; Ford will reciprocate by making compact trucks for Mazda; and the two companies trade parts. Each owns a piece of Korea's Kia Motors, which produces the Ford Festiva for export to the United States. Ford and Nissan, Japan's No. 2, swap vehicles in Australia and are planning a joint mini-van program in America. Ford and Volkswagen have merged into a single company in Latin America, which exports trucks to the United States.

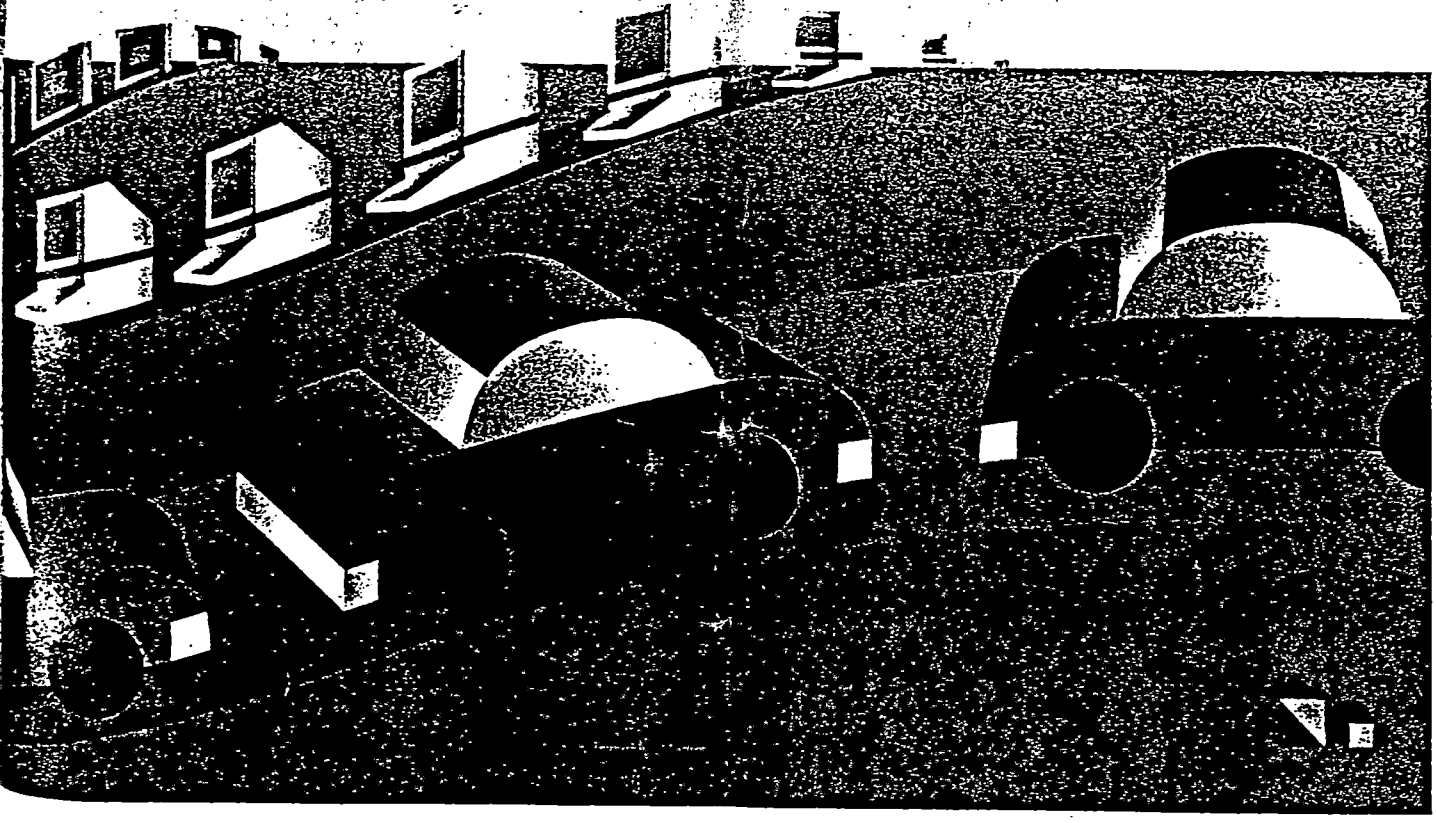
General Motors holds a 41.6 percent stake in Isuzu, which is starting a joint venture in America with Subaru, which is partly owned by Nissan. GM also owns half of Daewoo Motors, Hyundai's major competitor in Korea. Daewoo makes Nissan cars for Japan and Pontiacs for America; soon it will be selling cars that were primarily designed by GM-Europe to Isuzu in Japan. GM has also teamed with Japan's No. 1, Toyota, to produce cars under both companies' labels in America and Australia. Their joint American operation will be turning out 100,000 small cars and trucks by 1991.

Europe is laced with partnerships, joint ventures, and production agreements. Honda America sells more cars in America than its parent does in Japan—its Accords were the seventh best-selling *American*-made car in 1988—and some analysts see the power balance within the company shifting to the American subsidiary. Honda plans to be exporting 70,000 cars from the United States by 1991.

Whether the Chryslers, or even the Hondas, can survive is far from clear. The weaker Japanese companies, like Daihatsu, are already dropping by the wayside. But no one can deny that cars, particularly American cars, are much better than they used to be. The American industry still isn't up to the level of the best Japanese companies, but standards are tighter, the work force is leaner, and the cars are more competitive. They have to be, because the Big Three can no longer be rescued by import controls. In a year or so global Japanese companies will be turning out two million high-quality *American* cars a year, with American workers, in American plants.

The Third Industrial Revolution

THE AUTOMOBILE INDUSTRY IS NOT THE ONLY one to have felt the competitive lash. For sheer compressed, earth-scorching savagery, it is difficult to match the violent recession that struck American manufacturing industries in 1981–1982. Whole sectors of the economy were brought to the brink of destruction. Just a few statistics convey the speed and extent of the humiliation. In 1975 America's machine-tool manufacturers dominated the world markets; by 1985 machine-tool exports were virtually nonexistent and German and Japanese machine tools were standard throughout American industry. In just a few years America's share of world semiconductor fabrication dropped



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from 60 percent to 40 percent. For all practical purposes, American companies simply exited the consumer electronics industry. *No* home radios, phonographs, black-and-white televisions, or cassette players are made in the United States any longer; American companies' share of the color-television market is minuscule. No American company makes VCRs or CD players. Industry after industry told the same story. "We were oxyacetylened," one Rust Bowl executive says—it was like being taken out with a blowtorch.

In retrospect, the storm warnings had been flying for years. American companies, feeling secure in their big home market, were complacent and lazy, running smug big-union and big-management cartels, turning out shoddy products that cost too much. And in industry after industry there are the same frantic struggle for global position and scrambling for strategic alliances that are reshaping the automobile industry. Texas Instruments and the Japanese computer-maker Hitachi are partners in developing the next-generation computer memory chip, the 16-megabit DRAM. The Japanese earthmoving-equipment-maker Komatsu is partnering with Dresser Industries in manufacturing and marketing throughout North and South America.

Whirlpool has joined with the Dutch electronics giant Philips to operate six major appliance factories in the Common Market. Philips has also joined with a group of American executives and the Taiwanese government to create an advanced semiconductor-fabrication plant in Taiwan, where Texas Instruments is also building an advanced chip factory with a Taiwanese partner. Ball, of Muncie, Indiana, has entered into a series of joint ventures around the world to market and manufacture its lightweight containers for soft drinks. The list goes on and on—USX and Kobe Steel, Armco and Kawasaki Steel. The misnamed National Steel Company is a fifty-fifty joint venture between an American and a Japanese company. Most of the pharmaceutical majors have entered into extensive cross-licensing agreements covering one another's products. Japan's robotics leader, FANUC, has partnerships with General Motors in robots, with General Electric in computerized factory control devices, and with the German firm Siemens in electronics.

The drive for global market share is forcing what Stanley Feldman, of Data Resources, calls the Third Industrial Revolution. A wholesale reordering of production technology is under way—computerized factory schedules and inventory controls to cut costs, intelligent production machinery that can shift processes in the middle of an assembly line. The object is to produce local products adapted to local markets, but reap world economies of scale in research and development, raw-materials sourcing, and production balancing.

IBM makes almost all its products in its local markets, but no other company can match its worldwide research-and-development base; and it enjoys the luxury of global sourcing of selected products from highly specialized factories. Sony has been steadily moving the design and production of its televisions to Europe and America, but a common worldwide chassis gives a cost advantage no local competitor can match. Engineers at General Electric–FANUC design factory controllers around the clock—at the end of each day the Americans download their work to a satellite link to Japan and then pick up the next morning where the Japanese left off. A global competitive standard squeezes out the small inefficiencies that build up in protected national markets—traditional labor practices, fustian management. "If you let your costs or your quality get out of line almost anywhere, someone is moving in to take advantage," says Steven Nagourney, the chief international strategist for Shearson Lehman Hutton.

Support for the optimists' claims comes from the striking rise in global manufacturing productivity during the 1980s. Manufacturing productivity in the United States has grown at an annual rate of 4.3 percent since 1982, one of the fastest sustained run-ups on record. (American steel is now actually cheaper than Japanese steel.) After slipping badly three years ago, Japan has surged back to the head of the productivity-league tables, with a 5.9 percent growth rate over the same period. And right behind Japan is Great Britain, for twenty years the living symbol of "Eurosclerosis." Europe's second fastest rate of output growth was in Italy—yes, *Italy*—just a hair faster than the rate in the United States. France, Germany, and Sweden are clustered behind the United States, with quite respectable rates of improvement.

Edward Yardeni, of Prudential-Bache, suspects that globalization is already a factor in the eerie lack of an American recession, the missing guest at the economic table whose absence has been so glaring for the past several years. He thinks there may be a new pattern of "rolling recessions" that affect whole industries around the world a cluster at a time, rather than the individual national recessions that economists are accustomed to looking for. He points to the recession in the computer industry in 1983–1984: computer and computer-component manufacturers were severely depressed globally, but not enough to take the steam out of the rest of the economy.

Even accepting the optimists' claim that the world is on the brink of an industrial boom, the question remains whether the United States will get much benefit from it. National economic behavior for the past two decades has not been impressive. The problem seems almost to be a moral and intellectual flabbiness—an inability to make spending choices, a low savings rate, a culture of self-centered consumerism and restless mobility, a lack of commitment and loyalty on the part of careless workers and job-hopping executives. The optimists' answer is that the past twenty years have been a most unusual period in American economic history.

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The Comforts of Demography

THE WORLD SINGS the praises of the "Great American Job Machine." Over the past twenty years the United States has created jobs for 38 million new workers, 17 million of them in the past seven years alone, when employment was virtually flat in almost every other industrial country. But in the same breath economists lament the slowdown in American productivity; manufacturing excepted, the output of American workers has been stagnant since the early 1970s.

The strong performance in job creation and the weak performance in productivity are, of course, two sides of the same coin. New workers swelled the American labor force by about 50 percent in the past twenty years, shifting the average age and experience of workers sharply downward. Not surprisingly, with lots of cheap new workers mobbing the doorway, businessmen increased hiring instead of investing in labor-saving machinery—a fancy industrial robot costs about as much as a year's wages for a hundred entry-level workers. Real wages and productivity were stagnant, and the business success stories were companies, like McDonald's, that learned how to pan for gold in that low-wage pool.

SUPPORT FOR THE OPTIMISTS' CLAIMS COMES FROM THE STRIKING RISE IN GLOBAL MANUFACTURING PRODUCTIVITY DURING THE 1980S. IN THE UNITED STATES IT HAS GROWN AT AN ANNUAL RATE OF 4.3 PERCENT SINCE 1982.

The transformation of the work force in the 1990s will be just as dramatic. People born at the Baby Boom's peak are in their thirties. About five years from now two thirds of the Baby Boomers will be over thirty-four. Walking shoes are already pushing high-priced running shoes off the sports-store counters. Another sign of the times is that McDonald's is beginning to invest in labor-saving machinery—two-sided grills, for instance. As the size of the work force begins to stabilize, and the average age and experience of workers move rapidly upward, business will start substituting equipment for low-wage workers. Capital spending, in fact, has been strong throughout the 1980s expansion, and with time productivity should soar. "Couch potatoes" are not exciting people. The soul does not thrill at the sight of forty-year-old workaholics, raising kids and paying their mortgages, but as the economy's centerweight, they have it all over the long-haired pot-smokers of a couple of decades ago.

The critical variable will be the American savings rate, which, in fact, has shown signs of rising again after hitting an all-time low in 1987. Personal savings are the ultimate source of all productive investment. It is the high Japanese savings rate—as much as 18 percent of all personal income—that has financed Japan's global industrial conquest. It is the high savings rates in other countries, as well, that have allowed America to dance through the economic raindrops in recent years; foreign capital picks up the tab for the American budget and trade deficits. The optimists argue, plausibly enough, that an older, more productive work force, with higher real incomes, will save more. Yardeni expects a 10 percent savings rate in the mid-1990s, roughly double the current one.

Unfortunately, for all its importance, the personal savings rate is one of the least precise of statistics. The number is merely a residual of two huge data series, for personal income and personal spending, each of which involves thousands of samples, estimates, and interpolations. The difference between the two is "savings." Tiny estimating errors or changes in method in calculating the two big series can cause proportionally enormous swings in the residual. "There are no data relating savings to age group," John Gorman, a key analyst at the Department of Commerce, says flatly. "None."

Yardeni points to sample data indicating that people under thirty, particularly those with lower incomes, are "dissavers"—they spend more than they earn. People over forty, particularly those with higher incomes, do most of the saving. Other economists challenge those findings, citing studies that show only inconsistent relationships. All the studies have major methodological problems. For anyone who wants to believe that the opti-

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mists are right, though, this is the vital sign that bears the closest watching.

Interestingly, the demographic tides in Japan suggest that the long surge of Japanese industry is reaching a cyclical peak. An International Monetary Fund study says that the impact of demographic change in Japan will be the "most extreme" of any in the industrialized countries, as the number of aged dependents doubles starting about 1995.

Bill Emmott, the business-affairs editor of *The Economist*, foresees a steadily Westernizing Japanese economy in an important new book, *The Sun Also Sets*. The very high Japanese savings rate will drop as the workers now in their fifties reach retirement age and begin to draw on their savings, at roughly the same time that American savings, one hopes, will begin a long rise. Consumer spending is already rising strongly as young Japanese adults, with no memories of the postwar deprivations, begin to insist on the same amenities in housing and public services, and the same range of specialty consumer items, enjoyed by other rich nations. Emmott suggests that spending on overseas travel and other services could equal or exceed the return on overseas investment income. He assumes that Japan will continue to be a formidable competitor, of course, but eventually as the leader of a bloc of yen-oriented industrial powers—much as West Germany is the leader of a de facto European bloc—rather than as a world-conquering golden horde.

Of Governments, Real Estate, and Interest Rates

THE LAST THREAD IN THE BRIGHT ECONOMIC tapestry the optimists are weaving is the forecast of steadily falling interest rates. Falling rates would ease debt pressures and spur industrial investment. The array of forces lining up to push rates down is, in fact, an impressive one. In the first

FOR THE SAKE OF RETRIEVAL

As Whistler heard colors like a stretch of music—
long harmonies, violet to amber, double hummings of
silver, opal—so, in reverse, these three in their capsule,

free-falling two hours through the black Atlantic, ears
popped, then filled with the music of Bach or Haydn,
might fashion a landscape. Low notes bring
a prairie perhaps, the sharps a smatter of flowers,
as the pip-notes of sonar spring back to the screen
in little blossoms. They have come for the lost *Titanic*

and find instead, in the splayed beam of a headlamp,
silt fields, pale and singular, like the snow fields
of Newfoundland. On its one runner blade the
  capsule slides,
slips out through drift hummocks, through
stones the ice-age glaciers dropped, its trail
the foot-thin trail of a dancer, who
plants, glides, at his head the flurry

of a ship's chandelier, at his back a cinch-hook of icebergs
cast down through the winds of Newfoundland.
The music these three absorb
stops with the wreckage, with words
lipped up through a microphone:
flange, windlass, capstan, hull plating, then oddly, syllables
at a slant, as light might slant through window slats,
stairsteps, doorknob, serving bowl, teacup, Bordeaux.
Mechanical fingers, controlled by the strokes
of a joy stick, brush over debris, lifting, replacing.
In jittery strobe lights, camera lights, all colors
ground down to a quiet palette,
angles return, corners and spirals
pull back to the human eye—as if from some
iced and black-washed atmosphere, boiler coal,
a footboard and platter, each common shape
brightened, briefly held for the sake of retrieval.
The current spins silt like a sudden storm.
With the intricacy of a body the capsule adjusts,
temperature, pressure. Someone coughs, then the three

sit waiting, as in Whistler's "Sad Sea"
three are waiting. All around them are dollops
of winter wind, everywhere beach and sea. No horizon
at all in this painting, just a grey/brown thrum
beach to sea. How steady his breath must have been
on the canvas, his hand on the brushstrokes
of lap robes, of bonnets and beach chairs, the pull
of a red umbrella: each simple shape
loved and awash in the landscape.

—*Linda Bierds*

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place, interest rates are partly an anticipation of inflation. There is a good argument that global competitive pressures clamp a firm ceiling on prices. Coopers & Lybrand, the international accounting and consulting firm, says flatly that only the "fierce worldwide competition in price and quality" can explain the tame behavior of prices during the prolonged American economic expansion. Alan Greenspan, the chairman of the Federal Reserve, says that "integration of the world's production facilities" heads off inflation by unstopping production bottlenecks.

At the same time, government borrowing is declining in virtually all the industrial countries, which should press rates down further. Roland Leuschel, the chief investment strategist at Banque Bruxelles Lambert, has even raised an unfashionable alarm over "a looming shortage of government bonds." On average, government borrowing as a percent of national income fell by about half from 1984 to 1988—in the United States from five percent of GNP in 1985 to about three percent now (or two percent if state and local surpluses are counted, as they should be). Britain is already in surplus, retiring perhaps $23 billion of debt this year. Australia and Denmark are running surpluses, as will Japan and Germany within a year or two. America's cash deficit will disappear sometime after 1995, as collections for the next century's Social Security overhang begin to accumulate. Scarcer bonds mean higher bond prices—another way of saying lower interest rates.

Even more important is the expected drop in housing demand in the United States. Housing was the characteristic American investment of the 1970s and 1980s. Not only did the sheer number of young adults increase sharply, but they moved out of their parents' households sooner, got married later, and formed more separate households. To further boost housing demand, the next-fastest-growing age group consisted of those over sixty-five, who for the first time ever decided to keep their own houses instead of living with married children.

Throw in a tax code that depressed the real cost of mortgages, an inflationary psychology that encouraged people to borrow against real property, and truly spectacular capital gains from leveraged real-estate investments—and housing starts exploded. All those factors will run in reverse in the 1990s. The number of young adults will drop, and the number of people over the age of sixty-five will stabilize. More-traditional family relationships among aging Baby Boomers will reduce the number of separate households. A Brookings Institution study forecasts about a 30 percent drop in demographically driven housing demand through the decade of the 1990s. Already the inventory of single-family homes for sale has risen about a third since 1982. A shift of savings away from real estate to bank deposits or stocks and bonds would mean some rough adjustments for homeowners who are still hoping to make a killing on their houses, but would be a major shot of adrenaline for American industry.

Yardeni has pulled together all the roses blooming in the economic garden into a bouquet he calls New Wave Economics. "After the stock market crashed in 1987," he says, "and everyone was filled with gloom, I decided to look at what might go right. Frankly, I was amazed at how positive all the fundamentals were. The work force is getting older, more skilled, and more productive. Savings should rise just as government borrowing and the demand for housing slow down. Global competition and a resurgence in manufacturing are a lid on inflation. We're looking at low interest rates, a long-term shift from housing to business investment, and a big increase in productivity and real incomes. It's a cycle that could go on for a long time."

But Will It Happen Here?

THERE IS STILL THE PERVASIVE WORRY THAT American industry has been weakened to the point where we are slipping to second-class economic status. It is a serious issue, and there *is* genuine cause for concern in specific industries.

But the question of America's future success in a global economy is too often confused with the issue of our regaining our postwar position as economic dictator to the world. That role is gone forever, and no one should wish it otherwise. The income of urban adults in the major industrialized countries is now practically uniform. That was the explicit objective of American statesmanship at the end of the war, the crowning adornment of our postwar foreign policy, a grand aim expressly adopted, pointedly pursued, and unambiguously attained. To seize upon that success as an index of relative "decline" is to miss the point.

The shock of the economic turmoil of the 1970s, the recessionary gales of the early 1980s, and the sudden onslaught of the Japanese have tended to exaggerate the perception of decline. There are real problems in many American industries, but they need to be kept in perspective.

Some statistics:

- According to a detailed study recently completed by the British Treasury, real output per American worker, abstracted from currency fluctuations, is still the highest in the world, and perhaps half again higher than output per worker in Japan.
- Over the past twenty years American companies have increased their share of world exports. But American companies have spread their operations around the globe, and their sales overseas do not show up in American trade data.
- The U.S. share of world output actually increased slightly during the 1980s. Asian and Japanese shares of

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world output also increased, but at the expense of Europe, not of America.

• The United States never "de-industrialized." Manufacturing's share of GNP, at about 23 percent, has been virtually unchanged since 1947.

The world-thumping success of Japanese companies in high-visibility consumer-product manufacture obscures how staggeringly unproductive the greater part of the Japanese work force is. The ratio of wholesale to retail sales, for instance, a measure of how long it takes goods to get to consumers, is more than double that in America. Food is extremely expensive, partly because of agricultural protectionism and partly because there are no world-class Japanese food-processing and distribution companies. According to Nomura Securities, Kraft could import cheese to Japan and sell it for half the price charged by local businesses, which, of course, are clamoring for import protection.

The Japanese pharmaceutical market is the second largest in the world, but there are no world-class Japanese pharmaceutical companies. The largest Japanese chemical company, Asahi Chemical, would barely make the list of the top ten in America. The Japanese construction industry is notoriously fragmented, inefficient, and mobster-ridden. It is also politically powerful, and has managed, by and large, to exclude much more capable American companies from bidding on major public projects.

The importance of agriculture, mining, and logging in America is sometimes viewed as a measure of backwardness. But as practiced in the United States, these are becoming high-tech industries. The price of coal has dropped by about a fifth in recent years, primarily because of improvements in mining machinery. The continuing flaps over bovine somatotropin, the hormone that boosts cows' milk production, and over the use of recombinant gene products as pesticides or crop enhancers demonstrate the impact of technology on the modern farm.

THE MOST DANGEROUS OBSTACLE TO A NEW INDUSTRIAL GOLDEN AGE, AND THE ONLY ONE REALLY WITHIN OUR POLITICAL CONTROL, IS THE ECONOMIC NATIONALISM BREWING IN THE HALLS OF CONGRESS AND THE COUNCILS OF EUROPE.

And the American high-technology position is still very strong. In the booming market for mini-supercomputers—miniaturized powerhouses that can chew through scientific problems that would tie up even the largest business computers for years—the only manufacturers are still American. In the computerized-work-station market—very high-powered personal computers—Sony is still chasing the medium-sized California firm Sun Microsystems in Japan. America has no peer in medical technology, fiber optics, genetic engineering, or computer-aided design.

Clearly, there are problems with American competitiveness, as was documented most recently by MIT's Commission on Industrial Productivity last spring. Michael P. Schulhof, the vice-chairman of Sony Corporation of America, points to an American penchant for quick fixes. "American businessmen seem to think they can catch up in high-definition television with a year or so of federal funding," he says. "That's not true. We've been building those technologies for twenty years. Besides that, I won't believe American companies are serious until they stop trying to sell left-hand-drive cars in Japan."

Schulhof's comment is on the mark. When American import restraints and the falling dollar raised the price of Japanese cars, American automobile executives, for all their Iacoccan swagger, took the easy way out: instead of winning back their markets, they raised prices, trumpeted a turnaround, and paid themselves multimillion-dollar bonuses with the windfall profits. Christopher Willard, at Dataquest, a high-technology market-research firm, says, "There's nothing wrong with American technology. But there is an attitude difference. American companies won't manufacture complicated low-volume chips if they can't make a profit on them. Japanese companies will take the job if they think they'll learn something that will help them later on, regardless of the short-term profits."

The American lead in high technology, indeed, is part of the problem. American R&D expenditures, as a per-

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centage of GNP, are actually slightly higher than Japan's, but about a third of them are defense-related. America has more scientists and engineers than Japan, Great Britain, and West Germany combined, but much of their work is devoted to building weapons. As a consequence, America has unmatched high-end machining, for example—missile gyroscopes and submarine propeller blades must be finished to exquisitely precise standards—but has been thoroughly outclassed in mid-technology applications.

America is too big, too rich, and too resourceful to be shut out of the global boom. Even the pessimist Gary Shilling sees America as regaining much of its competitiveness longer-term: "Japan may actually have a tougher time than the United States," he says, "because of demographics and excess capacity."

As global companies continue the relentless push into local markets, America will become a haven for high-productivity manufacturing. American companies will be clear winners in some global industries, and American companies that have taken to heart the lessons of the past ten years will be winners in every industry. To be sure, a large number won't make the grade and will be swallowed up by stronger Asian or European competitors, but it will be increasingly difficult for consumers or workers to tell the difference.

Can the Boom Be Stopped?

EVEN THE MOST CONVINCED OPTIMISTS CONCEDE that there is a long parade of horribles capable of pushing the world off a fast-growth track. Some of them are unpredictable and probably uncontrollable. Can the world ecosystem sustain a prolonged cycle of global industrial growth? Images arise of a Bhopal or a Chernobyl on a tremendous scale, setting back economic development for a generation. Might there be a new Ice Age in the Cold War? A world nervously fingering triggers in the wake of, say, a revolution in Eastern Europe might snuff out the free flow of goods and wealth-creating technology essential to a sustained cycle of world economic development.

But the most dangerous obstacle to a new industrial golden age, and the only one really within our political control, is the economic nationalism brewing in the halls of Congress and the councils of Europe. Europe is the prime example: it has attempted to protect its markets and its national producers for forty years. Engorged with government subsidies, the British automobile industry simply rolled over and died. None of the global car companies that will survive a decade from now is likely to be European. Semiconductor and computer "initiatives" proliferated throughout Europe in the 1970s; the result was a virtually complete takeover by the Americans, as national resources were dissipated on losers.

There are some signs that American businessmen recognize that protectionism is against their interests. pillar, for example, has opposed the recent steel and ba. bearing import restraints, because they raise the cost of its production. "Managed" semiconductor prices made American computer companies less competitive, and managed trade in cars drew the Japanese into the high-profit luxury segment of the American market.

It may, in fact, be too late for the protectionists to do great damage; the interventions required would need to be truly malign and persistent. Political consensus tends to coalesce slowly, and the trade spats already have an anachronistic air. The rapid movement of global companies into local markets, the intricate networks of partnerships, joint ventures, and cross-ownership, make a mockery of the instinct to throw up ramparts. In 1986 American overseas sales were three times as large as American merchandise exports; half the trade deficit represents imports from American companies. The Japanese tire company Bridgestone is investing $1 billion to upgrade the North American operations of Firestone, its new American acquisition. Goodyear, the world's leading tire manufacturer, is increasing its investment to keep pace. The country and the economy are the winners.

The more challenging problems, in fact—ones that the optimists rarely allude to—will be the problems of success. In the late 1950s John Kenneth Galbraith complained about the slothful market-fixing practices of big American companies. He was right, and the complacent giants got their comeuppance in the surprise Japanese onslaught of the 1970s. But a decade or so from now, when a handful of global automobile companies, global computer companies, global chemical and food companies, global steel and consumer-electronics companies, emerge from the fierce competitive struggle in clear leadership positions, who will keep them in line? Where will Schumpeter's cleansing gale come from? From competitors on Mars? In an outcome that would be much to Schumpeter's chagrin, the global competitive struggle we are now witnessing may end in the Marxist nightmare of global monopolies.

Robert Reich, of Harvard University, worries that global competition, while opening unprecedented opportunities for educated manipulators of symbols, like lawyers, investment bankers, design engineers, and marketing experts, will impose iron limits on the wages of ordinary workers. At the very least, there is cause for grave concern about a laggard national educational system, turning out a class of permanent social dependents who are squeezed out of any meaningful economic role by the better schooling and work ethos prevailing abroad.

Success, in short, will bring momentous problems of its own. But if the optimists are right, and the world really is on the brink of a Schumpeterian golden age, there should be energy and resources enough to solve them. □

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details of these programs, and advise my office of any problem which remains unresolved.

Very sincerely yours,

HARRY S. TRUMAN

[Honorable Carl R. Gray, Jr., The Administrator of Veterans' Affairs]

Dear Mr. Chairman:

As you know, residential construction in the last several months has risen to very high levels. Continuance of high levels would be entirely desirable, were it not for recent international developments. It is already clear that, as a result of events of the last month, many materials used in residential and other construction will be required in increasing amounts for national defense purposes. It is imperative that these requirements be met fully and without delay. These increased demands will aggravate inflationary tendencies already evident in some of these materials unless positive actions are taken to reduce pressures in residential construction.

Enclosed for your information are letters I have addressed to the Administrator of the Housing and Home Finance Agency and the Administrator of Veterans' Affairs, requesting them to take certain steps to restrain the expansion of housing credit.

As a corollary to the actions which I have asked these agencies to take, I request you to reexamine immediately the regulations of the Federal National Mortgage Association governing both the purchase and sale of insured and guaranteed mortgages. I understand that the current regulations governing the purchase of mortgages have substantially reduced the volume of purchases. This situation should be carefully watched to make sure that further mortgage purchases are held to the irreducible minimum.

I also understand that sales of mortgages owned by the Federal National Mortgage Association have been stepped up considerably in recent months. I am sure you will agree, however, that in the present situation sales efforts should be further intensified in order to absorb, as much as possible, surplus funds seeking investment in residential mortgages.

Inasmuch as the Federal National Mortgage Association will soon be transferred to the Housing and Home Finance Agency, I would appreciate your working closely with the Administrator of the Housing and Home Finance Agency in the planning and execution of these actions.

Very sincerely yours,

HARRY S. TRUMAN

[Honorable Harley Hise, Chairman, Board of Directors, Reconstruction Finance Corporation]

NOTE: Copies of these letters were sent to the Honorable Charles F. Brannan, Secretary of Agriculture, the Honorable Thomas B. McCabe, Chairman of the Board of Governors of the Federal Reserve System, and the Honorable Maple T. Harl, Chairman of the Federal Deposit Insurance Corporation.

The President signed the Housing Act of 1950 on April 20, 1950 (64 Stat. 48).

193 Special Message to the Congress Reporting on the Situation in Korea. *July 19, 1950*

To the Congress of the United States:

I am reporting to the Congress on the situation which has been created in Korea, and on the actions which this Nation has taken, as a member of the United Nations, to meet this situation. I am also laying before the Congress my views concerning the significance of these events for this Nation and the world, and certain recommendations for legislative action which I believe

should be taken at this time.

At four o'clock in the morning, Sunday, June 25th, Korean time, armed forces from north of the thirty-eighth parallel invaded the Republic of Korea.

The Republic of Korea was established as an independent nation in August, 1948, after a free election held under the auspices of the United Nations. This election, which was originally intended to cover all of Korea, was held only in the part of the Korean peninsula south of the thirty-eighth parallel, because the Soviet Government, which occupied the peninsula north of that parallel, refused to allow the election to be held in the area under its control.

The United States, and a majority of the other members of the United Nations, have recognized the Republic of Korea. The admission of Korea to the United Nations has been blocked by the Soviet veto.

In December, 1948, the Soviet Government stated that it had withdrawn its occupation troops from northern Korea, and that a local regime had been established there. The authorities in northern Korea continued to refuse to permit United Nations observers to pass the thirty-eighth parallel to supervise or observe a free election, or to verify the withdrawal of Soviet troops.

Nevertheless, the United Nations continued its efforts to obtain a freely-elected government for all of Korea, and at the time of the attack, a United Nations Commission, made up of representatives of seven nations—Australia, China, El Salvador, France, India, the Philippines and Turkey—was in the Republic of Korea.

Just one day before the attack of June 25th, field observers attached to the United Nations Commission on Korea had completed a routine tour, lasting two weeks, of the military positions of the Republic of Korea south of the thirty-eighth parallel. The report of these international observers stated that the Army of the Republic of Korea was organized entirely for defense. The observers found the parallel guarded on the south side by small bodies of troops in scattered outposts, with roving patrols. They found no concentration of troops and no preparation to attack. The observers concluded that the absence of armor, air support, heavy artillery, and military supplies precluded any offensive action by the forces of the Republic of Korea.

On June 25th, within a few hours after the invasion was launched from the north, the Commission reported to the United Nations that the attack had come without warning and without provocation.

The reports from the Commission make it unmistakably clear that the attack was naked, deliberate, unprovoked aggression, without a shadow of justification.

This outright breach of the peace, in violation of the United Nations Charter, created a real and present danger to the security of every nation. This attack was, in addition, a demonstration of contempt for the United Nations, since it was an attempt to settle, by military aggression, a question which the United Nations had been working to settle by peaceful means.

The attack on the Republic of Korea, therefore, was a clear challenge to the basic principles of the United Nations Charter and to the specific actions taken by the United Nations in Korea. If this challenge had not been met squarely, the effectiveness of the United Nations would have been all but ended, and the hope of mankind that the United Nations would develop into an institution of world order would have been shattered.

Prompt action was imperative. The Security Council of the United Nations met, at the request of the United States, in New York at two o'clock in the afternoon, Sun-

day, June 25th, eastern daylight time. Since there is a 14-hour difference in time between Korea and New York, this meant that the Council convened just 24 hours after the attack began.

At this meeting, the Security Council passed a resolution which called for the immediate cessation of hostilities and for the withdrawal of the invading troops to the thirty-eighth parallel, and which requested the members of the United Nations to refrain from giving aid to the northern aggressors and to assist in the execution of this resolution. The representative of the Soviet Union to the Security Council stayed away from the meetings, and the Soviet Government has refused to support the Council's resolution.

The attack launched on June 25th moved ahead rapidly. The tactical surprise gained by the aggressors, and their superiority in planes, tanks and artillery, forced the lightly-armed defenders to retreat. The speed, the scale, and the coordination of the attack left no doubt that it had been plotted long in advance.

When the attack came, our Ambassador to Korea, John J. Muccio, began the immediate evacuation of American women and children from the danger zone. To protect this evacuation, air cover and sea cover were provided by the Commander in Chief of United States Forces in the Far East, General of the Army Douglas MacArthur. In response to urgent appeals from the Government of Korea, General MacArthur was immediately authorized to send supplies of ammunition to the Korean defenders. These supplies were sent by air transport, with fighter protection. The United States Seventh Fleet was ordered north from the Philippines, so that it might be available in the area in case of need.

Throughout Monday, June 26th, the invaders continued their attack with no heed to the resolution of the Security Council of the United Nations. Accordingly, in order to support the resolution, and on the unanimous advice of our civil and military authorities, I ordered United States air and sea forces to give the Korean Government troops cover and support.

On Tuesday, June 27th, when the United Nations Commission in Korea had reported that the northern troops had neither ceased hostilities nor withdrawn to the thirty-eighth parallel, the United Nations Security Council met again and passed a second resolution recommending that members of the United Nations furnish to the Republic of Korea such aid as might be necessary to repel the attack and to restore international peace and security in the area. The representative of the Soviet Union to the Security Council stayed away from this meeting also, and the Soviet Government has refused to support the Council's resolution.

The vigorous and unhesitating actions of the United Nations and the United States in the face of this aggression met with an immediate and overwhelming response throughout the free world. The first blow of aggression had brought dismay and anxiety to the hearts of men the world over. The fateful events of the 1930's, when aggression unopposed bred more aggression and eventually war, were fresh in our memory.

But the free nations had learned the lesson of history. Their determined and united actions uplifted the spirit of free men everywhere. As a result, where there had been dismay there is hope; where there had been anxiety there is firm determination.

Fifty-two of the fifty-nine member nations have supported the United Nations action to restore peace in Korea.

A number of member nations have offered military support or other types of assistance for the United Nations action to repel the

aggressors in Korea. In a third resolution, passed on July 7th, the Security Council requested the United States to designate a commander for all the forces of the members of the United Nations in the Korean operation, and authorized these forces to fly the United Nations flag. In response to this resolution, General MacArthur has been designated as commander of these forces. These are important steps forward in the development of a United Nations system of collective security. Already, aircraft of two nations—Australia and Great Britain—and naval vessels of five nations—Australia, Canada, Great Britain, the Netherlands and New Zealand—have been made available for operations in the Korean area, along with forces of Korea and the United States, under General MacArthur's command. The other offers of assistance that have been and will continue to be made will be coordinated by the United Nations and by the unified command, in order to support the effort in Korea to maximum advantage.

All the members of the United Nations who have indorsed the action of the Security Council realize the significance of the step that has been taken. This united and resolute action to put down lawless aggression is a milestone toward the establishment of a rule of law among nations.

Only a few countries have failed to support the common action to restore the peace. The most important of these is the Soviet Union.

Since the Soviet representative had refused to participate in the meetings of the Security Council which took action regarding Korea, the United States brought the matter directly to the attention of the Soviet Government in Moscow. On June 27th, we requested the Soviet Government, in view of its known close relations with the north Korean regime, to use its influence to have the invaders withdraw at once.

The Soviet Government, in its reply on June 29th and in subsequent statements, has taken the position that the attack launched by the north Korean forces was provoked by the Republic of Korea, and that the actions of the United Nations Security Council were illegal.

These Soviet claims are flatly disproved by the facts.

The attitude of the Soviet Government toward the aggression against the Republic of Korea, is in direct contradiction to its often expressed intention to work with other nations to achieve peace in the world.

For our part, we shall continue to support the United Nations action to restore peace in the Korean area.

As the situation has developed, I have authorized a number of measures to be taken. Within the first week of the fighting, General MacArthur reported, after a visit to the front, that the forces from north Korea were continuing to drive south, and further support to the Republic of Korea was needed. Accordingly, General MacArthur was authorized to use United States Army troops in Korea, and to use United States aircraft of the Air Force and the Navy to conduct missions against specific military targets in Korea north of the thirty-eighth parallel, where necessary to carry out the United Nations resolution. General MacArthur was also directed to blockade the Korean coast.

The attacking forces from the north have continued to move forward, although their advance has been slowed down. The troops of the Republic of Korea, though initially overwhelmed by the tanks and artillery of the surprise attack by the invaders, have been reorganized and are fighting bravely.

United States forces, as they have arrived in the area, have fought with great valor. The Army troops have been conducting a very difficult delaying operation with skill

and determination, outnumbered many times over by attacking troops, spearheaded by tanks. Despite the bad weather of the rainy season, our troops have been valiantly supported by the air and naval forces of both the United States and other members of the United Nations.

In this connection, I think it is important that the nature of our military action in Korea be understood. It should be made perfectly clear that the action was undertaken as a matter of basic moral principle. The United States was going to the aid of a nation established and supported by the United Nations and unjustifiably attacked by an aggressor force. Consequently, we were not deterred by the relative immediate superiority of the attacking forces, by the fact that our base of supplies was 5,000 miles away, or by the further fact that we would have to supply our forces through port facilities that are far from satisfactory.

We are moving as rapidly as possible to bring to bear on the fighting front larger forces and heavier equipment, and to increase our naval and air superiority. But it will take time, men, and material to slow down the forces of aggression, bring those forces to a halt, and throw them back.

Nevertheless, our assistance to the Republic of Korea has prevented the invaders from crushing that nation in a few days—as they had evidently expected to do. We are determined to support the United Nations in its effort to restore peace and security to Korea, and its effort to assure the people of Korea an opportunity to choose their own form of government free from coercion, as expressed in the General Assembly resolutions of November 14, 1947, and December 12, 1948.

In addition to the direct military effort we and other members of the United Nations are making in Korea, the outbreak of aggression there requires us to consider its implications for peace throughout the world. The attack upon the Republic of Korea makes it plain beyond all doubt that the international communist movement is prepared to use armed invasion to conquer independent nations. We must therefore recognize the possibility that armed aggression may take place in other areas.

In view of this, I have already directed that United States forces in support of the Philippines be strengthened, and that military assistance be speeded up to the Philippine Government and to the Associated States of Indo-China and to the forces of France in Indo-China. I have also ordered the United States Seventh Fleet to prevent any attack upon Formosa, and I have requested the Chinese Government on Formosa to cease all air and sea operations against the mainland. These steps were at once reported to the United Nations Security Council.

Our action in regard to Formosa was a matter of elementary security. The peace and stability of the Pacific area had been violently disturbed by the attack on Korea.

Attacks elsewhere in the Pacific area would have enlarged the Korean crisis, thereby rendering much more difficult the carrying out of our obligations to the United Nations in Korea.

In order that there may be no doubt in any quarter about our intentions regarding Formosa, I wish to state that the United States has no territorial ambitions whatever concerning that island, nor do we seek for ourselves any special position or privilege on Formosa. The present military neutralization of Formosa is without prejudice to political questions affecting that island. Our desire is that Formosa not become embroiled in hostilities disturbing to the peace of the Pacific and that all questions affecting Formosa be settled by peaceful means as envisaged in the Charter of the United Na-

tions. With peace re-established, even the most complex political questions are susceptible of solution. In the presence of brutal and unprovoked aggression, however, some of these questions may have to be held in abeyance in the interest of the essential security of all.

The outbreak of aggression in the Far East does not, of course, lessen, but instead increases, the importance of the common strength of the free nations in other parts of the world. The attack on the Republic of Korea gives added urgency to the efforts of the free nations to increase and to unify their common strength, in order to deter a potential aggressor.

To be able to accomplish this objective, the free nations must maintain a sufficient defensive military strength in being, and, even more important, a solid basis of economic strength, capable of rapid mobilization in the event of emergency.

The strong cooperative efforts that have been made by the United States and other free nations, since the end of World War II, to restore economic vitality to Europe and other parts of the world, and the cooperative efforts we have begun in order to increase the productive capacity of underdeveloped areas, are extremely important contributions to the growing economic strength of all the free nations, and will be of even greater importance in the future.

We have been increasing our common defensive strength under the treaty of Rio de Janeiro and the North Atlantic Treaty, which are collective security arrangements within the framework of the United Nations Charter. We have also taken action to bolster the military defenses of individual free nations, such as Greece, Turkey, and Iran.

The defenses of the North Atlantic Treaty area were considered a matter of great urgency by the North Atlantic Council in London this spring. Recent events make it even more urgent than it was at that time to build and maintain these defenses.

Under all the circumstances, it is apparent that the United States is required to increase its military strength and preparedness not only to deal with the aggression in Korea but also to increase our common defense, with other free nations, against further aggression.

The increased strength which is needed falls into three categories.

In the first place, to meet the situation in Korea, we shall need to send additional men, equipment and supplies to General MacArthur's command as rapidly as possible.

In the second place, the world situation requires that we increase substantially the size and materiel support of our armed forces, over and above the increases which are needed in Korea.

In the third place, we must assist the free nations associated with us in common defense to augment their military strength.

Of the three categories I have just enumerated, the first two involve increases in our own military manpower, and in the material support that our men must have.

To meet the increased requirements for military manpower, I have authorized the Secretary of Defense to exceed the budgeted strength of military personnel for the Army, Navy, and Air Force, and to use the Selective Service system to such extent as may be required in order to obtain the increased strength which we must have. I have also authorized the Secretary of Defense to meet the need for military manpower by calling into active Federal service as many National Guard units and as many units and individuals of the Reserve forces of the Army, Navy, and Air Forces as may be required.

I have directed the Secretary of Defense and the Joint Chiefs of Staff to keep our military manpower needs under constant study, in order that further increases may be made

as required. There are now statutory limits on the sizes of the armed forces, and since we may need to exceed these limits, I recommend that they be removed.

To increase the level of our military strength will also require additional supplies and equipment. Procurement of many items has already been accelerated, in some cases for use in Korea, in others to replace reserve stocks which are now being sent to Korea, and in still others to add to our general level of preparedness. Further increases in procurement, resulting in a higher rate of production of military equipment and supplies, will be necessary.

The increases in the size of the armed forces, and the additional supplies and equipment which will be needed, will require additional appropriations. Within the next few days, I will transmit to the Congress specific requests for appropriations in the amount of approximately ten billion dollars.

These requests for appropriations will be addressed to the needs of our own military forces. Earlier, I referred to the fact that we must also assist other free nations in the strengthening of our common defenses. The action we must take to accomplish this is just as important as the measures required to strengthen our own forces.

The authorization bill for the Mutual Defense Assistance Program for 1951, now before the House of Representatives, is an important immediate step toward the strengthening of our collective security. It should be enacted without delay.

But it is now clear that the free nations of the world must step up their common security program. The other nations associated with us in the Mutual Defense Assistance Program, like ourselves, will need to divert additional economic resources to defense purposes. In order to enable the nations associated with us to make their maximum contribution to our common defense, further assistance on our part will be required. Additional assistance may also be needed to increase the strength of certain other free nations whose security is vital to our own.

In the case of the North Atlantic area these requirements will reflect the consultations now going on with the other nations associated with us in the North Atlantic Treaty. As soon as it is possible to determine what each nation will need to do, I shall lay before the Congress a request for such funds as are shown to be necessary to the attainment and maintenance of our common strength at an adequate level.

The steps which we must take to support the United Nations action in Korea, and to increase our own strength and the common defense of the free world, will necessarily have repercussions upon our domestic economy.

Many of our young men are in battle now, or soon will be. Others must be trained. The equipment and supplies they need, and those required for adequate emergency reserves, must be produced. They must be available promptly, at reasonable cost, and without disrupting the efficient functioning of the economy.

We must continue to recognize that our strength is not to be measured in military terms alone. Our power to join in a common defense of peace rests fundamentally on the productive capacity and energies of our people. In all that we do, therefore, we must make sure that the economic strength which is at the base of our security is not impaired, but continues to grow.

Our economy has tremendous productive power. Our total output of goods and services is now running at an annual rate of nearly 270 billion dollars—over 100 billion dollars higher than in 1939. The rate is now about 13 billion dollars higher than a year ago, and about 8 billion dollars higher

than the previous record rate reached in 1948. All the foregoing figures have been adjusted for price changes, and are therefore a measure of actual output. The index of industrial production, now at 197, is 12 per cent higher than the average for last year, and 81 per cent higher than in 1939.

We now have 61½ million people in civilian employment. There are 16 million more people in productive jobs than there were in 1939. We are now producing 11 million more tons of steel a year than in the peak war year 1944. Electric power output has risen from 128 billion kilowatt hours in 1939, to 228 billion hours in 1944, to 317 billion hours now. Food production is about a third higher than it ever was before the war, and is practically as high as it was during the war years, when we were sending far more food abroad than we are now.

The potential productive power of our economy is even greater. We can achieve some immediate increase in production by employing men and facilities not now fully utilized. And we can continue to increase our total annual output each year, by putting to use the increasing skills of our growing population and the higher productive capacity which results from plant expansion, new inventions, and more efficient methods of production.

With this enormous economic strength, the new and necessary programs I am now recommending can be undertaken with confidence in the ability of our economy to bear the strains involved. Nevertheless, the magnitude of the demands for military purposes that are now foreseeable, in an economy which is already operating at a very high level, will require substantial redirection of economic resources.

Under the program for increasing military strength which I have outlined above, military and related procurement will need to be expanded at a more rapid rate than total production can be expanded. Some materials were in short supply even before the Korean situation developed. The steel industry, for example, was operating at capacity levels, and even so was not able to satisfy all market demands. Some other construction materials, and certain other products, were also under pressure and their prices were rising—even before the outbreak in Korea.

The substantial speed-up of military procurement will intensify these shortages. Action must be taken to insure that these shortages do not interfere with or delay the materials and the supplies needeed for the national defense.

Further, the dollars spent now for military purposes will have a magnified effect upon the economy as a whole, since they will be added to the high level of current civilian demand. These increased pressures, if neglected, could drive us into a general inflationary situation. The best evidence of this is the recent price advances in many raw materials and in the cost of living, even upon the mere expectancy of increased military outlays.

In these circumstances, we must take action to insure that the increased national defense needs will be met, and that in the process we do not bring on an inflation, with its resulting hardship for every family.

At the same time, we must recognize that it will be necessary for a number of years to support continuing defense expenditures, including assistance to other nations, at a higher level than we had previously planned. Therefore, the economic measures we take now must be planned and used in such a manner as to develop and maintain our economic strength for the long run as well as the short run.

I am recommending certain legislative measures to help achieve these objectives. I believe that each of them should be

promptly enacted. We must be sure to take the steps that are necessary now, or we shall surely be required to take much more drastic steps later on.

First, we should adopt such direct measures as are now necessary to assure prompt and adequate supplies of goods for military and essential civilian use. I therefore recommend that the Congress now enact legislation authorizing the Government to establish priorities and allocate materials as necessary to promote the national security; to limit the use of materials for nonessential purposes; to prevent inventory hoarding; and to requisition supplies and materials needed for the national defense, particularly excessive and unnecessary inventories.

Second, we must promptly adopt some general measures to compensate for the growth of demand caused by the expansion of military programs in a period of high civilian incomes. I am directing all executive agencies to conduct a detailed review of Government programs, for the purpose of modifying them wherever practicable to lessen the demand upon services, commodities, raw materials, manpower, and facilities which are in competition with those needed for national defense. The Government, as well as the public, must exercise great restraint in the use of those goods and services which are needed for our increased defense efforts.

Nevertheless, the increased appropriations for the Department of Defense, plus the defense-related appropriations which I have recently submitted for power development and atomic energy, and others which will be necessary for such purposes as stockpiling, will mean sharply increased Federal expenditures. For this reason, we should increase Federal revenues more sharply than I have previously recommended, in order to reduce the inflationary effect of the Government deficit.

There are two fundamental principles which must guide us in framing measures to obtain these additional revenues:

(A) We must make every effort to finance the greatest possible amount of needed expenditures by taxation. The increase of taxes is our basic weapon in offsetting the inflationary pressures exerted by enlarged government expenditures. Heavier taxes will make general controls less necessary.

(B) We must provide for a balanced system of taxation which makes a fair distribution of the tax burden among the different groups of individuals and business concerns in the Nation. A balanced tax program should also have as a major aim the elimination of profiteering.

At an appropriate time, as soon as the necessary studies are completed, I shall present to the Congress a program based on these principles to assure the financing of our needs in a manner which will be fair to all our citizens, which will help prevent inflation, and which will maintain the fiscal position of the Nation in the soundest possible condition.

As a further important safeguard against inflation, we shall need to restrain credit expansion. I recommend that the Congress now authorize the control of consumer credit and credit used for commodity speculation. In the housing field, where Government credit is an important factor, I have directed that certain available credit restraints be applied, and I recommend that further controls be authorized, particularly to restrain expansion of privately-financed real estate credit. These actions will not only reduce the upward pressure on prices, but will also reduce the demand for certain critical materials which are required for the production of military equipment.

Third, we must take steps to accelerate and increase the production of essential materials,

products, and services. I recommend, therefore, that the Congress authorize, for national defense purposes, production loan guarantees and loans to increase production. I also recommend that the Congress authorize the making of long-term contracts and other means to encourage the production of certain materials in short supply.

In the forthcoming Midyear Economic Report, I shall discuss in greater detail the current economic situation, and the economic measures which I have recommended. If these measures are made available promptly, and firmly administered, I believe we will be able to meet military needs without serious disruption of the economy.

If we are to be successful, there must be sensible and restrained action by businessmen, labor, farmers and consumers. The people of this country know the seriousness of inflation, and will, I am sure, do everything they can to see that it does not come upon us. However, if a sharp rise in prices should make it necessary, I shall not hesitate to recommend the more drastic measures of price control and rationing.

The hard facts of the present situation require relentless determination and firm action. The course of the fighting thus far in Korea shows that we can expect no easy solution to the conflict there. We are confronted in Korea with well-supplied, well-led forces which have been long trained for aggressive action. We and the other members of the United Nations who have joined in the effort to restore peace in Korea must expect a hard and costly military operation.

We must also prepare ourselves better to fulfill our responsibilities toward the preservation of international peace and security against possible further aggression. In this effort, we will not flinch in the face of danger or difficulty.

The free world has made it clear, through the United Nations, that lawless aggression will be met with force. This is the significance of Korea—and it is a significance whose importance cannot be over-estimated.

I shall not attempt to predict the course of events. But I am sure that those who have it in their power to unleash or withhold acts of armed aggression must realize that new recourse to aggression in the world today might well strain to the breaking point the fabric of world peace.

The United States can be proud of the part it has played in the United Nations action in this crisis. We can be proud of the unhesitating support of the American people for the resolute actions taken to halt the aggression in Korea and to support the cause of world peace.

The Congress of the United States, by its strong, bi-partisan support of the steps we are taking and by repeated actions in support of international cooperation, has contributed most vitally to the cause of peace. The expressions of support which have been forthcoming from the leaders of both political parties for the actions of our Government and of the United Nations in dealing with the present crisis, have buttressed the firm morale of the entire free world in the face of this challenge.

The American people, together with other free peoples, seek a new era in world affairs. We seek a world where all men may live in peace and freedom, with steadily improving living conditions, under governments of their own free choice.

For ourselves, we seek no territory or domination over others. We are determined to maintain our democratic institutions so that Americans now and in the future can enjoy personal liberty, economic opportunity, and political equality. We are concerned with advancing our prosperity and our well-being as a Nation, but we know that our future is inseparably joined with the future of other free peoples.

We will follow the course we have chosen with courage and with faith, because we carry in our hearts the flame of freedom. We are fighting for liberty and for peace—and with God's blessing we shall succeed.

HARRY S. TRUMAN

NOTE: On July 24 the White House issued a release announcing supplemental estimates of appropriations for the Department of Defense for fiscal year 1951 amounting to $10,486,976,000, and on August 4 the White House announced an additional estimate of supplemental appropriations of $1,155,930,000

194 Radio and Television Address to the American People on the Situation in Korea. *July 19, 1950*

[Delivered from the White House at 10:30 p.m.]

My fellow citizens:

At noon today I sent a message to the Congress about the situation in Korea. I want to talk to you tonight about that situation, and about what it means to the security of the United States and to our hopes for peace in the world.

Korea is a small country, thousands of miles away, but what is happening there is important to every American.

On Sunday, June 25th, Communist forces attacked the Republic of Korea.

This attack has made it clear, beyond all doubt, that the international Communist movement is willing to use armed invasion to conquer independent nations. An act of aggression such as this creates a very real danger to the security of all free nations.

The attack upon Korea was an outright breach of the peace and a violation of the Charter of the United Nations. By their actions in Korea, Communist leaders have demonstrated their contempt for the basic moral principles on which the United Nations is founded. This is a direct challenge to the efforts of the free nations to build the kind of world in which men can live in freedom and peace.

This challenge has been presented squarely. We must meet it squarely.

It is important for all of us to understand the essential facts as to how the situation in Korea came about.

Before and during World War II, Korea was subject to Japanese rule. When the fighting stopped, it was agreed that troops of the Soviet Union would accept the surrender of the Japanese soldiers in the northern part of Korea, and that American forces would accept the surrender of the Japanese in the southern part. For this purpose, the 38th parallel was used as the dividing line.

Later, the United Nations sought to establish Korea as a free and independent nation. A commission was sent out to supervise a free election in the whole of Korea. However, this election was held only in the southern part of the country, because the Soviet Union refused to permit an election for this purpose to be held in the northern part. Indeed, the Soviet authorities even refused to permit the United Nations Commission to visit northern Korea.

Nevertheless, the United Nations decided to go ahead where it could. In August 1948 the Republic of Korea was established as a free and independent nation in that part of Korea south of the 38th parallel.

In December 1948, the Soviet Union stated that it had withdrawn its troops from northern Korea and that a local government had been established there. However, the Communist authorities never have permitted the United Nations observers to visit northern

Korea to see what was going on behind that part of the Iron Curtain.

It was from that area, where the Communist authorities have been unwilling to let the outside world see what was going on, that the attack was launched against the Republic of Korea on June 25th. That attack came without provocation and without warning. It was an act of raw aggression, without a shadow of justification.

I repeat that it was an act of raw aggression. It had no justification whatever.

The Communist invasion was launched in great force, with planes, tanks, and artillery. The size of the attack, and the speed with which it was followed up, make it perfectly plain that it had been plotted long in advance.

As soon as word of the attack was received, Secretary of State Acheson called me at Independence, Mo., and informed me that, with my approval, he would ask for an immediate meeting of the United Nations Security Council. The Security Council met just 24 hours after the Communist invasion began.

One of the main reasons the Security Council was set up was to act in such cases as this—to stop outbreaks of aggression in a hurry before they develop into general conflicts. In this case the Council passed a resolution which called for the invaders of Korea to stop fighting, and to withdraw. The Council called on all members of the United Nations to help carry out this resolution. The Communist invaders ignored the action of the Security Council and kept right on with their attack.

The Security Council then met again. It recommended that members of the United Nations help the Republic of Korea repel the attack and help restore peace and security in that area.

Fifty-two of the 59 countries which are members of the United Nations have given their support to the action taken by the Security Council to restore peace in Korea.

These actions by the United Nations and its members are of great importance. The free nations have now made it clear that lawless aggression will be met with force. The free nations have learned the fateful lesson of the 1930's. That lesson is that aggression must be met firmly. Appeasement leads only to further aggression and ultimately to war.

The principal effort to help the Koreans preserve their independence, and to help the United Nations restore peace, has been made by the United States. We have sent land, sea, and air forces to assist in these operations. We have done this because we know that what is at stake here is nothing less than our own national security and the peace of the world.

So far, two other nations—Australia and Great Britain—have sent planes to Korea; and six other nations—Australia, Canada, France, Great Britain, the Netherlands, and New Zealand—have made naval forces available.

Under the flag of the United Nations a unified command has been established for all forces of the members of the United Nations fighting in Korea. Gen. Douglas MacArthur is the commander of this combined force.

The prompt action of the United Nations to put down lawless aggression, and the prompt response to this action by free peoples all over the world, will stand as a landmark in mankind's long search for a rule of law among nations.

Only a few countries have failed to indorse the efforts of the United Nations to stop the fighting in Korea. The most important of these is the Soviet Union. The Soviet Union has boycotted the meetings of the United Nations Security Council. It has refused to support the actions of the United Nations with respect to Korea.

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The United States requested the Soviet Government, 2 days after the fighting started, to use its influence with the North Koreans to have them withdraw. The Soviet Government refused.

The Soviet Government has said many times that it wants peace in the world, but its attitude toward this act of aggression against the Republic of Korea is in direct contradiction of its statements.

For our part, we shall continue to support the United Nations action to restore peace in the world.

We know that it will take a hard, tough fight to halt the invasion, and to drive the Communists back. The invaders have been provided with enough equipment and supplies for a long campaign. They overwhelmed the lightly armed defense forces of the Korean Republic in the first few days and drove southward.

Now, however, the Korean defenders have reorganized and are making a brave fight for their liberty, and an increasing number of American troops have joined them. Our forces have fought a skillful, rearguard delaying action, pending the arrival of reinforcements. Some of these reinforcements are now arriving; others are on the way from the United States.

I should like to read you a part of a report I have received from General Collins, Chief of Staff of the United States Army. General Collins and General Vandenberg, Chief of Staff of the Air Force, have just returned from an inspection trip to Korea and Japan.

This is what General Collins had to say:

"The United States Armed Forces in Korea are giving a splendid account of themselves.

"Our Far Eastern forces were organized and equipped primarily to perform peaceful occupation duties in Japan. However, under General MacArthur's magnificent leadership, they have quickly adapted themselves to meet the deliberately planned attack of the North Korean Communist forces, which are well-equipped, well-led, and battle-trained, and which have at times outnumbered our troops by as much as 20 to 1.

"Our Army troops, ably supported by tactical aircraft of the United States Air Force and Navy and our Australian friends, flying under the most adverse conditions of weather, have already distinguished themselves in the most difficult of military operations—a delaying action. The fact that they are preventing the Communists from overrunning Korea—which this calculated attack had been designed to accomplish—is a splendid tribute to the ability of our Armed Forces to convert quickly from the peaceful duties of occupation to the grim duties of war.

"The task that confronts us is not an easy one, but I am confident of the outcome."

I shall also read to you part of a report that I received from General MacArthur within the last few hours.

General MacArthur says:

"It is, of course, impossible to predict with any degree of accuracy the future incidents of a military campaign. Over a broad front involving continuous local struggles, there are bound to be ups and downs, losses as well as successes. . . . But the issue of battle is now fully joined and will proceed along lines of action in which we will not be without choice. Our hold upon the southern part of Korea represents a secure base. Our casualties, despite overwhelming odds, have been relatively light. Our strength will continually increase while that of the enemy will relatively decrease. His supply line is insecure. He has had his great chance and failed to exploit it. We are now in Korea in force, and with God's help we are there to stay until the constitutional authority of the Republic of Korea is fully restored."

These and other reports I have received

show that our Armed Forces are acting with close teamwork and efficiency to meet the problems facing us in Korea.

These reports are reassuring, but they also show that the job ahead of us in Korea is long and difficult.

Furthermore, the fact that Communist forces have invaded Korea is a warning that there may be similar acts of aggression in other parts of the world. The free nations must be on their guard, more than ever before, against this kind of sneak attack.

It is obvious that we must increase our military strength and preparedness immediately. There are three things we need to do.

First, we need to send more men, equipment, and supplies to General MacArthur.

Second, in view of the world situation, we need to build up our own Army, Navy, and Air Force over and above what is needed in Korea.

Third, we need to speed up our work with other countries in strengthening our common defenses.

To help meet these needs, I have already authorized increases in the size of our Armed Forces. These increases will come in part from volunteers, in part from Selective Service, and in part from the National Guard and the Reserves.

I have also ordered that military supplies and equipment be obtained at a faster rate.

The necessary increases in the size of our Armed Forces, and the additional equipment they must have, will cost about $10 billion, and I am asking the Congress to appropriate the amount required.

These funds will be used to train men and equip them with tanks, planes, guns, and ships, in order to build the strength we need to help assure peace in the world.

When we have worked out with other free countries an increased program for our common defense, I shall recommend to the Congress that additional funds be provided for this purpose. This is of great importance. The free nations face a worldwide threat. It must be met with a worldwide defense. The United States and other free nations can multiply their strength by joining with one another in a common effort to provide this defense. This is our best hope for peace.

The things we need to do to build up our military defense will require considerable adjustment in our domestic economy. We have a tremendously rich and productive economy, and it is expanding every year.

Our job now is to divert to defense purposes more of that tremendous productive capacity—more steel, more aluminum, more of a good many things.

Some of the additional production for military purposes can come from making fuller use of plants which are not operating at capacity. But many of our industries are already going full tilt, and until we can add new capacity, some of the resources we need for the national defense will have to be taken from civilian uses.

This requires us to take certain steps to make sure that we obtain the things we need for national defense, and at the same time guard against inflationary price rises.

The steps that are needed now must be taken promptly.

In the message which I sent to the Congress today, I described the economic measures which are required at this time.

First, we need laws which will insure prompt and adequate supplies for military and essential civilian use. I have therefore recommended that the Congress give the Government power to guide the flow of materials into essential uses, to restrict their use for nonessential purposes, and to prevent the accumulation of unnecessary inventories.

Second, we must adopt measures to prevent inflation and to keep our Government in a sound financial condition. One of the

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major causes of inflation is the excessive use of credit. I have recommended that the Congress authorize the Government to set limits on installment buying and to curb speculation in agricultural commodities. In the housing field, where Government credit is an important factor, I have already directed that credit restraints be applied, and I have recommended that the Congress authorize further controls.

As an additional safeguard against inflation, and to help finance our defense needs, it will be necessary to make substantial increases in taxes. This is a contribution to our national security that every one of us should stand ready to make. As soon as a balanced and fair tax program can be worked out, I shall lay it before the Congress. This tax program will have as a major aim the elimination of profiteering.

Third, we should increase the production of goods needed for national defense. We must plan to enlarge our defense production, not just for the immediate future, but for the next several years. This will be primarily a task for our businessmen and workers. However, to help obtain the necessary increases, the Government should be authorized to provide certain types of financial assistance to private industry to increase defense production.

Our military needs are large, and to meet them will require hard work and steady effort. I know that we can produce what we need if each of us does his part—each man, each woman, each soldier, each civilian. This is a time for all of us to pitch in and work together.

I have been sorry to hear that some people have fallen victim to rumors in the last week or two, and have been buying up various things they have heard would be scarce. That is foolish—I say that is foolish, and it is selfish, very selfish, because hoarding results in entirely unnecessary local shortages.

Hoarding food is especially foolish. There is plenty of food in this country. I have read that there have been runs on sugar in some cities. That is perfectly ridiculous. We now have more sugar available than ever before. There are ample supplies of our other basic foods also.

Now, I sincerely hope that every American housewife will keep this in mind when she does her daily shopping.

If I had thought that we were actually threatened by shortages of essential consumer goods, I should have recommended that price control and rationing be immediately instituted. But there is no such threat. We have to fear only those shortages which we ourselves artificially create.

Every businessman who is trying to profiteer in time of national danger—and every person who is selfishly trying to get more than his neighbor—is doing just exactly the thing that any enemy of this country would want him to do.

If prices should rise unduly because of excessive buying or speculation, I know our people will want the Government to take action, and I will not hesitate to recommend rationing and price control.

We have the resources to meet our needs. Far more important, the American people are unified in their belief in democratic freedom. We are united in detesting Communist slavery.

We know that the cost of freedom is high. But we are determined to preserve our freedom—no matter what the cost.

I know that our people are willing to do their part to support our soldiers and sailors and airmen who are fighting in Korea. I know that our fighting men can count on each and every one of you.

Our country stands before the world as an example of how free men, under God, can build a community of neighbors, working together for the good of all.

That is the goal we seek not only for ourselves, but for all people. We believe that freedom and peace are essential if men are to live as our Creator intended us to live. It is this faith that has guided us in the past, and it is this faith that will fortify us in the stern days ahead.

NOTE: Following is the full text of the message from General Douglas MacArthur which the President quoted in his address. The message was released by the White House on July 20.

The President
The White House

The following is my current estimate of the Korean situation:

With the deployment in Korea of major elements of the 8th Army now accomplished, the first phase of the campaign has ended and with it the chance for victory by the North Korean forces. The enemy's plan and great opportunity depended upon the speed with which he could overrun South Korea once he had breached the Han River line and with overwhelming numbers and superior weapons temporarily shattered South Korean resistance. This chance he has now lost through the extraordinary speed with which the 8th Army has been deployed from Japan to stem his rush. When he crashed the Han Line the way seemed entirely open and victory was within his grasp.

The desperate decision to throw in piecemeal American elements as they arrived by every available means of transport from Japan was the only hope to save the situation. The skill and valor thereafter displayed in successive holding actions by the ground forces in accordance with this concept, brilliantly supported in complete coordination by Air and Naval elements, forced the enemy into continued deployments, costly frontal attacks and confused logistics, which so slowed his advance and blunted his drive that we have bought the precious time necessary to build a secure base.

I do not believe that history records a comparable operation which excelled the speed and precision with which the 8th Army, the Far East Air Force and the Seventh Fleet have been deployed to a distant land for immediate commitment to major operations. It merits highest commendation for the commanders, staffs and units concerned and attests to their superior training and high state of readiness to meet any eventuality. This finds added emphasis in the fact that the Far East Command, until the President's great pronouncement to support the epochal action of the United Nations, had no slightest responsibility for the defense of the Free Republic of Korea. With the President's decision it assumed a completely new and added mission.

It is, of course, impossible to predict with any degree of accuracy future incidents of a military campaign. Over a broad front involving continuous local struggles, there are bound to be ups and downs, losses as well as successes. Our final stabilization line will unquestionably be rectified and tactical improvement will involve planned withdrawals as well as local advances. But the issue of battle is now fully joined and will proceed along lines of action in which we will not be without choice. Our hold upon the Southern part of Korea represents a secure base. Our casualties despite overwhelming odds have been relatively light. Our strength will continually increase while that of the enemy will relatively decrease. His supply line is insecure. He has had his great chance but failed to exploit it. We are now in Korea in force, and with God's help we are there to stay until the constitutional authority of the Republic is fully restored.

MACARTHUR

195 Statement by the President on the Appointment of Charles M. Spofford as Deputy U.S. Representative to the North Atlantic Council. *July 20, 1950*

MR. Charles M. Spofford, whom I have appointed Deputy U.S. Representative, North Atlantic Council, will leave for London shortly to assume his duties. The Secretary of State and I have discussed with him the nature of the tasks which lie ahead of the North Atlantic Treaty Organization.

The North Atlantic Council, in its meeting during May, stressed the urgency of building the defenses of the North Atlantic area. As I indicated in my message to the Congress on Wednesday, we cannot safely ignore the possibility of aggression in other parts of the world besides the Far East, and it is even more urgent now than it was in May to strengthen the collective defense of the North Atlantic area.

Through the Council of Deputies, which

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Defense Assistance Program.

Those responsible for this act of aggression must realize how seriously the Government of the United States views such threats to the peace of the world. Willful disregard of the obligation to keep the peace cannot be tolerated by nations that support the United Nations Charter.

173 Statement by the President on the Situation in Korea. *June 27, 1950*

IN KOREA the Government forces, which were armed to prevent border raids and to preserve internal security, were attacked by invading forces from North Korea. The Security Council of the United Nations called upon the invading troops to cease hostilities and to withdraw to the 38th parallel. This they have not done, but on the contrary have pressed the attack. The Security Council called upon all members of the United Nations to render every assistance to the United Nations in the execution of this resolution. In these circumstances I have ordered United States air and sea forces to give the Korean Government troops cover and support.

The attack upon Korea makes it plain beyond all doubt that communism has passed beyond the use of subversion to conquer independent nations and will now use armed invasion and war. It has defied the orders of the Security Council of the United Nations issued to preserve international peace and security. In these circumstances the occupation of Formosa by Communist forces would be a direct threat to the security of the Pacific area and to United States forces performing their lawful and necessary functions in that area.

Accordingly I have ordered the 7th Fleet to prevent any attack on Formosa. As a corollary of this action I am calling upon the Chinese Government on Formosa to cease all air and sea operations against the mainland. The 7th Fleet will see that this is done. The determination of the future status of Formosa must await the restoration of security in the Pacific, a peace settlement with Japan, or consideration by the United Nations.

I have also directed that United States Forces in the Philippines be strengthened and that military assistance to the Philippine Government be accelerated.

I have similarly directed acceleration in the furnishing of military assistance to the forces of France and the Associated States in Indochina and the dispatch of a military mission to provide close working relations with those forces.

I know that all members of the United Nations will consider carefully the consequences of this latest aggression in Korea in defiance of the Charter of the United Nations. A return to the rule of force in international affairs would have far-reaching effects. The United States will continue to uphold the rule of law.

I have instructed Ambassador Austin, as the representative of the United States to the Security Council, to report these steps to the Council.

by Merle Miller

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PLAIN SPEAKING

An Oral Biography of Harry S. Truman

by MERLE MILLER

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the so-called free Chinese, and then about five million of Chiang's men between Peking and Nanking surrendered to three hundred thousand Communists, and the Communists used that matériel to run Chiang and his men out of China. I told you. He never was any damn good.

"They wanted me to send in about five million Americans to rescue him, but I wouldn't do it. There wasn't *anything* that could be done to save him, and he was as corrupt as they come. I wasn't going to waste one single American life to save him, and I didn't care what they said. They hooted and hollered and carried on and said I was soft on Communism and I don't know what all. But I never gave in on that, and I never changed my mind about Chiang and his gang. Every damn one of them ought to be in jail, and I'd like to live to see the day they are." *

Dean Acheson: "Another reason for not using Chiang's troops. . . . If one had to use other than European and American troops, the troops required were Koreans. This was their country. They had been defending it. And it seemed to us that we could far better get the equivalent of thirty thousand troops from reorganizing the Korean Army and using them.

"And finally, we did not wish to raise the political complications which would have been raised, if we had introduced the Nationalist-Red Chinese controversy into the battle in Korea. We were going to ask many of our European allies to take part in this battle. Some recognized Chiang Kai-shek; some recognized the Red Chinese. And it would have been a devisive and not a unifying action, if we took it.

"Therefore, we thought it wise to decline, and the President did decline."

Sir, the other day you mentioned, when you were discussing the Tuesday meeting between Mr. Truman and the Congressional leaders you mentioned that there was some talk about asking for a Congressional resolution.

Acheson

"Toward the end of our meeting on Tuesday with the Congressional leaders, Senator Alexander Smith of New Jersey, who was a member of the Senate Committee on Foreign Relations, asked the

*For more of Mr. Truman's observations on Chiang and his Madame and others in their crew, see the next chapter.

President whether or not he thought it would be a good idea if the Congress would pass a resolution approving what the President was doing in Korea or what the United States was doing in Korea. The President said he would take that under advisement.

"After the meeting broke up, he asked me to consider it and meet with him later and discuss it. I gave it a good deal of thought and then gave the President this advice, which he followed. It seemed to me that this should not be done. At the moment the troops of the United States were engaged in a desperate struggle in and around Pusan. Hundreds, thousands of them were being killed. The outcome of the battle was not at all clear. It seemed to me if, at this time, action was pending before the Congress, by which hearings might be held, and long inquiries were being entered into as to whether or not this was the right thing to do, or whether the President had the authority to do it, or whether he needed Congressional authority for matters of that sort—we would be doing about the worst thing we could possibly do for the support of our troops and for their morale.

"I felt that we were in this fight—and it was a desperate fight—and we had better concentrate all our energies in fighting it and not in trying to get people to formally approve what was going on.

"The President accepted this advice. This is what was done. In other words we did not follow up Senator Smith's suggestion. This may well, in the light of events, have been a wrong decision. I don't think so myself. But it can be argued that it was wrong. If the Congress had promptly and without debate passed a resolution endorsing vigorously what had happened, this, of course, would have been fine, and it would have nipped in the bud all the statements about the Korean War being Mr. Truman's war and so on.

"But that is hindsight, and I have said that I think hindsight is nonsense. It proves nothing."

Mr. Secretary, as you know, Mr. Truman has said that the Korean decision was his most important decision. Do you agree with that?

"Yes. In this I think he is wholly right. It was a critically important decision, and I think it was important for this reason. This was an occasion upon which a perfectly clear alternative was presented to the United States, an alternative between withdrawing, retreating in front of Russian pressure brought through a satellite, or standing up and fighting and taking the consequences, and Mr. Truman did not shrink from that decision. The United States, under

panied by radio broadcasts asserting it to be "national defense" against an alleged ROK "invasion," broke through the scattered resistance of elements of the four ROK divisions in the area. Its objective was to seize the capital and the entire South Korean peninsula, thus presenting the free world with a *fait accompli.*

1950, June 25–30. United Nations and United States Reactions. The Security Council, in emergency session (the U.S.S.R., boycotting the Council, had no representative present to veto the action), called for immediate end to hostilities and withdrawal of the NKA, asking member nations to assist. President **Harry S Truman** (June 27) ordered General MacArthur, commanding U.S. forces in the Far East, to support and cover ROK defense with air and sea forces. MacArthur effected naval blockade of the North Korean coast and furnished air support. Reconnoitering the front in person (June 28), as Seoul fell, he reported the ROK Army to be incapable of stopping the invasion even with U.S. air support. Truman authorized use of U.S. ground troops (June 30).

MacArthur's Resources. Aside from the vessels of the U.S. Seventh Fleet and the Far East Air Force (8½ combat groups), U.S. ground forces—mostly in Japan—consisted of 4 understrength divisions organized in 2 skeleton army corps. Infantry and artillery units were each at two-thirds strength in personnel and cannon, and short of antitank weapons. Corps troops, such as medium tanks, artillery, and other supporting arms, did not exist.

1950, June 30. U.S. Forces Begin Move to Korea. The 24th Division (Major General **William F. Dean**) began movement piecemeal by sea and air into Korea; 2 more divisions were to follow.

1950, July 5. Task Force Smith. One understrength battalion (2 infantry companies) with 1 battery of artillery, under Lieutenant Colonel **Charles B. Smith,** joined the ROK Army near **Osan** (July 4). Next morning an NKA division, with 30 tanks, attacked. The ROK troops fled. Task Force Smith, completely surrounded, held out for 7 hours. Then, ammunition exhausted, the survivors cut their way out, abandoning all matériel.

1950, July 6–21. Dean's Delay. Throwing in the remainder of his division as fast as the units came up, General Dean partly snubbed the NKA advance down the peninsula, trading terrain for time, while the 1st Cavalry and 25th divisions were being rushed from Japan. A 5-day action at **Taejon** (July 16–20) ended when the NKA assaulted the 24th Division from 3 directions. Dean, personally commanding his rear guard while the remainder of the division withdrew, was captured. His battered troops were relieved by the 1st Cavalry Division (July 22), while the 25th Division on its right, together with reorganized ROK divisions, slowed the NKA advance in the center and on the north.

1950, July 7. MacArthur Named Commander in Chief United Nations Command. President Truman made the appointment in response to a Security Council request that a unified command be established under a U.S. officer.

1950, August 5–September 15. The Pusan Perimeter. Lieutenant General **Walton H. Walker,** commanding what had now become U.S. Eighth Army, stabilized his defense on a thinly held line extending along the Naktong River some 90 miles north from Tsushima Strait, thence east for 60 more miles to the Sea of Japan. The area embraced the southeast edge of the Korean peninsula, including Pusan, the one available port. On the north, 5 ROK divisions, re-equipped but still shaken, attempted to contain the invaders, while the western flank, where the weight of incessant NKA attacks fell, was held by U.S. troops, now including 2 additional infantry regiments and a Marine brigade. The Seventh Fleet protected both sea flanks and harassed NKA movements along the coast, while the Far East Air Force (augmented by an Australian group), together with carrier-based naval air, hammered at NKA lines of communication and furnished much-needed close support. Thanks to the advantage of interior lines, Walker was able to shift a mobile reserve from point to point within the perimeter as the NKA attacks nibbled at his front. Several penetrations of the Naktong River line and a 20-mile NKA advance in the north (August 26) were checked. Choe's forces, now estimated at 14 infantry divisions supported by several

funds. By the time the project has been completed, the local government has acquired new strength and new assurance in meeting the problems of its community.

This kind of cooperation between State and local governments and the National Government is one of the most constructive aspects of our national life today. It is making people increasingly aware of their responsibilities as citizens of their communities. It is making them more conscious of the needs and problems of their local governments. It is helping to strengthen the processes of democracy throughout the country.

Such a development is of immeasurable importance today, when our country stands before the world as one of the leading champions of the democratic way of life. Our greatest strength in the conflict which shakes the world today is our ability to show that democracy can solve the problems of the people, and provide them with greater opportunities, and fuller lives. This airport is an example of democratic government in action. It demonstrates the way in which we are using our traditional forms of government to solve the problems of the air age.

This airport exemplifies the spirit of growth and confidence with which our country faces the future. We would not build so elaborate a facility for our air commerce if we did not have faith in a peaceful future. This airport embodies our determination to develop the marvels of science and invention for peaceful purposes. It strengthens our economy to do its part in maintaining a peaceful world.

Now I dedicate this Friendship International Airport to the growth and development of our country.

I dedicate this great airport to the cause of peace in the world.

NOTE: The President spoke at 11:30 a.m. In his opening words he referred to Mayor Thomas D'Alesandro, Jr., of Baltimore, Governor William Preston Lane, Jr., of Maryland, Senator Millard E. Tydings of Maryland, and the Most Rev. Francis P. Keough, Archbishop of Baltimore.

At the conclusion of the dedication ceremony, the Presidential party boarded the *Independence* for a flight to Kansas City, Mo.

172 Statement by the President on the Violation of the 38th Parallel in Korea. *June* 26, 1950

I CONFERRED Sunday evening with the Secretaries of State and Defense, their senior advisers, and the Joint Chiefs of Staff about the situation in the Far East created by unprovoked aggression against the Republic of Korea.

The Government of the United States is pleased with the speed and determination with which the United Nations Security Council acted to order a withdrawal of the invading forces to positions north of the 38th parallel. In accordance with the resolution of the Security Council, the United States will vigorously support the effort of the Council to terminate this serious breach of the peace.

Our concern over the lawless action taken by the forces from North Korea, and our sympathy and support for the people of Korea in this situation, are being demonstrated by the cooperative action of American personnel in Korea, as well as by steps taken to expedite and augment assistance of the type being furnished under the Mutual

Defense Assistance Program.

Those responsible for this act of aggression must realize how seriously the Government of the United States views such threats to the peace of the world. Willful disregard of the obligation to keep the peace cannot be tolerated by nations that support the United Nations Charter.

173 Statement by the President on the Situation in Korea. *June 27, 1950*

IN KOREA the Government forces, which were armed to prevent border raids and to preserve internal security, were attacked by invading forces from North Korea. The Security Council of the United Nations called upon the invading troops to cease hostilities and to withdraw to the 38th parallel. This they have not done, but on the contrary have pressed the attack. The Security Council called upon all members of the United Nations to render every assistance to the United Nations in the execution of this resolution. In these circumstances I have ordered United States air and sea forces to give the Korean Government troops cover and support.

The attack upon Korea makes it plain beyond all doubt that communism has passed beyond the use of subversion to conquer independent nations and will now use armed invasion and war. It has defied the orders of the Security Council of the United Nations issued to preserve international peace and security. In these circumstances the occupation of Formosa by Communist forces would be a direct threat to the security of the Pacific area and to United States forces performing their lawful and necessary functions in that area.

Accordingly I have ordered the 7th Fleet to prevent any attack on Formosa. As a corollary of this action I am calling upon the Chinese Government on Formosa to cease all air and sea operations against the mainland. The 7th Fleet will see that this is done. The determination of the future status of Formosa must await the restoration of security in the Pacific, a peace settlement with Japan, or consideration by the United Nations.

I have also directed that United States Forces in the Philippines be strengthened and that military assistance to the Philippine Government be accelerated.

I have similarly directed acceleration in the furnishing of military assistance to the forces of France and the Associated States in Indochina and the dispatch of a military mission to provide close working relations with those forces.

I know that all members of the United Nations will consider carefully the consequences of this latest aggression in Korea in defiance of the Charter of the United Nations. A return to the rule of force in international affairs would have far-reaching effects. The United States will continue to uphold the rule of law.

I have instructed Ambassador Austin, as the representative of the United States to the Security Council, to report these steps to the Council.

4. Permit reasonable compensation with respect to partners and proprietors, thus affording them the same treatment accorded corporations.

5. Preserve jurisdiction of the courts over suits now pending and not require any claimant to start over again in the presentation of his claim.

6. Permit a reasonable time, perhaps sixty days, for amendment or revival of any claim.

7. Include the clarifying definitions of section 7 of H.R. 3436.

Prompt enactment of such legislation will make it possible for the Executive agencies and the courts to discharge the responsibilities which I am convinced they cannot equitably discharge under the measure that I am returning without my approval.

HARRY S. TRUMAN

NOTE: See also Item 216.

184 White House Statement Following a Meeting Between the President and Top Congressional and Military Leaders To Review the Situation in Korea. *June* 30, 1950

AT A MEETING with congressional leaders at the White House this morning, the President, together with the Secretary of Defense, the Secretary of State, and the Joint Chiefs of Staff, reviewed with them the latest developments of the situation in Korea. The congressional leaders were given a full review of the intensified military activities.

In keeping with the United Nations Security Council's request for support to the Republic of Korea in repelling the North Korean invaders and restoring peace in Korea, the President announced that he had authorized the United States Air Force to conduct missions on specific military targets in northern Korea wherever militarily necessary, and had ordered a naval blockade of the entire Korean coast. General MacArthur has been authorized to use certain supporting ground units.

185 Address at Valley Forge at the Boy Scout Jamboree. *June* 30, 1950

Governor Duff, President Houghton, Boy Scouts of the world:

I certainly appreciate most highly this decoration you have given me. I hope I can deserve it, and that I can wear it with honor to this great organization.

As Honorary President of the Boy Scouts of America, I am proud to open this Scout Jamboree. I understand that there are nearly 50,000 Scouts in this encampment. I am glad to see such evidence of the strength of the Scout movement. And I think it most appropriate in times like these that you have chosen to hold your Jamboree at this historic shrine of Valley Forge.

When George Washington brought his army to this spot in December 1777, the cause of independence appeared to be lost. His army at that time numbered only 11,000 men—less than one-fourth the number of Scouts attending this Jamboree. Washington's men were without adequate food. They were in rags. Some had no shoes. They had to build their own shelter against the bitter weather. The enemy occupied the capital city of Philadelphia. Few men be-

Harry S. Truman, Margaret Truman

Did MacArthur have enough military power to support the South Koreans effectively? Would the nations of Western Europe back us in the Security Council, where we were submitting another resolution, calling on them and other free nations to assist us in resisting the North Koreans? Over Secretary of Defense Johnson's objections, my father permitted General Hoyt Vandenberg to give the congressional leaders secret details about our air strength in the Far East. Secretary of State Acheson said he had cablegrams from most of the countries of Western Europe, assuring him of support in the UN. He also said he did not think the Russians would return to the UN Security Council and exercise their veto. Even if they did, they could not veto the resolution which had been passed on Sunday, thanks to the Secretary of State's swift action. Senator Tom Connally summed up congressional opinion when he said that it was quite apparent that this was "the clearest test case that the United Nations has ever faced. If the United Nations is ever going to do anything, this is the time, and if the United Nations cannot bring the crisis in Korea to an end, then we might just as well wash up the United Nations and forget it."

My father nodded. He vowed that he was going to make absolutely certain that everything we did in Korea would be in support of and in conformity with the decision by the Security Council of the United Nations.

Secretary of State Acheson then turned to a discussion of the Soviet Union in regard to Korea. He pointed out that the President's statement simply referred to communism. The government was doing its best to leave the door wide open for the Soviet Union to back down without losing too much prestige. In connection with this policy, the Secretary of State begged the members of Congress not to condemn the Russians specifically for the Korean crisis. He held out the hope that if we left the door open the Soviet government might take this opportunity to withdraw.

Dad's statement, released at 12:30 P.M. on Tuesday, June 27, went through Washington and the other capitals of the free world like an electric shock. Joseph C. Harsch of the *Christian Science Monitor,* looking back on twenty years in Washington, said, "Never before in that time have I felt such a sense of relief and unity pass through this city." Both the Senate and the House

rose and cheered when the statement was read to them. Newspapers around the nation echoed Mr. Harsch. James Reston of *The New York Times* said it had produced "a transformation in the spirit of the United States government." The New York *Herald Tribune* ran an editorial on the front page calling it "a basic contribution to a genuine peace in our disturbed and distracted world." At 10:45 that night, the UN Security Council, with the Russians still absent, passed another resolution, calling on member nations to "render such assistance to the Republic of Korea as may be necessary to repel the armed attack and restore international peace and security to the area."

Wednesday was a day for good news. Dad was reassured about the rightness of his decision by Averell Harriman, just back from Europe. Averell described to my father from firsthand knowledge the feeling of relief which had swept through Europe's capitals when they learned that America was standing fast. Encouraging news even came from Ambassador Muccio in Seoul. At 10 A.M. he sent the following telegram:

> SITUATION HAD DETERIORATED SO RAPIDLY HAD NOT PRESIDENT'S DECISION PLUS ARRIVAL GENERAL CHURCH PARTY [heading the survey team my father had ordered] BECOME KNOWN HERE IT IS DOUBTFUL ANY ORGANIZED KOREAN RESISTANCE WOULD HAVE CONTINUED THROUGH NIGHT. COMBAT AID DECISION PLUS CHURCH'S ORDER HAVE HAD GREAT MORALE EFFECT. FORTHCOMING AIR STRIKES HOPED DEMORALIZE ENEMY, MAKE POSSIBLE REFORM KOREAN ARMY SOUTH BANK HAN RIVER.

My father was heartened by other telegrams which flooded into the White House from citizens all over the country. Among them was one from Thomas E. Dewey which read: "I wholeheartedly agree with and support the difficult decision you have made." The only sour note—and even that was not completely sour—came from Senator Taft, who rose in Congress to accuse the Truman Administration of inviting the North Korean attack by permitting Korea to remain divided. Everything that was wrong in the Far East, according to Senator Taft, was explained by the administration's "sympathetic acceptance of communism." The senator singled out for special criticism a speech that Secretary of State

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WINSTON S. CHURCHILL
HIS COMPLETE SPEECHES
1897–1963

Edited by
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"A STRANGE CHRISTMAS EVE"

December 24, 1941

Broadcast, Washington D.C.

I spend this anniversary and festival far from my country, far from my family, yet I cannot truthfully say that I feel far from home. Whether it be the ties of blood on my mother's side, or the friendships I have developed here over many years of active life, or the commanding sentiment of comradeship in the common cause of great peoples who speak the same language, who kneel at the same altars and, to a very large extent, pursue the same ideals, I cannot feel myself a stranger here in the centre and at the summit of the United States. I feel a sense of unity and fraternal association which, added to the kindliness of your welcome, convinces me that I have a right to sit at your fireside and share your Christmas joys.

This is a strange Christmas Eve. Almost the whole world is locked in deadly struggle, and, with the most terrible weapons which science can devise, the nations advance upon each other. Ill would it be for us this Christmastide if we were not sure that no greed for the land or wealth of any other people, no vulgar ambition, no morbid lust for material gain at the expense of others, had led us to the field. Here, in the midst of war, raging and roaring over all the lands and seas, creeping nearer to our hearts and homes, here, amid all the tumult, we have tonight the peace of the spirit in each cottage home and in every generous heart. Therefore we may cast aside for this night at least the cares and dangers which beset us, and make for the children an evening of happiness in a world of storm. Here, then, for one night only, each home throughout the English-speaking world should be a brightly-lighted island of happiness and peace.

Let the children have their night of fun and laughter. Let the gifts of Father Christmas delight their play. Let us grown-ups share to the full in their unstinted pleasures before we turn again to the stern task and the formidable years that lie before us, resolved that, by our sacrifice and daring, these same children shall not be robbed of their inheritance or denied their right to live in a free and decent world.

And so, in God's mercy, a happy Christmas to you all.

nding, except to call for shoring up a
ed" Star Wars program in light of
esses scored by the Patriot antimis-
tem in the gulf. Overall military
g, however, is likely to decrease, ac-
to the 1992 budget being submitted
k by the Pentagon, which calls for a
lion cut in projected 1992 defense
of $298.9 billion.

ough the populace is more willing
hat it can do for the country than at
e in three decades, Bush only
about sacrifice on the battlefield,
he home front. Whether out of fear
ge between the war and oil, or a
s of doing anything reminiscent of
ater-wearing, thermostat-lowering
Administration, Bush devoted just
nds to the crucial question of ener-
y.

at left him no time to address the
ecommendation of some Energy
Department and White House bud-
cials for a gas tax big enough to en-
fuel conservation and fund the
earch for alternative sources (every
a gallon raises an extra billion dol-
ush ducked the issue even though he
aware that the public knows U.S.
would not be fighting in the Persian
the region were the world's leading
er of tapioca rather than the reposi-
70% of the world's oil reserves. In a
vide survey taken last month by bi-
h pollsters, oil was most often cited
main reason for the U.S. presence in
idle East. The U.S. is more reliant on
oil today than at any time since the
l shock; imports have doubled since
nd last year accounted for more than
trade deficit. Though last fall's bud-
iberations did produce a token 5¢-
increase in federal gasoline taxes,
ssibility of further levies may have
cuttled when Republican pollster
Teeter found that Reagan Demo-
ere the idea's fiercest opponents.

now, Bush has good reason to in-
his intrinsic indifference to such
as block grants and toxic-waste dis-
Being Commander in Chief is more
s and important than being com-
r of enterprise zones. But without
ntial leadership, inertia is likely to
n the home front. Television screens
throughout the Federal Triangle as
crats play CNN generals rather than
ut the unglamorous work of govern-
educing America's appetite for for-
l, finding an affordable way to re-
ivility to cities that resemble war
giving the 20% of America's chil-
ho live in poverty a way out, funding
l care for the 37 million Americans
ve no health insurance, preserving
ter, the air and the land for the next
tion—all demand attention, and all
ove every bit as difficult as liberating

—Reported by Dan Goodgame
s Gorey/Washington

The Presidency

Hugh Sidey

George Was There

There was a moment in the great ovation to U.S. desert forces when the cameras in the House chamber caught the face of Senator Ted Kennedy, as enraptured as everyone else by the applause that would not cease. But in the din came a tiny echo from more than two years ago at the Democratic Convention, when Kennedy fevered his audience with his litany of Bush's ditherings, following each charge with the taunt "Where was George?"

Last week George was there, the Commander in Chief who organized and launched one of this century's most awesome military exercises. Whether it will finally work is not the question here. His power in some ways has never been greater. The rolling applause for the men and women who serve in the Persian Gulf was a confirmation of sorts, even a little alarming in its hoarse embrace. Most Americans marched with Bush, and from the beginning of the crisis there was no doubt just where he was.

The aura of war followed Bush all last week, visibly enhancing his stature. More than 3,500 people jammed the Washington Hilton for the national prayer breakfast that Bush attended. The speakers engaged in a kind of nervous one-upmanship in tribute to God and the G.I. At the Washington Press Club Foundation's big dinner, which Bush did not attend, almost no one dared rib the President. One of the few good laughs of the night came from humorist Dave Barry who, professing evenhandedness after some gibes aimed at White House chief of staff John Sununu, said, "I would now level an equally cheap shot at a high-ranking, influential Democrat—if there were any." Speaker of the House Tom Foley laughed a little too hard. And on Friday when Bush visited three military bases in the South that had units in the gulf battle, there was an emotional intensity that topped anything Bush had ever encountered in this country.

DIANA WALKER

In Georgia with families of U.S. soldiers

How could the man Kennedy taunted be so resolute? And let's not forget those who derided him as a wimp, a lapdog, every divorced woman's first husband, a terminal preppy. His painful politeness and unwavering loyalty to Ronald Reagan through mountainous deficits and Iran-*contra* bumbling raised the question of his backbone. He waffled on issues like abortion and taxes, and even his supporters wondered in dark moments about his inner stuff. What this may suggest is one more flaw in our system of political assessment. In our dizzy campaigns we analyze a candidate too much from a few one-liners lofted by adversaries or twits. In the debate over terribly complex domestic issues, we frequently heap scorn on even marginally open minds that waver a bit.

History shows that the demands of war often reveal special qualities in Presidents not easily detected in the babble of a political campaign. For 5½ months Bush went down a straight road to battle. There have been no black moods for Bush as there were for John F. Kennedy in the Cuban missile crisis when he believed there was a likelihood of a nuclear exchange. Nor has Bush wandered through the darkened White House as Lyndon Johnson used to do, as much confused by his own experts as by his enemies in Vietnam. Richard Nixon sometimes sought solitude and brooded for hours over decisions on using American power. Bush sought out friends and Chinese food.

It may be that Bush went through all of the known tortures on the way to his decision. But they must have been entirely internal. There is as yet no enemy or friend who claims to have been witness when Bush was either uncertain or unclear. Some wimp. ■

ceived who were but yesterday the masters of Germany is at an end, its illicit ambitions engulfed in black disaster. Who will now seek to revive it? The arbitrary power of the military caste of Germany which once could secretly and of its own single choice disturb the peace of the world is discredited and destroyed. And more than that,—much more than that,—has been accomplished. The great nations which associated themselves to destroy it have now definitely united in the common purpose to set up such a peace as will satisfy the longing of the whole world for disinterested justice, embodied in settlements which are based upon something much better and much more lasting than the selfish competitive interests of powerful states. There is no longer conjecture as to the objects the victors have in mind. They have a mind in the matter, not only, but a heart also. Their avowed and concerted purpose is to satisfy and protect the weak as well as to accord their just rights to the strong.

The humane temper and intention of the victorious Governments has already been manifested in a very practical way. Their representatives in the Supreme War Council at Versailles have by unanimous resolution assured the peoples of the Central Empires that everything that is possible in the circumstances will be done to supply them with food and relieve the distressing want that is in so many places threatening their very lives; and steps are to be taken immediately to organize these efforts at relief in the same systematic manner that they were organized in the case of Belgium. By the use of the idle tonnage of the Central Empires it ought presently to be possible to lift the fear of utter misery from their oppressed populations and set their minds and energies free for the great and hazardous tasks of political reconstruction which now face them on every hand. Hunger does not breed reform; it breeds madness and all the ugly distempers that make an ordered life impossible.

For with the fall of the ancient governments which rested like an incubus upon the peoples of the Central Empires has come political change not merely, but revolution; and revolution which seems as yet to assume no final and ordered form but to run from one fluid change to another, until thoughtful men are forced to ask themselves, With what Governments, and of what sort, are we about to deal in the making of the covenants of peace? With what authority will they meet us, and with what assurance that their authority will abide and sustain securely the international arrangements into which we are about to enter? There is here matter for no small anxiety and misgiving. When peace is made, upon whose promises and engagements besides our own is it to rest?

Let us be perfectly frank with ourselves and admit that these questions cannot be satisfactorily answered now or at once. But the moral is not that there is little hope of an early answer that will suffice. It is only that we must be patient and helpful and mindful above all of the great hope and confidence that lie at the heart of what is taking place. Excesses accomplish nothing. Unhappy Russia has furnished abundant recent proof of that. Disorder immediately defeats itself. If excesses should occur, if disorder should for a time raise its head, a sober second thought will follow and a day of constructive action, if we help and do not hinder.

The present and all that it holds belongs to the nations and the peoples who preserve their self-control and the orderly processes of their governments; the future to those who prove themselves the true friends of mankind. To conquer with arms is to make only a temporary conquest; to conquer the world by earning its esteem is to make permanent conquest. I am confident that the nations that have learned the discipline of freedom and that have settled with self-possession to its ordered practice are now about to make conquest

of the world by the sheer power of example and of friendly helpfulness.

The peoples who have but just come out from under the yoke of arbitrary government and who are now coming at last into their freedom will never find the treasures of liberty they are in search of if they look for them by the light of the torch. They will find that every pathway that is stained with the blood of their own brothers leads to the wilderness, not to the seat of their hope. They are now face to face with their initial test. We must hold the light steady until they find themselves. And in the meantime, if it be possible, we must establish a peace that will justly define their place among the nations, remove all fear of their neighbors and of their former masters, and enable them to live in security and contentment when they have set their own affairs in order. I, for one, do not doubt their purpose or their capacity. There are some happy signs that they know and will choose the way of self-control and peaceful accommodation. If they do, we shall put our aid at their disposal in every way that we can. If they do not, we must await with patience and sympathy the awakening and recovery that will assuredly come at last.

THANKSGIVING FOR VICTORY

THANKSGIVING PROCLAMATION, ISSUED NOVEMBER 16, 1918. FROM "UNITED STATES STATUTES AT LARGE," VOL. 40, PT. 2, PP. 1888-1889.

IT has long been our custom to turn in the autumn of the year in praise and thanksgiving to Almighty God for His many blessings and mercies to us as a nation. This year we have special and moving cause to be grateful and to rejoice. God has in His good pleasure given us peace. It has not come as a mere cessation of arms, a mere relief from the strain and tragedy of war. It has come as a great triumph of right. Complete victory has brought us, not peace alone, but the confident promise of a new day as well in which justice shall replace force and jealous intrigue among the nations. Our gallant armies have participated in a triumph which is not marred or stained by any purpose of selfish aggression. In a righteous cause they have won immortal glory and have nobly served their nation in serving mankind. God has indeed been gracious. We have cause for such rejoicing as revives and strengthens in us all the best traditions of our national history. A new day shines about us, in which our hearts take new courage and look forward with open hope to new and greater duties.

While we render thanks for these things, let us not forget to seek the Divine guidance in the performance of those duties, and Divine mercy and forgiveness for all errors of act or purpose, and pray that in all that we do we shall strengthen the ties of friendship and mutual respect upon which we must assist to build the new structure of peace and good will among the nations.

Wherefore, I, Woodrow Wilson, President of the United States of America, do hereby designate Thurs-

A Great American Screw-Up

The U.S. and Iraq, 1980–1990

Paul A. Gigot

"Rarely has a government been more expectant. We just expected wrong."

—Thomas Schelling, from the foreword to *Pearl Harbor: Warning and Decision*, by Roberta Wohlstetter

ON JUNE 19, 1981, Israeli Prime Minister Menachem Begin addressed some 5,000 Holocaust survivors at the Wailing Wall in Jerusalem. Twelve days earlier Israeli warplanes had undertaken a spectacularly successful bombing of Iraq's nuclear reactor, Osirak, named after Osiris, the Egyptian god of the dead. "What's the difference if it's radiation and not Zyklon B gas?" Begin justified the bombing to the crowd, according to witness Allan Gerson. "It's still aimed at our children and ourselves."

On the same day at the United Nations, U.S. Ambassador Jeane Kirkpatrick was preparing to cast a vote on the Osirak bombing. She would vote to condemn Israel, not Iraq, for a "clear violation of the United Nations Charter and the norms of international conduct." The Security Council vote was 15–0, without abstentions.

Within the U.S. government, the only debate was whether it should work to strike the word "aggression" from the United Nation's condemnation. Ambassador Kirkpatrick fought to have the word removed, and it finally was. But, she and other officials recall, everyone in the Cabinet and President Reagan himself wanted to condemn the "preemptive violence" of the Israeli attack. No one at a senior level thought that Iraq's potential nuclear capability represented the greater threat to American interests.

The U.S. response to the Osirak bombing is the symbolic beginning of a decade of American misjudgment. The climax was Iraq's invasion of Kuwait on August 2, 1990, an invasion that caught nearly everyone in the U.S. government by surprise. How could our experts have been so wrong? A complete answer must await the first-hand testimony of officials who made the decisions and, especially, the unveiling of the historical record. But from numerous interviews and the available public record, it is possible to make a few judgments about a foreign-policy tragedy that rivals Dean Acheson's failure to include Korea in the U.S. "containment" perimeter in 1950.

In her classic book on Pearl Harbor, Roberta Wohlstetter writes about the difficulty of selecting genuine policy "signals" from a world of "noise." Once any signals are found, they must then be assessed to see if they should change the prevailing policy "hypothesis." Regarding Iraq, policy-makers all claim to have heard the aggressive signals from Saddam Hussein. "There were no illusions about Saddam," says Richard Murphy,

Paul A. Gigot writes the "Potomac Watch" column for the *Wall Street Journal*.

the Reagan administration's assistant secretary of state for Near Eastern and South Asian affairs, in a typical comment. And certainly Saddam's signals were loud.

What U.S. officials failed to do, however, was to use those signals to change their hypothesis about Saddam's intentions. They could not shake what even they themselves now call "the mindset" about Iraq. They let the accumulating evidence fit their favored hypothesis, rather than change that hypothesis to fit the new evidence. They had concluded that Saddam's growing threats were meant to coerce concessions from Kuwait, not to invade, even up to the day before the actual invasion.

From this mistake flowed a second one: the failure to signal American intentions. U.S. officials thought that conciliation, rather than a new policy of containment, had a better chance of persuading Saddam not to invade. So when they did send messages warning Saddam, the messages were mixed in a way that Saddam could plausibly interpret as appeasement. Perhaps U.S. officials are right to say that nothing they could have said or done would have stopped Saddam from invading; no one can know. But what is indisputable is that U.S. policy offered no deterrent to his invasion.

Perhaps most troubling, the failures were systemic. There are few heroes in this drama, and none with enough rank to have been able to begin a reconsideration of policy. Certainly no one ranking in the Bush administration is bathed in glory. No senior official played the skeptic that George Ball did toward Vietnam policy under LBJ. In the weeks since the invasion, Congress has tried to take credit for having more prescience than the Bush administration, but this is revisionism. Congress shares responsibility.

The decade of miscalculation has its roots in the Iranian Revolution of 1979. For two decades before the fall of the Shah, the United States had viewed Iran as its strategic bulwark in the Persian Gulf. U.S. relations with Iraq, by contrast, had been virtually non-existent since normal ties were cut in 1967. The rise of Ayatollah Khomeini and the taking of American hostages changed everything.

Suddenly, the United States was Iran's "Great Satan." Iran's new radical leaders vowed to spread their Shiite brand of Islamic fundamentalism throughout the Gulf. Carter administration officials began to turn their attention toward a new "pillar of stability" in the Gulf, Saddam Hussein's Iraq. Howard Teicher, a Defense Department official at the time, who later joined the Reagan National Security Council, wrote a classified fifty-page paper warning of the dangers of this tilt and predicting that Iraq would invade Iran. No one paid much attention. "The prevailing view was that perhaps we could encourage moderation, and work with Iraq," Teicher recalls. By April 1980, National Security Adviser Zbigniew Brzezinski could assert that, "We see no fundamental incompatibility of interests between the U.S. and Iraq."

The onset of the Reagan administration accelerated this trend. Even when Iraq invaded Iran, the overriding U.S. view was that Iran was stronger and would be by far the greater threat if it emerged from the war dominant in the region. Publicly, the U.S. remained neutral in the war, but behind the scenes it tilted sharply toward Iraq. "There was a snowballing effect," says Teicher. "There was more and more stuff we were doing with the Iraqis."

THE UNITED States, in effect, became Iraq's silent ally. In 1982, the U.S. took Iraq off its list of nations promoting terrorism. A year later it launched Operation Staunch, an attempt to persuade other nations to stop selling arms to Iran. No similar effort was made toward Iraq, which became a favorite arms customer of France and the Soviet Union, among other nations. We began to share intelligence information with Iraq and, by 1984, the U.S. and Iraq had resumed full diplomatic relations. This decision unleashed official credit guarantees that, by

1990, had amounted to a U.S. taxpayer exposure in Iraq in the billions of dollars, according to Lally Weymouth.

The final, and perhaps decisive, tilt was the U.S. decision to reflag Kuwaiti tankers in 1987. Though Iraq had started the so-called tanker war, Iran had escalated it to include shipping from Iraq's Arab allies. The reflagging made it difficult for Iran to attack Iraq's supply lines through Kuwait.

Throughout this period, it should be said, Iraq did show a more moderate face toward the West. It became less hostile to the Arab-Israeli peace process. Saddam expelled some (but not all) leading terrorists from Baghdad. Iraq's ambassador to Washington for most of the 1980s, Nizar Hamdoon, had a soothing, conniving charm similar to that of South Korea's Tongsun Park in the 1970s. When an Iraqi missile hit an American warship in the Gulf, the *USS Stark*, Saddam quickly apologized and paid $27 million to the families of the thirty-seven victims.

Other Arabs made a point of underscoring the "change" in Saddam's behavior. Teicher recalls a meeting with Egyptian President Hosni Mubarak in April 1982: "Mubarak gave me a fifteen-minute lecture about how Iraq had changed. He said, 'You have to do everything you can to make Iraq survive the war. You have to tell President Reagan.' He kept shaking my hand and wouldn't let go." The combined impact of this effort was that a large portion of America's policy elite concluded that Saddam really was "someone we could work with."

There were a few dissenters, of course. Teicher and Graham Fuller, a CIA analyst at the time, collaborated on a memo in 1985 that became notorious during the Iran-*contra* hearings two years later. They argued that Iran remained a strategic prize that should not be ignored, and that Saddam's domestic barbarity meant his "change" might be cosmetic. Their views were debated and rejected.

But that rejection, perhaps understandable at the time, took on a tragic cast during the Iran-*contra* hearings. Their memo was interpreted by Congress as the intellectual basis for President Reagan's failed opening and sale of arms to Iran. Congressional investigators scorned any attempt to deal with Iran as futile, even absurd, but they never questioned the ongoing assistance to Iraq. Peter Galbraith, a Senate Foreign Relations and Iran-*contra* Committee aide, says the Iraqis gave him extraordinary access to Iraqi Kurdistan in 1987 in large part because "the Iraqi Ambassador thought we were doing the Lord's work."

But anyone even remotely associated with the opening to Iran was forced out of government. Teicher, for one, was purged from the NSC. The consequences would echo through the events of 1990. "No one who saw what happened to us was going to come near engaging with Iran at any level," says Teicher. Congress's Iran-*contra* vendetta must bear some of the responsibility for creating an environment in which dissenters on the Gulf could not be heard.

Iran's surprising decision to end the war, in August 1988, offered a new chance for the United States to reassess its Gulf policy. Instead, even as the strategic circumstances changed, "the mindset" continued.

In late August, ethnic Kurds began streaming over the Iraqi border into Turkey. Their testimony and physical condition—discolored and burned skin, blurred vision, shortness of breath—provided evidence that Iraq had used chemical weapons against its own population. The Reagan administration—and the rest of the West—reacted with what can politely be called restraint. The State Department publicly condemned the attack, but privately also sent a message of conciliation to Iraq. As one State official told the *New York Times* on September 8, 1988: "The approach we want to take is that, 'We want to have a good relationship with you, but that this sort of thing makes it very difficult.' "

The mixed message continued as a battle raged in Congress over U.S. sanctions against Iraq. Secretary of State George Shultz privately complained to Iraq's foreign minister and received a promise that Iraq would not

use gas again and would attend an arms-control conference the next January. "It was enough to persuade us that working on it privately was enough to be productive," says Murphy, State's Middle East point man at the time. "And sanctions would not be productive."

After the chemical attacks, the Senate passed tough unilateral sanctions, 87–0. The Reagan administration responded with ferocious lobbying that first watered the sanctions down, then finally killed them. The administration never offered a compromise for even modest sanctions. American businesses with sales to Iraq—rice millers, chemical companies, and others—also lobbied furiously against sanctions. In the end, House Foreign Relations Committee Chairman Dante Fascell asked that sanctions be stripped from the tax bill to which they had earlier been attached. Galbraith says he received a 5 a.m. call on the last day of the session informing him that the sanctions had been pulled in the dead of night.

It is impossible to know if U.S. sanctions in 1988, or later in 1990, would have changed Saddam's behavior. But it is possible to speculate on the lesson Saddam learned about Western resolve after his chemical attacks. "He learned that his actions would be met solely with rhetorical opposition," says Galbraith. Saddam had committed a horrendous act—the first use of gas since Hitler—yet his only cost was to have one of his senior aides politely dressed down by George Shultz.

Meanwhile, inside the State Department, a prominent member of the policy planning staff was urging a wholesale change in Gulf policy. Zalmay Khalilzad, a Columbia University professor hired to offer advice on Afghanistan and the Persian Gulf, wrote the most prescient piece of analysis produced about the Gulf in the U.S. government. He concluded that Iraq had replaced Iran as the foremost threat to American interests in the region.

The Khalilzad logic was geopolitical: Iran had emerged from the war far weaker than anyone had thought, so weak that it could no longer perform its historic "balancing" role against Iraq. The threat of promoting Shiite fundamentalism was gone. The new Gulf threat came from the potential for Iraqi regional dominance. According to a source familiar with it, the memo argued that, "The logic of power is that a regional hegemon would want any external power out of the region." That meant it was only a matter of time before Saddam would agitate against any American presence. So the United States should make overtures to Iran, ending both the trade embargo and Operation Staunch, and consider a "containment" strategy against Iraq.

Khalilzad's memo received wide internal circulation and was debated at the highest levels. But as one official familiar with the period observes, "That was pissing into the wind in Washington, and still is." Eventually, the policy review suffered the fate of many such efforts: it was leaked to the press. A story in the *New York Times* described the effort as an attempt "by middle-level officials to re-evaluate American policy toward Iran." A November election loomed, and the Reagan administration was coming to an end. The review was killed.

IN 1989, the incoming Bush administration had another chance to reconsider Gulf policy. It did conduct a long "strategic review," but its conclusions were close to those of the Reagan team.

This is not surprising, given that many of the new Bush appointees had also helped make earlier Mideast policy. Richard Haass, the new Middle East point man at the NSC, had worked in the Defense Department when the Carter administration began to consider overtures to Iraq. Dennis Ross, now head of State's policy planning shop, had worked in the late Reagan NSC before joining the Bush presidential campaign. His new deputy, Bill Burns, had worked with him at the NSC. And Richard Fairbanks, who headed the Bush campaign's Middle East policy team, had also worked on Middle East issues in the Reagan years. By then out of government, Fairbanks

was until recently also Iraq's registered agent in Washington.

Most of these officials knew and understood the strategic arguments made by Khalilzad. But they expressly rejected them. "The mindset" persisted. As one White House official who developed the policy put it, after the Iran-Iraq War "there was a sense that the Gulf had come out of a difficult period and was getting better." Both sides in the war were thought to be exhausted. "The detente analogy" prevailed, says this source. The U.S. might not like everything Iraq did, and might detest its human rights record, "but if we could have a more normal relationship with Iraq, why not try?" In mid-1989, President Bush signed a national security directive implementing detente toward Iraq.

LIKE THE SOVIETS in the 1970s, however, Saddam Hussein refused to cooperate. Beginning in late 1989 through July of 1990, he undertook a series of escalating threats and actions toward his Arab neighbors and the United States that everyone agrees signaled hostile intentions. Zalmay Khalilzad's predictions about Saddam's regional ambitions were coming true.

On February 24, 1990, Saddam gave a blistering speech to the Arab Cooperation Council, a regional club meeting in Amman, Jordan. Saddam warned that with declining Soviet power, "the Arab Gulf region will be governed by the wishes of the United States." He implied that no "good" Arabs would want this and so they should look for ways to undermine U.S. influence in the region. In March, Iraqi agents were arrested in Britain for smuggling parts to build nuclear weapons. Then on April 2, Saddam sent a signal even the deaf could hear. He declared he had binary chemical weapons and that, "By God, we will make the fire eat up half of Israel, if it tries to do anything against Iraq."

The April speech inspired the Bush team's only serious reconsideration of its Iraq policy. As early as January, junior aides to Dennis Ross in State's policy planning office had been urging a change to a "containment" policy, including sanctions. Ross was "sympathetic," say sources, but never really focused on the issue. The April remarks finally got his attention. Ross and John Kelly, the assistant secretary for Near Eastern affairs, have told reporters they went to Secretary of State James Baker and urged a new policy of limited sanctions against Iraq. Baker is said to have agreed.

But the policy review died aborning. Baker turned the effort over to Robert Kimmitt, State's undersecretary for political affairs, who made a case to the interagency "deputies committee," a set of officials just below the Cabinet level. Accounts differ on what happened next. By State's account, its initiative died after it met resistance from the Commerce Department and the NSC staff, including NSC adviser Brent Scowcroft.

Other sources, the majority by far, insist that State never really made much of an effort. "My impression was they were worried more about public positioning than about the policy," says one official. Another claims, "I don't know what was said to the secretary, but State did not represent a policy position that was at variance with anyone else's." The meeting reached a consensus not to renew commodity loan credits to Iraq, but to attribute this decision to a scandal involving a bank. "We tried to de-politicize the decision," says one of the deputies, in order not to risk antagonizing Saddam. (On April 13, the Agriculture Department suspended farm credits, citing not the works of Saddam, but financial irregularities.) The policy review, such as it was, had ended.

The review's failure is partly explained by the way national-security advice is transmitted to President Bush. The administration really has two national-security policy systems. The first, and least important, is the formal interagency process, led by the NSC. But this NSC staff is one of the least powerful in years, and its leader, Scowcroft, is a cautious man who is more manager than strategic thinker. The other, much less formal, system is dominated by George Bush's close friend, James Baker, his small team of

aides, and whatever allies they seek to include. This second system is the route by which virtually every major national-security policy change has been made during the Bush years—for example, the decisions to engage Mikhail Gorbachev and to negotiate with Cambodia.

But this system's strength is also its weakness: it relies on a small nucleus of people, literally a handful of aides. If an issue falls outside their radar screen, it is probably being run on autopilot by the permanent bureaucracy. This is by all accounts what happened toward Iraq. Ross is Baker's Middle East expert, but he is also his main adviser on Soviet policy. Throughout 1990, Ross was preoccupied with Germany, Soviet politics, and arms control, among other issues. For most of the Bush administration, Ross's main Middle East worry was the Arab-Israeli peace process. The Gulf was left to Kelly and his Near East bureau, which would never change policy without guidance from the top. Since that guidance never came with any force, Kelly never sent Saddam Hussein a different message.

Indeed, what is remarkable about the various messages the U.S. sent to Saddam in 1990 is how consistent they were. They never threatened to break relations; they were more carrot than stick. They certainly never drew a line in the sand.

State's spokeswoman quickly denounced Saddam's April speech as "inflammatory, outrageous, and irresponsible." But ten days later, five senators, led by Kansas Republican Bob Dole, met Saddam in the Iraqi city of Mosul. They presented a letter expressing "very deep concerns" about his chemical and biological weapons. The letter said these were "a major barrier to improved relations," but said nothing about current relations. And according to a transcript of their meeting released by the Iraqis (and not disputed, save for minor details, by Dole's office), the senators were less than profiles in indignation.

At the meeting, Dole referred to "[Pennsylvania Senator Arlen] Specter, whom you met and who went away with a very positive impression of you." Dole added that President Bush would probably veto sanctions against Iraq and that, "We in Congress also try to exert our utmost efforts in this direction." Howard Metzenbaum, the Ohio Democrat, chimed in that, "After listening to you for about an hour, I realized you are a strong and an intelligent man, and that you want peace." A month later, Metzenbaum opposed anti-Iraq sanctions in the Senate (but still later supported them).

When Saddam attacked the Western press for distortions, Wyoming Republican Alan Simpson more or less agreed: "I believe your problem is with the Western media, not with the U.S. government, because you are isolated from the media and the press. The press is spoiled and conceited. All the journalists consider themselves brilliant political scientists. They do not want to see anything succeeding or achieving its objectives. My advice is that you allow those bastards to come here and see for themselves." Simpson said this only a month after Saddam had executed a British journalist accused of being a spy.

THE EPISODE that may best symbolize the confused messages to Saddam was State's quashing of honest commentary by the United States Information Agency. On February 15, 1990, a Voice of America editorial, entitled "No More Secret Police," hailed popular revolts against "dictatorial rule," especially in Ceaucescu's Romania. It included the following (and only) reference to Iraq: "The secret police are still widely present in countries like China, North Korea, Iran, Iraq, Syria, Libya, Cuba and Albania."

Saddam must have reacted furiously, because the response at State was to mollify him. "Our guess is that the President himself heard it on February 15," America's ambassador to Baghdad, April Glaspie, cabled to Washington. She had been called to see Iraq's deputy foreign minister, who protested a "flagrant interference in the internal affairs of Iraq," according to the cable, which was

uncovered by *New York Times* columnist William Safire.

The U.S. responded with what Saddam could easily have read as a collective grovel. "It is absolutely not United States policy to question the legitimacy of the Government of Iraq nor to interfere in any way in the domestic concerns of the Iraqi people and government," Ambassador Glaspie wrote back to the foreign ministry. "My government regrets that the wording of the editorial left it open to incorrect interpretation." She added that the editorial could not have referred to Saddam, because "as assistant secretary Kelly told his Excellency the President on February 12, President Bush wants good relations with Iraq, relations built on confidence and trust. . . . "

Back in Washington, Kelly rebuked a VOA representative at a State Department staff meeting attended by Secretary Baker. Six weeks later, when Saddam complained to the five senators about the Western press, Dole replied: "There was one person who was not authorized to say anything about the government. He was a commentator for VOA. . . . That person was fired." The VOA writer had not been fired, though an embassy official told the senators he had been.

After Saddam's complaints, State asked to see all VOA editorials on Iraq before they were aired. So on July 25, one week before the Kuwait invasion, VOA submitted a draft editorial that would prove to be prophetic. It read: "As a U.S. Defense Department spokesman said this week, the U.S. remains strongly committed to supporting the individual and collective self-defense of its friends in the Persian Gulf. . . . The U.S. would take very seriously any threat that put U.S. interests or friends at risk." Kelly's bureau killed even that tepid warning to Saddam Hussein.

Nearly as telling is the way NSC staffers sought to tone down an April 30 speech by Vice President Dan Quayle to the Washington Institute for Near East Policy. According to White House sources who saw it, the speech draft included a reference to Saddam's April 2 "threats." Comments on the draft from the NSC asked that this be changed to Saddam's "remarks." Another NSC comment: "Emphasis on Iraq misplaced given U.S. policy, other issues." The final draft included only a mild rebuke to Iraq for "reckless words and actions."

The mixed messages continued up to the August 2 invasion. In late May, Haass quietly visited Baghdad and had a sharp exchange with the foreign minister and his deputy. Haass "basically said, 'This relationship is up to you,' " according to a White House source. Haass said the administration is fighting off sanctions in Congress, " 'but you [the Iraqis] are giving us no ammunition.' "

Throughout this period, the Bush team was also resisting anti-Iraq sanctions gaining momentum in Congress. Douglas Waller has reported in the *New Republic* that Senator Dole put a legislative "hold" on one sanctions bill right up to the day of the invasion. Expressing the administration's view of sanctions attached to a farm bill, Indiana Republican Senator Richard Lugar said that, "Passage of this legislation would badly undercut any possibility we have of influencing Iraqi behavior in areas from the peace process to human rights, terrorism to proliferation."

THE MOST FAMOUS exchange is of course the July 25 meeting between Ambassador Glaspie and Saddam in Baghdad. (The transcript was leaked by the Iraqis, and its accuracy has not been challenged by State.) It can only be called amazing. Saddam threatened and blustered, all but declaring his intent to invade Kuwait. Ambassador Glaspie replied: "We have no opinion on the Arab-Arab conflicts, like your border disagreement with Kuwait. I was in the American Embassy in Kuwait during the late 1960s. The instruction we had during this period was that we should express no opinion on this issue and that the issue is not associated with America."

This conversation has been taken as the decisive, final signal to Saddam of U.S.

weakness, and it may well have been. But it also wasn't far removed from the pattern of U.S. policy set during the previous years, and especially the previous five months. Glaspie may have been more fawning (U.S. officials say she had no specific instructions for the meeting since it was called on very short notice), but she was only one part of "the mindset."

Indeed, after Ambassador Glaspie's meeting, with Iraqi troops massed on the Kuwait border, a cable was sent to Saddam under President Bush's signature. According to the Middle East Policy Survey newsletter (which first reported the story) and to sources familiar with it, the cable gave a "firm" but general message opposing the use of force. It offered no specific security guarantees toward Kuwait, and it held out the hope of better relations. Still later, on July 31, John Kelly testified before Congress that "we have no defense treaty relationships with any of the [Gulf] countries. We have historically avoided taking a position on border disputes or on internal OPEC deliberations, but we have certainly, as have all administrations, resoundingly called for the peaceful settlement of disputes and differences in the area." The BBC World Service reported that Kelly had offered no security guarantee for Kuwait. April Glaspie clearly was not alone.

To the very end, U.S. officials expected that Saddam would not invade. By all accounts, the intelligence community well documented the Iraqi build-up near Kuwait, but missed Saddam's intentions until August 1. A lone (and so far anonymous) analyst did predict the invasion, according to several sources, but the intelligence "consensus" was far more hedged. "The theory was that everything he was doing was to coerce" Kuwait, says one ranking source. "He wanted the money, or maybe the two islands [in the Persian Gulf], but not Kuwait. So what was the problem?" One source recalls a meeting on July 31 with Secretary Cheney and senior Defense Department officials; the consensus was that he would not invade. Two days later Saddam's tanks rolled in.

In their own defense, administration officials point to the fact that Saddam's own Arab neighbors reinforced U.S. policy. And it is true that, again and again, Egyptian, Jordanian, Saudi, and even Kuwaiti officials urged the United States not to say or do anything that might provoke Saddam. Only a day before August 2, Jordan's King Hussein telephoned President Bush to assure him that no invasion was imminent. This Arab mindset, say U.S. officials, meant that a shift to containment would have required the U.S. to go it alone.

But this is impossible to know for sure since the U.S. never tried to persuade the Arabs to change course. And it is disturbing to think that U.S. officials rely so heavily on the judgment of Arab officials, whose interests are so clearly different from our own. It is, after all, mainly American men and women who are now defending Saudi Arabia. Israel, moreover, was signaling for months that the United States should shift its policy toward containment. Moshe Arens, the Israeli defense minister, made this plea in person to Secretary Cheney in a Washington visit on July 19–20. But U.S. officials gave greater weight to the Arab belief that no Arab leader would ever invade a brother nation.

Could a different policy have deterred Saddam? It is impossible to say. Administration officials are naturally defensive about their decisions, and Secretary Baker has gone so far as to denounce as "shameful" the "20–20 hindsighting going on."

Perhaps he is right, but in a democracy, hindsight can also go by the name of accountability. It is undeniable that U.S. policy failed to give even the most basic signal that might have deterred Saddam. The policy failed to understand the oldest truth of international relations: That bullies who threaten American interests cannot be appeased, they must be opposed.

Michael Mandelbaum

THE BUSH FOREIGN POLICY

In 1989 the greatest geopolitical windfall in the history of American foreign policy fell into George Bush's lap. In a mere six months the communist regimes of eastern Europe collapsed, giving the West a sudden, sweeping and entirely unexpected victory in its great global conflict against the Soviet Union. Between July and December of 1989 Poland, Hungary, East Germany, Czechoslovakia, Bulgaria and Romania ousted communist leaders. Their new governments each proclaimed a commitment to democratic politics and market economics, and the withdrawal of Soviet troops from Europe began. All this happened without the West firing a single shot.

The revolutions in eastern Europe ended the Cold War by sweeping away the basic cause of the conflict between the two great global rivals: the Soviet European empire. They did so on George Bush's watch, a term that seems quite appropriate. As the revolutions occurred, he and his associates were more spectators than participants—a bit confused, generally approving, but above all passive. The president kept the United States in the background. In response to the most important international events of the second half of the twentieth century, the White House offered no soaring rhetoric, no grand gestures, no bold new programs. This approach served America's interests well. Events were moving in a favorable direction; staying in the background, taking care not to insert the United States into the middle of things, was the proper course of action. The qualities most characteristic of the Bush presidency—caution, modest public pronouncements and a fondness for private communications—were admirably suited to the moment.

The end of communism in Europe need not have proceeded so smoothly. There were pitfalls and blind alleys, alternative policies that had serious advocates. The Bush administration

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steered clear of them all. In so doing, it steered the United States into a new world.

But with the end of the Cold War the familiar guideposts of American foreign policy have disappeared. The revolutions in eastern Europe, taken cumulatively, were a revolution in international politics, and they have had a revolutionary impact on America's relations with the rest of the world. There will be greater discontinuity in foreign policy between the first and second halves of the Bush presidency than between any two administrations in the postwar period.

The post-Cold War international agenda is beginning to take shape. It is not likely to be dominated by military confrontations between great nuclear powers, or even by crises like the one in the Persian Gulf. Instead, economic issues will predominate, particularly as formerly communist Europe and countries in other regions move toward market institutions and practices. For these challenges President Bush's style of leadership seems less appropriate. The attributes he lacks—the capacity to define clearly American interests abroad and the policies necessary to pursue them, a mastery of the intricacies of economic affairs, and a determination to redress the chronic imbalances of the American economy—may well be the qualities required for effective leadership in the post-Cold War era.

II

The end of the Cold War took place in two stages. In the last half of 1989, the communist governments of eastern Europe fell; in the first half of 1990, the fate of Germany was decided. In both stages, plausible alternatives existed to the approaches adopted by the Bush administration; at each stage, the administration chose the proper policy.

The president could have done what many wanted him to do: exult in the West's triumph. He could have celebrated victory more publicly, more frequently and more emphatically. Doing so, however, would have jeopardized the necessary condition for the revolutions of 1989: Moscow's willingness to tolerate them.

There was no doubt more than one reason that the Soviet leaders decided not to stop the process of political change in eastern Europe in 1989, as their predecessors had done in Hungary in 1956, in Czechoslovakia in 1968 and, indirectly, in Poland in 1981. Mikhail Gorbachev and his colleagues were

aware of the weakness of their country's international position. They were preoccupied with internal affairs, especially deteriorating economic conditions and the rising rebelliousness of the non-Russians. Whether or not they recognized that they could end their conflict with the West only by relinquishing eastern Europe, they were plainly convinced that they could give up the empire that Stalin had acquired without putting Soviet security in mortal jeopardy.

That conviction might have wavered had the West ostentatiously celebrated the retreat of Soviet power. By what it refrained from doing publicly, as much as by whatever private messages it may have conveyed to Moscow, the Bush administration avoided embarrassing, threatening or otherwise provoking the Soviets. This was the most important contribution to the events of 1989 that the United States was in a position to make.

The administration might also have followed the opposite policy. It could have made common cause with the Soviet Union to try to control the process of change in eastern Europe. Secretary of State James A. Baker was reported in March 1989 to be favorably disposed to discussing that subject with Moscow.[1] The idea was far from absurd. When communist governments in eastern Europe were challenged in the past, the Soviet Union intervened to keep them in power, bringing bloodshed and repression and poisoning relations with the West. There was every reason in 1989 to try to avoid a similar sequence of events.

The Bush administration acted wisely in not making the political future of eastern Europe the subject of Soviet-American negotiations. Such negotiations would have severely damaged relations with the Europeans themselves, both east and west, who objected to what they termed a "second Yalta"—the two great powers deciding Europe's fate without European participation. Negotiations, as it turned out, were unnecessary. The Soviet Union did not intervene. The Bush administration correctly calculated that the interest of the United States lay in allowing the authentic, peaceful, democratic revolutions to run their course. Washington encouraged this process by reassuring Moscow that the course of events did not jeopardize legitimate Soviet interests. This middle course with the Soviet

[1] Thomas Friedman, *The New York Times*, March 28, 1989.

Union, between collaboration and confrontation, was an important and underappreciated achievement of American foreign policy. If one of the tests of each presidency after 1945 has been the capacity to manage crises, the president deserves high marks for his policies during the six eventful months that may be seen in retrospect as the final crisis of the Cold War.

No sooner had the last east European revolution been completed—in Romania—than Europe and the two great nuclear powers had to confront the issue of German unity. The march toward the merger of the two Germanys—or, rather, toward the collapse of East Germany and its takeover by the West—was not initially intended by any government, including Bonn. It was the product of the spontaneous initiative of hundreds of thousands of East Germans. By moving to the West in large numbers, even after the opening of the inner-German border, they voted with their feet against the continued existence of a separate state. They also voted for the end of East Germany in March 1990 in a more familiar way: the first free elections ever held in the G.D.R. yielded a resounding majority in favor of rapid unification.

In light of the four decades of peace that a divided Europe had enjoyed and the havoc that Germany had wrought when it had been powerful and independent, it was hardly surprising that German unity was not universally welcomed. British Prime Minister Margaret Thatcher and French President François Mitterrand each indicated that they were not happy at the prospect. Commentators in the United States were not wholeheartedly enthusiastic either, and for the same reasons: the Germans could not be trusted; or, even if they could be, discarding the security arrangements that had served so well for so long was unacceptably risky. Had Washington also shared and acted on these reservations, it could have slowed and perhaps even blocked German unification. The United States—as well as Britain and France—would have in effect declared that, while every other nation in Europe, and all peoples elsewhere, were entitled to choose their own political arrangements, the Germans were not. Such a declaration would have stirred the same kind of resentment at unequal treatment that Hitler exploited in the 1930s in order to win power and launch his ruinous policies. Although it would not have pushed Europe into war, it would have discredited in the eyes of Germans the important roles the Federal Republic

played in the postwar period—in NATO, in the European Community and in other international organizations.

The Bush administration declined to place obstacles in the path of German unity. Without American support no other country, or combination of countries, could have hoped to block German unification. But Washington was no more prescient than any other capital about the pace of events in Germany. It was motivated in part by a short-term concern that a fight over unification between West Germany and its allies would bring to power Germany's Social Democrats, who might adopt a dangerously neutralist foreign policy. Support for Chancellor Helmut Kohl was nonetheless consistent with the proper long-term American approach to the German Question: that is, support for the right of Germans to decide their own fate, combined with efforts to create conditions in which the German decision, especially if in favor of unity, would not make others, or Germans themselves, feel insecure.

The key to maintaining a secure Europe was to keep the newly united Germany firmly anchored in an American-led security community. The Bush administration waged a successful diplomatic campaign on this issue within the framework of the "two plus four" negotiations. These talks involved the two Germanys plus Britain, France, the Soviet Union and the United States—the four powers whose victory in World War II gave them special prerogatives in Germany. In the first half of 1990 the administration used this forum to obtain Soviet acquiescence on Germany's continuing membership in NATO.

The final details of the terms of German unity were worked out without the United States, Britain or France, in the summer of 1990 in a meeting between Chancellor Kohl and President Gorbachev at the Soviet leader's home in Stavropol. The meeting raised the specter of Soviet-German collusion against the interests of the rest of Europe. Without reconciliation between Germany and Russia, however, there could be no end to the Cold War. Peace in Europe was impossible without an accommodation between its two largest powers. For most of the hundred years between the fall from power in 1890 of Bismarck, the original architect of German unity, and the 1990 unification of the two German states, Germany and Russia had defined their interests in Europe in ways unacceptable to each other. This ongoing Russo-German antagonism caused much of the tension, rivalry and war on the continent

in that period. It now may be hoped that the events of 1990 have brought that era to an end.

The Soviet-German rapprochement is not dangerous to others, provided it takes place within a European security framework that includes a continuing American presence. It is just such a framework that the Bush administration was instrumental in designing, and is apparently committed to maintaining.

III

Just as America, the Soviet Union and the European nations were beginning the task of constructing a new post-Cold War Europe, Saddam Hussein interrupted them. His invasion, occupation and declared annexation of Kuwait—and the American response—dominated U.S. foreign policy in the latter half of George Bush's second year as president.

President Bush dispatched to the Middle East the largest expeditionary force since the Vietnam War and organized an impressively wide coalition against Iraq. The American intervention in the gulf, whatever its outcome, will exert a major influence on future American policy in the region. It may also prove to be the decisive event of George Bush's presidency. Success could assure his reelection and strengthen his hand at home and abroad; failure could have the opposite effects. Even a limited victory for Saddam Hussein would increase the power of forces opposed to the United States and its friends, and have adverse and perhaps disastrous consequences for the entire Middle East.

The gulf crisis is not, however, a preview of international politics beyond the Cold War. It is an important development, to be sure, that cannot help but influence American foreign policy in years to come. But it is not the seminal event from which America's new international role will emerge.

The Iraqi invasion demonstrated that some features of the Cold War persist, even in the absence of the Soviet-American rivalry. There are still dangerous people abroad who have the power to jeopardize Western interests. It also demonstrated that when those interests must be defended by force the principal responsibility continues to rest with the West's leading military power, the United States. The gulf crisis also illustrates the changes that the end of the Cold War has produced in international politics. The United States and the Soviet Union find themselves on the same side of the conflict.

In part because of this harmony, it proved possible to assemble an international coalition of unprecedented breadth to oppose Saddam Hussein.

Soviet-American cooperation also made possible a prominent role in the gulf crisis for the United Nations, whose machinery, especially the Security Council, had for most of its history been paralyzed by the great schism between its two strongest members.

Most important of all, the end of the Cold War and the newfound solidarity between Washington and Moscow allowed the United States to undertake military operations on a large scale in the Middle East, without the fear of triggering a larger conflict with the Soviet Union and uncontrolled escalation to World War III. This was an enormous military advantage for the United States.

The gulf crisis, however, does not offer a reliable guide to the post-Cold War world. The United States sent forces to the Middle East for two reasons: to support the principle that stronger powers must not swallow up weaker neighbors; and to prevent a large fraction of the world's oil reserves from coming under the control of a brutal, aggressive and unpredictable tyrant. The principle of sovereign independence is important. Where it is challenged in the years ahead the United States will surely support beleaguered small states—but not by sending 400,000 troops to liberate them. Oil is a uniquely valuable resource, one that makes the Persian Gulf the only part of the Third World where Western interests are sizable enough to justify a large war.

In the minds of American policymakers, the various conflicts of the Cold War were all connected. The Greek civil war, the Korean War, the Vietnam War and others were seen as part of a global struggle against communism. Each was consequential not only for what was directly at stake, but for its effect on the Western position in other parts of the world. The confrontation with Iraq, by contrast, is not connected to anything beyond the Middle East. Important as the Middle East is to the United States and the rest of the West, it does not provide the basis for a global foreign policy, as did the conflict with the Soviet Union.

During the Cold War, wars and conflicts outside Europe derived their importance for the United States from their connection to the Soviet Union. With the end of the Cold War, they will be far less consequential for American foreign policy.

The Persian Gulf excepted, the United States is considerably less likely to dispatch forces abroad in the post-Cold War era. In this sense the gulf crisis belongs to the past, not the future, of American foreign policy.

There is still a military role for the United States to play, but the regions where American forces will remain useful are those where they were concentrated during the conflict with the Soviet Union: Europe and East Asia. Their mission, however, will be different from those they have become accustomed to carrying out.

IV

Deterrence of the Soviet Union has ceased to be the all-consuming international concern of the United States. Moscow is withdrawing its troops from Europe, and drawing down its forces in East Asia as well. Equally important, the sources of an expansive Soviet foreign policy—the commitment to the principles of Marxism-Leninism and the determination to spread them abroad—have all but disappeared.

The end of the Cold War, however, does not bring an end to the system of relations among sovereign states in which threats can arise. The difference is that, henceforth, the dangers to the security of America's friends in Europe and Asia are likely to be more distant and nebulous than the sharply defined threat the Soviet Union was seen to pose over the last four decades. Dangers could still arise, and there is still a role for the United States to play in dealing with them. West Europeans will continue to share a continent with a Soviet Union that, whatever form it ultimately takes, will be both large and heavily armed. Europe will need to counterbalance that military power; perpetuating the American commitment is the best way to do so.

The newly united Germany in particular will need some form of protection. German-Soviet relations are now cordial. But Soviet military force, particularly Soviet nuclear weapons, give Moscow considerable potential for leverage over Germany should new disputes arise between them. Without some form of protection, Germans will be vulnerable to Soviet pressure. A Germany without a security tie to the United States might well feel the need to strengthen its own armaments, perhaps even with nuclear weapons. A German nuclear arsenal would not arise from aggressive impulses. Rather, it would be a prudent, defensive response to a new set of

geopolitical conditions. But however benign its motives, a Germany armed with nuclear weapons would create uncertainty, alarm and instability in Europe. Perpetuating the American commitment to western Europe is a hedge against this undesirable and potentially dangerous sequence of events. This is why the Bush administration's determination to maintain the basic structure of NATO is well advised.

Such a commitment would be designed not so much to deter an immediate threat from the Soviet Union as to reassure all of Europe—including Germany and the Soviet Union—that it need not fear a power vacuum. Such a vacuum might compel European nations to recalculate their military requirements, perhaps in ways others would consider as threatening.[2]

In East Asia, as in Europe, the Soviet threat to America's principal ally, Japan, has diminished considerably. Yet the American military presence there remains useful for the same reason. If the United States were to withdraw completely from the region, Japan, like Germany, might feel the need to adopt a more independent military role, including the acquisition of a nuclear arsenal. A nuclear-armed Japan would likewise alarm neighboring countries. In the post-Cold War era, American military forces in East Asia, as in Europe, can serve as a buffer among countries that, while no longer avowed adversaries, continue to be suspicious of one another and might conduct more aggressive foreign policies without a reassuring American presence.

Providing reassurance will require America's continued military cooperation with other countries, which may prove difficult. The United States may not retain all the overseas military facilities and basing rights of the Cold War. The American presence in the Philippines, for example, is already contracting; the United States has agreed to withdraw its fighter aircraft from Clark Air Force Base. Similarly, although the German government will welcome the continuation of an American security guarantee, the German people may be increasingly reluctant to play host to American forces, especially American nuclear weapons. If the political difficulties of deploying armed forces abroad will multiply in the wake of the Cold War, however, the forces that the United States will need to deploy will be more modest. The military requirements of

[2] On the distinction between deterrence and reassurance see Michael Howard, "Reassurance and Deterrence: Western Defense in the 1980s," *Foreign Affairs*, Winter 1982/83.

reassurance in Europe and Asia will surely be less demanding than those of deterrence.

The greatest difficulty in sustaining a policy of reassurance, ironically, may lie in winning support for it in the United States. The forty-year rationale for stationing American troops abroad is gone. The Cold War provided a succession of American presidents with a powerful justification for stationing troops overseas and occasionally sending them into battle. The simple, compelling purpose of the nation's global military deployments was to check the Soviet Union. To the American public, the new purpose—reassurance—is liable to seem vague, implausible, the product of tortured logic, or simply not worth the risk.

In the absence of a Soviet threat the Bush administration floundered in finding a public justification for its military buildup in the Persian Gulf. This president and his successors may well encounter comparable difficulties in persuading the public to continue to support an American military presence overseas. The same question that was raised about troops in the gulf is likely to be directed at the continuing American deployments in Europe and Asia: Why are they there?

To answer that question, and to rally public support for a continuing American military presence abroad, what is needed is what this administration notably lacks: vision—the capacity to paint a vivid, convincing picture of the new world and America's interests in it. Vision requires the ability to communicate not only privately to other leaders, but publicly to the American people. If this president and his successors are able to present the appropriate vision, if they are able to make a persuasive case for keeping enough forces in Europe and Asia to reassure the countries of both regions, then political and military disputes of the kind that dominated the Cold War era are likely to recede. For with the end of the Soviet-American rivalry and the retreat of Soviet power, the basis for many, though by no means all, of these conflicts has vanished. And as security issues lose some of their previous significance, economic questions will assume a new international importance, particularly those that have arisen out of the end of the Cold War.

V

The Cold War ended in victory for the West. It was a victory not so much of Western arms, although they were certainly important in checking Soviet expansion in Europe. It was, rather, a victory of Western ideas, Western political institutions and, above all, Western economic practices. All three are now ascendant throughout the world. The rejection of socialist economic practices and the adoption, at least in principle, of market forms of economic organization is perhaps the broadest and most important ongoing global trend at the outset of the 1990s. It is a development that is bound to affect America's relations with the rest of the world.

The trend is most dramatically evident in the former communist countries of Europe. Having deposed their old-guard communist leaders, all of the east European nations now intend to embark on transitions from centrally planned to market economies. They have announced that they will eventually eliminate the cumbersome planning apparatus that dictated targets for production, gradually allow prices to be set by supply and demand, restore the right to own private property, and sell state-owned enterprises as quickly as possible to private owners, including foreigners. Some east European countries, notably Poland, have already begun this process. In the Soviet Union, too, the transition to a market economy is high on the political agenda, although the commitment there is more equivocal, and the steps taken so far more modest and hesitant.

The rise of the market is evident as well in communist countries outside Europe, even in those where political change has come slowly or not at all. Although the communist party still holds a monopoly of power in Vietnam, it transformed the country almost overnight from an importer to an exporter of its staple food, rice, largely by freeing agriculture from state control. The Vietnamese communists followed in the footsteps of the successful market reforms in agriculture that began a decade ago in China, which also dramatically increased its food production.

Nowhere have governments controlled economic activity as thoroughly as in communist states, but after achieving independence from colonial rule many noncommunist Third World countries practiced their own brand of socialism. They emphasized the protection of domestic industries, generous government subsidies for consumers and producers, and considerable public ownership of the industrial sector. The popularity of this milder form of socialism has also faded. In India, for example, socialism was an article of deep political

faith for decades, but in the 1980s its leaders took tentative steps to liberalize the economy. Much of Latin America has recently turned in this direction as well, Mexico being a particularly dramatic example.

The collapse of communism in Europe is thus part of a broader trend. As the distinguished economist Robert Heilbroner has observed, "In the materially more advanced nations, 'socialism' as a distinct social objective has disappeared. Nothing is left of it but a better-run capitalism."[3] Promoting capitalism, then, is a plausible goal for American foreign policy in the post-Cold War world, especially if the impetus for it comes from foreign countries themselves. Americans have a long history of faith in free enterprise, free markets and free commerce. They have, it is true, an older, deeper attachment to political freedom. But fewer governments would welcome an American role in fostering democracy in their countries than would seek Western help in establishing market institutions and practices. China's current leaders, for example, are open to the second but opposed to the first.

Even where a people and its government are dedicated to establishing working parliaments, competitive elections and a free press, other countries can be of only limited assistance. Political institutions are, after all, built from within. Outside assistance is of course not irrelevant. Democratic structures are in place in Japan, Germany and the Philippines in no small part because the United States, having occupied those countries, helped to build them. Such an American role, however, is no longer plausible in the post-Cold War world.

Installing a market economy, by contrast, lends itself more readily to technical and economic assistance from the outside. The promotion of market practices, moreover, indirectly fosters democracy in at least two ways. First, functioning markets restrict the power of the state because, by operating independently of governing authorities, they expand the political space available to the individual. Public space independent of the state, in which citizens can organize themselves, is a necessary condition for democratic politics. This is the sense in which, as the old saying goes, "free markets make free men." Second, democratic government seems to flourish most readily in conditions of economic success. In eastern Europe,

[3] "The World After Communism," *Dissent*, Fall 1990, p. 429.

in particular, the new democracies are fragile. Their communist predecessors were overthrown in part because they presided over economic stagnation. Democratic politics will accumulate popular support to the extent that they are identified with prosperity.

The trend in favor of market institutions and practices, although strong, is not universal. It is weak in Africa and the Arab world, and virtually nonexistent in countries such as Burma. But even where it is strong, it may not prevail. Market reforms are often painful to implement. Removing subsidies on basic commodities can trigger political unrest, as governments from Egypt to Poland have discovered to their dismay. Restructuring a country's industry along more economically rational lines inevitably throws people out of work. In a market system those with skill, initiative or just good luck prosper; others who do less well often resent the prosperity of the fortunate.

Finally, even where market reforms are initiated, the reformers will not necessarily use the United States as their model. The American economy is but one version of a market system, and not necessarily the most attractive. The formerly communist countries of Europe are likely to be drawn to the west European "social market" style of capitalism, as exemplified by the German Federal Republic, which provides more generous welfare benefits than the United States. In East Asia the great economic success stories of the 1970s and 1980s—Taiwan, Singapore and South Korea—have followed the path pioneered by Japan. This model features far closer relations between the government and the private sector, especially in the allocation of capital, than are found in the United States.[4]

The American, West European and East Asian varieties of capitalist economic organization are nonetheless closer in form to one another than any one of them is to the centrally directed economic systems of orthodox communism, or even to the milder versions of socialism that have appeared elsewhere during the last thirty years. At the end of the Cold War, in part because of the manner in which it ended, these three versions of capitalism stand as the models that much of the world now

[4] This typology is drawn from Paul Marer, "Roadblocks to Economic Transformation in Central and Eastern Europe and Some Lessons of Market Economies," in *United States-Soviet and East European Relations: Building a Congressional Cadre/Eighth Conference, August 25–31, 1990*, Dick Clark, ed., Queenstown (MD): The Aspen Institute, 1990.

aspires to adopt. This is perhaps the greatest achievement of Western policy over the last forty years.

There is a parallel with the immediate aftermath of World War II. What the United States helped western Europe and Japan to do in the late 1940s, much of the rest of the world is seeking to do at the beginning of the 1990s. There are, to be sure, important differences between these two periods. The task of economic construction is today more complicated. World War II left the nations of western Europe with ruined farms and factories, but also with long experience with functioning market economies. West Europeans had the skills necessary to operate such an economic system. They needed capital, which the United States supplied. In formerly communist Europe, by contrast, almost no one has any experience in buying, selling, investing and producing in conditions of economic competition. The citizens of these countries must start virtually from scratch to learn the techniques of modern economic activity. They must also build the relevant institutions; none has a private sector in manufacturing or services, a financial system or a labor market. All this requires technical, but not necessarily economic, assistance from richer countries.

Eastern Europe, the Soviet Union and much of the Third World are not yet in a position to benefit from Western capital. They must first create economies that can make productive use of it. The Bush administration is thus not under immediate pressure to undertake a policy that it would, in any event, have great difficulty in launching: a program of large-scale economic assistance to countries adopting liberal economic practices.

There is another important difference between 1990 and 1947. Then, only the United States could offer support to struggling democracies. Now, there is a thriving community of capitalist democracies, encompassing western Europe and Japan, which can share the task of promoting market systems the world over. The United States need not, and indeed should not, be the sole source of support. Here, too, President Bush's inclinations are in harmony with international conditions. The Bush administration is happy to deal with reform-minded economies on a multilateral basis, working through international organizations such as the International Monetary Fund and even the European Community, of which the United States is not a member.

There is, however, one important feature common to the

period of the Marshall Plan and the present, to which the Bush administration's response is not encouraging. To create successful market economies, the countries of eastern Europe and the Third World will need in the future what the countries of western Europe enjoyed in the past: a hospitable international economic environment. Once in place, market institutions in these countries will need access to capital. This is a particularly complicated problem for those nations with large external debts. They will need more extensive debt relief—indeed, debt forgiveness—than they have thus far received. Even with their debt burdens lightened, they will be affected by the price of capital. The lower world interest rates are, the greater the chances for economic success.

These nations will also need access to markets in order to sell what they produce for hard currency—the lifeblood of any healthy economy. In the first year of the post-Cold War era, world interest rates were uncomfortably high. The trend in the international trading system, especially among the advanced industrial countries to which the new practitioners of market economics will look for export opportunities, was at best uncertain. The Uruguay Round failed to move that system decisively toward greater openness. The reasons for these trends are varied and are hardly the result exclusively of American policies—the Europeans are the chief culprits on trade. Over the last ten years, however, the American contribution to the worldwide cost of capital and the status of global markets has not been constructive. Its fiscal imbalances have had quite harmful effects.

At the end of World War II, the United States took the lead in launching international economic initiatives, beginning with the establishment of the International Monetary Fund, the General Agreement on Tariffs and Trade, and the Marshall Plan. West Europeans benefited not only from American generosity, but from American leadership. In keeping with that tradition, America has initiated recent international efforts to lighten the burden of the world's principal debtors and to lower barriers to trade: the Brady Plan and the GATT's Uruguay Round.

But deficits reduce America's capacity to lead. They limit its scope for reducing the debt held by its own banks and for increasing imports from other countries. This, in turn, diminishes American leverage with western Europe and Japan to help solve the debt problem and expand trade. Not only is the

United States historically the leader of the international economic system, it is also its biggest member. Its policies have a considerable effect on the system, apart from any efforts it may make to guide others in a particular direction. America's reduced capacity to lead, due to the fiscal imbalances of the 1980s, has obstructed the creation of international conditions favorable to the flourishing of market economies around the world.

The United States has also pushed up the cost of capital by running large, chronic budget deficits and financing them by borrowing in international capital markets. These budget deficits were not the only cause of the historically high real interest rates in the 1980s, but they were certainly among the most important. The budget deficits and the effort to finance them also raised the value of the dollar. This, in turn, depressed American exports, leading to a series of large trade deficits. Exports declined, imports rose and American industries dependent on selling abroad, or in competition with foreign products at home, suffered. These industries demanded protection. The United States retreated farther from free trade during the 1980s than in any comparable period since World War II. American protectionism imposed a particular hardship on Third World countries; the United States has historically taken a far greater share of their exports than Japan or western Europe.

VI

If economic issues will be ascendant in the post-Cold War era, if an important American goal will be to assist in the establishment of market economies, and if the most immediately useful way to promote market reforms is to reduce America's own economic imbalances, then the 1990 budget negotiations were as relevant to the long-term future of American foreign policy as the Persian Gulf crisis.

Those negotiations finally did produce a budget agreement. The way the president went about securing it, however, did little to convey a strong commitment to the kinds of policies required to pursue America's international political and economic interests in the post-Cold War world. President Bush failed to draw the necessary connection for the public between the nation's fiscal soundness and its international interests, even in the Persian Gulf. He could have appealed for modest economic sacrifice at a moment when American troops were at

risk in the Arabian desert. A budget agreement, he could have argued, would send a signal of resolve at a time when the United States was trying to project an image of determination against a foreign tyrant. He delivered no such message.

If the United States is to play a useful, let alone a leading, role in the reconstruction of the world's economies according to market principles, a far greater public appreciation of the importance of particular economic policies will have to be developed. What is required to rally support for such policies is a credible political explanation of the connection between them and America's international interests. Perhaps such an explanation can be provided, but it seems unlikely that this president will do so.

President Bush has proclaimed his distaste for the details of economic policy and for the task of bringing spending into line with resources. "When you get a problem with the complexities that the Middle East has now, and the gulf has now, I enjoy trying to put the coalition together and keep it together," he said in the fall of 1990. "I can't say I just rejoice every time I go up and talk to [House Ways and Means Committee Chairman Dan] Rostenkowski about what he's going to do on taxes."[5] But the way Rostenkowski and his colleagues vote on taxes will have as much to do with the pursuit of American international interests in the post-Cold War era as the way foreign governments, with whose leaders the president has dealt so artfully, vote at the United Nations.

Apart from his personal inclinations, Bush's presidency rests on a coalition of forces and interests that offer no political basis for economic policies in support of the international trends favored by the United States. For twenty years Republican presidents have supported American Cold War security commitments, while avoiding the costs of sustaining the international economic order designed after World War II. They have been simultaneously scrupulous in fulfilling the nation's security obligations and delinquent in observing standards of international economic propriety.

Richard Nixon inaugurated this two-track foreign policy by going to great and expensive lengths to vindicate the American commitment to Vietnam and, at the same time, abandoning the gold-exchange standard and destroying the interna-

[5] Quoted in *Time*, Oct. 22, 1990, p. 27.

tional monetary system crafted in 1944 at Bretton Woods. Ronald Reagan continued the pattern by presiding over both substantial increases in defense spending, the better to confront the Soviet Union in the early 1980s, and large budget deficits, with all the attendant international economic dislocation. The combination proved to be a formula for electoral success for them and for their political heir, George Bush.[6]

In the post-Cold War era, the international interests of the United States, not to mention the nation's own economic well-being, depend on reversing this approach and giving priority to what most economists regard as sensible economic policies. Such a reversal will be politically difficult to accomplish, as the protracted wrangling over the budget in 1990 demonstrated. It is, moreover, a reversal that this president is unlikely to achieve. This is so ultimately because George Bush is, personally and politically, a product of the Cold War. He could hardly be anything else. His skills, ideas and political constituency were acquired in a time when the great rivalry with the Soviet Union dominated America's relations with the rest of the world. These qualities served him and the nation well at the end of the 1980s, but they are likely to be far less useful in the era ahead. In historical perspective, George Bush may come to enjoy the ironic distinction of having presided, adeptly, over the disappearance of the kind of world in which he was best able to guide the foreign policy of the United States.

[6] This combination of policies arguably originated in a Democratic administration, with Lyndon Johnson's decision to escalate American involvement in Vietnam without increasing taxes or reducing domestic spending.

Charles Krauthammer

THE UNIPOLAR MOMENT

Ever since it became clear that an exhausted Soviet Union was calling off the Cold War, the quest has been on for a new American role in the world. Roles, however, are not invented in the abstract; they are a response to a perceived world structure. Accordingly, thinking about post-Cold War American foreign policy has been framed by several conventionally accepted assumptions about the shape of the post-Cold War environment.

First, it has been assumed that the old bipolar world would beget a multipolar world with power dispersed to new centers in Japan, Germany (and/or "Europe"), China and a diminished Soviet Union/Russia. Second, that the domestic American consensus for an internationalist foreign policy, a consensus radically weakened by the experience in Vietnam, would substantially be restored now that policies and debates inspired by "an inordinate fear of communism" could be safely retired. Third, that in the new post-Soviet strategic environment the threat of war would be dramatically diminished.

All three of these assumptions are mistaken. The immediate post-Cold War world is not multipolar. It is unipolar. The center of world power is the unchallenged superpower, the United States, attended by its Western allies. Second, the internationalist consensus is under renewed assault. The assault this time comes not only from the usual pockets of post-Vietnam liberal isolationism (e.g., the churches) but from a resurgence of 1930s-style conservative isolationism. And third, the emergence of a new strategic environment, marked by the rise of small aggressive states armed with weapons of mass destruction and possessing the means to deliver them (what might be called Weapon States), makes the coming decades a time of heightened, not diminished, threat of war.

II

The most striking feature of the post-Cold War world is its unipolarity. No doubt, multipolarity will come in time. In

Charles Krauthammer is a syndicated columnist. This article is adapted from the author's Henry M. Jackson Memorial Lecture delivered in Washington, D.C., Sept. 18, 1990.

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Essay

Charles Krauthammer

Must America Slay All the Dragons?

"Students massacred in China, priests murdered in Central America, demonstrators gunned down in Lithuania—these acts of violence are as wrong as Iraqi soldiers' killing civilians. We cannot oppose repression in one place and overlook it in another."

—Senator George Mitchell, Jan. 29, 1991

"So what does this mean, that we want to stop naked [Iraqi] aggression? Does this mean that . . . the United States will indeed become the policeman of the world?"

—Senator Tom Harkin, Jan. 11, 1991

Well, gentlemen, which is it? The Democrats first complain that it is hypocritical to oppose injustice *x* but tolerate injustice *y*. Then they complain that the U.S. has turned into the world's policeman. How can it be otherwise? If stopping one injustice morally commits us to stopping all injustice, what does that make the U.S. if not the world's policeman?

It does not take a Kissinger to figure that any nation has to be selective in its attention to the injustices of the world. Those who imply otherwise have an agenda—and it is not to turn the U.S. into the world's policeman. It is to turn the U.S. into the world's bystander. If opposing injustice anywhere obliges us to become involved everywhere, then only a fool would not prefer involvement nowhere.

This false everywhere-nowhere dichotomy is the moral pillar of American isolationism. Wherever the American banner has been raised in the past decade—Grenada, Panama, Nicaragua and now the Persian Gulf—isolationists have demanded to know, How can we in good conscience oppose bad guys there and not land Marines in Port-au-Prince or Cape Town?

DAVID SUTER FOR TIME

The question is posed constantly. Only the place names change. Mitchell, in his response to the President's State of the Union address, brought up China, El Salvador and Lithuania. Mario Cuomo, questioning George Bush's motive for intervening in the gulf, asks ironically, Was it designed to curb aggression? Then why not intervene in Afghanistan or Tibet?

The answer is breathtakingly simple. Why are American exertions on behalf of the oppressed selective? National interest.

Americans, haunted by the stern visage of Woodrow Wilson, are loath to confess that they do not act for reasons of morality alone. We would rather not admit that one reason to resist Saddam Hussein is that we are not prepared to see the economies of the West wrecked by the ambition of a foreign tyrant. Indeed, some American critics think it a fatal moral criticism of the gulf war to say that if Kuwait had only sand and no oil, the U.S. would not have rushed to its defense.

The answer to that charge is, Of course not. And, So what? Foreign policy is not philanthropy. Any intervention must pass two tests: it must be 1) right and 2) in our interests. Each is a necessary condition. Neither is sufficient. Otherwise, foreign policy degenerates into mindless moralism on the one hand or cynical realpolitik on the other.

The U.S. does not intervene purely for reasons of morality. If it did, it would spend itself dry righting every wrong in the world. Nor does it act purely out of self-interest. If, for example, a genuine pro-Iraqi coup had led Kuwaitis to join voluntarily with Iraq, the U.S. would hardly have gone to war to reverse that action. (During the oil shocks of the 1970s, suggestions that the U.S. seize the oil fields of Arabia were never even taken seriously.)

Every intervention requires a just cause. That doesn't mean that every just cause warrants intervention. To warrant intervention, a cause must at the same time be important to the U.S. The idea that importance ought not matter and that consistency impels us to intervene against every injustice is simply American moralism gone wild.

Life presents us with a hierarchy of evils. Being finite, we are forced to assign them priority and even, if necessary, tolerate some lesser evil to fight the greater. Was it wrong to have blinked at the enormities of Stalin for the four years that he was needed in the war against Hitler?

Take a hard case, Lithuania. For the months of the gulf crisis, until Gorbachev went free-lancing with his peace plan, there seemed to be a tacit U.S.-Soviet understanding: the U.S.S.R. would stay within the anti-Iraq coalition, and the U.S. would go easy on criticizing Moscow's repression of Lithuania. Is such a deal conscionable?

One could say that it is foolish, that we are misreading our interests, that in the long run a freed Soviet empire is more important to America than a small Arabian principality. Perhaps, but the critics' charge is not geopolitical. It is moral. Americans, they maintain, cannot in good conscience uphold freedom in one place and tolerate repression in another.

Yes, they can, and sometimes they must. America is not omnipotent. It cannot be everywhere. It has to have priorities. One cannot equate the utter devastation of Kuwait with the cruel but hardly fatal repression of Lithuania. There is no doubt that under Gorbachev or his generals, Lithuania will continue to exist as a society. There can be little doubt that under Saddam, Kuwait will not.

Foreign policy is an exercise in discrimination. Our resources, like our stores of compassion, are finite. We take up arms against those troubles that are both particularly evil and particularly threatening to us. And we husband our resources to meet those troubles. That will occasionally mean having to recruit others to help and having to make moral compromises to keep that help. Hence our long minuet with the Soviets over the Baltics.

After the gulf crisis, we must be equally nimble in reordering our priorities. We must immediately turn to a vigorous advocacy of Baltic independence. But it would be irresponsible to jeopardize the war effort by doing so during the crisis. War is no time for moral luxuries. The first task in war is winning it.

We cannot slay all the dragons at once. There is no dishonor in slaying them one at a time. ■

Charles Krauthammer

A Brain-Dead Party

Ten years ago, Daniel Patrick Moynihan pronounced the Democratic Party brain dead. The Democrats had "ceased to be a party of ideas," while the Republicans were now "serious about ideas," wrote Moynihan, a man with enough ideas of his own to supply several political parties. Moynihan was right. Spent by the success of the New Deal and having no idea what to do next, by 1980 the Democratic Party was intellectually bankrupt.

It is 10 years later, and another bankruptcy needs to be declared. While blunders are blamed and fingers pointed, the Republican collapse of 1990 is too large to be explained simply by the tactical errors of George Bush in the great budget crunch. Republican malaise goes far deeper than that. The party has run out of ideas.

To be sure, it did not have many to begin with. Two to be exact. (Though that was two more than the Democrats had in the 1980s.) One was peace through strength. The other was growth through low taxes. Reagan and Bush rode these simple and appealing maxims to three smashing electoral victories.

The Republican problem today is that both ideas are dead. Peace through strength is now politically obsolete. And painless prosperity through low taxes has proven false.

Peace through strength has been undone by its own success. Reagan insisted on strength: increased defense spending, unpopular missile deployments, honest "evil empire" rhetoric (today almost the official Moscow line on Brezhnev's U.S.S.R.), and the Reagan Doctrine (the final offensive of the Cold War, which bled the Soviets dry in Brezhnev's far-flung Third World empire.) With strength came peace, victory in the Cold War. There are many reasons for the collapse of the Soviet empire, but one of them certainly is that the United States did not seek some phony armistice with the Soviets as urged by the post-Vietnam accommodationists of the '70s.

"Painless prosperity through low taxes has proven false."

There is only one problem with peace through strength as a unifying and winning political idea. It is now as obsolete as communism. It still has application, of course, in places like the Persian Gulf. But this is a harder sell. Soviet missiles were a threat to the American homeland and Soviet ideology a threat to the American idea. Iraq is neither.

Since Vietnam, the Republican Party has been the nationalist party. But as shown by the rise of conservative isolationism, in a post-Cold War world Republicans are finding it much harder to articulate a coherent nationalist program.

To be sure, the still nebulous "new world order" is a glimmer of an idea. On domestic policy, however, Republican thinking has collapsed completely. Growth through low taxes, inflated by Bush to no-new-taxes, was by nature a time-limited proposition. Once the Laffer Curve free lunch was shown to be nonsense, it became clear that though low taxes could produce growth and jobs and prosperity, they could not do so forever because they also produced fantastic debt, now exceeding $3 trillion.

It was only a matter of time before Bush bent to reality and agreed to new taxes. That may save the economy, but it will sink the Republican Party. No-new-taxes was, after all, Bush's only domestic idea. Its beauty was that it was not just an idea, it was an idea stopper. No taxes meant never having to say which taxes. Republicans were insulated from ever having to face the real question of governance: choosing who gets taxed and how much.

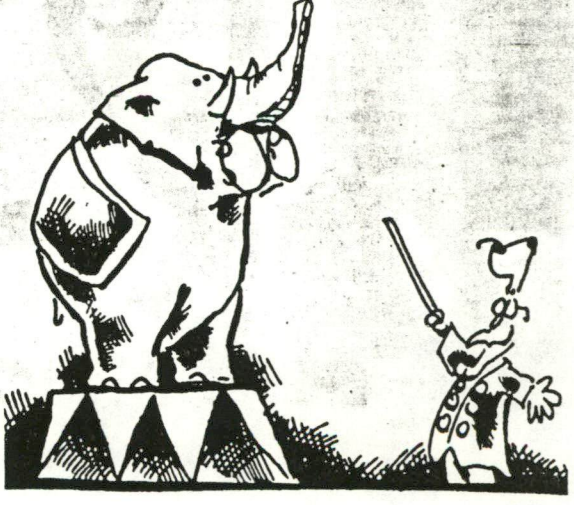
Which is why Republican politicians who for a decade prospered politically behind the tax shield were apoplectic when Bush gave it up. They understood that it would leave them defenseless to Democratic charges that they are the party of the rich.

Once Bush came down from the Andrews Summit and presented the country with a list of service cuts and gas and beer taxes, people realized that the game was up. Somebody was going to have to pay past and present bills, and Bush had decided which ones. Bush-onomics was exposed as nothing more than classic (i.e., pre-Reagan) Republican trickle-down economics, a known political loser.

Take away no-new-taxes, and what does the Republican Party stand for? Cutting the capital gains tax, Bush insisted for a while. But this is not just a paltry substitute for no-new-taxes. It is a hopelessly class-biased substitute. It plays directly into Democratic hands by reviving the pre-Reagan image of country club Republicanism.

In any case, Bush caved on capital gains too. Even half an idea is more than the party is now capable of sustaining.

What does a party do when it runs out of ideas? It can only hope that the other guy has even fewer ideas. This time, however, the Democrats may not cooperate. The soak-the-rich, burden-the-allies, pro-choice Democrats are stirring. It is too soon to say that they are out of their coma. But there is movement beneath the eyelids.



BY TOLES

tional monetary system crafted in 1944 at Bretton Woods. Ronald Reagan continued the pattern by presiding over both substantial increases in defense spending, the better to confront the Soviet Union in the early 1980s, and large budget deficits, with all the attendant international economic dislocation. The combination proved to be a formula for electoral success for them and for their political heir, George Bush.[6]

In the post-Cold War era, the international interests of the United States, not to mention the nation's own economic well-being, depend on reversing this approach and giving priority to what most economists regard as sensible economic policies. Such a reversal will be politically difficult to accomplish, as the protracted wrangling over the budget in 1990 demonstrated. It is, moreover, a reversal that this president is unlikely to achieve. This is so ultimately because George Bush is, personally and politically, a product of the Cold War. He could hardly be anything else. His skills, ideas and political constituency were acquired in a time when the great rivalry with the Soviet Union dominated America's relations with the rest of the world. These qualities served him and the nation well at the end of the 1980s, but they are likely to be far less useful in the era ahead. In historical perspective, George Bush may come to enjoy the ironic distinction of having presided, adeptly, over the disappearance of the kind of world in which he was best able to guide the foreign policy of the United States.

[6] This combination of policies arguably originated in a Democratic administration, with Lyndon Johnson's decision to escalate American involvement in Vietnam without increasing taxes or reducing domestic spending.

Charles Krauthammer

THE UNIPOLAR MOMENT

Ever since it became clear that an exhausted Soviet Union was calling off the Cold War, the quest has been on for a new American role in the world. Roles, however, are not invented in the abstract; they are a response to a perceived world structure. Accordingly, thinking about post-Cold War American foreign policy has been framed by several conventionally accepted assumptions about the shape of the post-Cold War environment.

First, it has been assumed that the old bipolar world would beget a multipolar world with power dispersed to new centers in Japan, Germany (and/or "Europe"), China and a diminished Soviet Union/Russia. Second, that the domestic American consensus for an internationalist foreign policy, a consensus radically weakened by the experience in Vietnam, would substantially be restored now that policies and debates inspired by "an inordinate fear of communism" could be safely retired. Third, that in the new post-Soviet strategic environment the threat of war would be dramatically diminished.

All three of these assumptions are mistaken. The immediate post-Cold War world is not multipolar. It is unipolar. The center of world power is the unchallenged superpower, the United States, attended by its Western allies. Second, the internationalist consensus is under renewed assault. The assault this time comes not only from the usual pockets of post-Vietnam liberal isolationism (e.g., the churches) but from a resurgence of 1930s-style conservative isolationism. And third, the emergence of a new strategic environment, marked by the rise of small aggressive states armed with weapons of mass destruction and possessing the means to deliver them (what might be called Weapon States), makes the coming decades a time of heightened, not diminished, threat of war.

II

The most striking feature of the post-Cold War world is its unipolarity. No doubt, multipolarity will come in time. In

Charles Krauthammer is a syndicated columnist. This article is adapted from the author's Henry M. Jackson Memorial Lecture delivered in Washington, D.C., Sept. 18, 1990.

perhaps another generation or so there will be great powers coequal with the United States, and the world will, in structure, resemble the pre-World War I era. But we are not there yet, nor will we be for decades. Now is the unipolar moment.

There is today no lack of second-rank powers. Germany and Japan are economic dynamos. Britain and France can deploy diplomatic and to some extent military assets. The Soviet Union possesses several elements of power—military, diplomatic and political—but all are in rapid decline. There is but one first-rate power and no prospect in the immediate future of any power to rival it.

Only a few months ago it was conventional wisdom that the new rivals, the great pillars of the new multipolar world, would be Japan and Germany (and/or Europe). How quickly a myth can explode. The notion that economic power inevitably translates into geopolitical influence is a materialist illusion. Economic power is a necessary condition for great power status. But it certainly is not sufficient, as has been made clear by the recent behavior of Germany and Japan, which have generally hidden under the table since the first shots rang out in Kuwait. And while a unified Europe may sometime in the next century act as a single power, its initial disarray and disjointed national responses to the crisis in the Persian Gulf again illustrate that "Europe" does not yet qualify even as a player on the world stage.

Which leaves us with the true geopolitical structure of the post-Cold War world, brought sharply into focus by the gulf crisis: a single pole of world power that consists of the United States at the apex of the industrial West. Perhaps it is more accurate to say the United States and behind it the West, because where the United States does not tread, the alliance does not follow. That was true for the reflagging of Kuwaiti vessels in 1987. It has been all the more true of the world's subsequent response to the invasion of Kuwait.

American preeminence is based on the fact that it is the only country with the military, diplomatic, political and economic assets to be a decisive player in any conflict in whatever part of the world it chooses to involve itself. In the Persian Gulf, for example, it was the United States, acting unilaterally and with extraordinary speed, that in August 1990 prevented Iraq from taking effective control of the entire Arabian Peninsula.

Iraq, having inadvertently revealed the unipolar structure of today's world, cannot stop complaining about it. It looks at

allied and Soviet support for American action in the gulf and speaks of a conspiracy of North against South. Although it is perverse for Iraqi leader Saddam Hussein to claim to represent the South, his analysis does contain some truth. The unipolar moment means that with the close of the century's three great Northern civil wars (World War I, World War II and the Cold War) an ideologically pacified North seeks security and order by aligning its foreign policy behind that of the United States. That is what is taking shape now in the Persian Gulf. And for the near future, it is the shape of things to come.

The Iraqis are equally acute in demystifying the much celebrated multilateralism of this new world order. They charge that the entire multilateral apparatus (United Nations resolutions, Arab troops, European Community pronouncements, and so on) established in the gulf by the United States is but a transparent cover for what is essentially an American challenge to Iraqi regional hegemony.

But of course. There is much pious talk about a new multilateral world and the promise of the United Nations as guarantor of a new post-Cold War order. But this is to mistake cause and effect, the United States and the United Nations. The United Nations is guarantor of nothing. Except in a formal sense, it can hardly be said to exist. Collective security? In the gulf, without the United States leading and prodding, bribing and blackmailing, no one would have stirred. Nothing would have been done: no embargo, no "Desert Shield," no threat of force. The world would have written off Kuwait the way the last body pledged to collective security, the League of Nations, wrote off Abyssinia.

There is a sharp distinction to be drawn between real and apparent multilateralism. True multilateralism involves a genuine coalition of coequal partners of comparable strength and stature—the World War II Big Three coalition, for example. What we have today is pseudo-multilateralism: a dominant great power acts essentially alone, but, embarrassed at the idea and still worshiping at the shrine of collective security, recruits a ship here, a brigade there, and blessings all around to give its unilateral actions a multilateral sheen. The gulf is no more a collective operation than was Korea, still the classic case study in pseudo-multilateralism.

Why the pretense? Because a large segment of American opinion doubts the legitimacy of unilateral American action

but accepts quite readily actions undertaken by the "world community" acting in concert. Why it should matter to Americans that their actions get a Security Council nod from, say, Deng Xiaoping and the butchers of Tiananmen Square is beyond me. But to many Americans it matters. It is largely for domestic reasons, therefore, that American political leaders make sure to dress unilateral action in multilateral clothing. The danger, of course, is that they might come to believe their own pretense.

But can America long sustain its unipolar preeminence? The spectacle of secretaries of state and treasury flying around the world rattling tin cups to support America's Persian Gulf deployment exposed the imbalance between America's geopolitical reach and its resources. Does that not imply that the theorists of American decline and "imperial overstretch" are right and that unipolarity is unsustainable?

It is, of course, true that if America succeeds in running its economy into the ground, it will not be able to retain its unipolar role for long. In which case the unipolar moment will be brief indeed (one decade, perhaps, rather than, say, three or four). But if the economy is run into the ground it will not be because of imperial overstretch, i.e., because America has overreached abroad and drained itself with geopolitical entanglements. The United States today spends 5.4 percent of its GNP on defense. Under John F. Kennedy, when the United States was at its economic and political apogee, it spent almost twice as much. Administration plans have U.S. defense spending on a trajectory down to four percent by 1995, the lowest since Pearl Harbor.

An American collapse to second-rank status will be not for foreign but for domestic reasons. This is not the place to engage in extended debate about the cause of America's economic difficulties. But the notion that we have spent ourselves into penury abroad is simply not sustainable. America's low savings rate, poor educational system, stagnant productivity, declining work habits, rising demand for welfare-state entitlements and new taste for ecological luxuries have nothing at all to do with engagement in Europe, Central America or the Middle East. Over the last thirty years, while taxes remained almost fixed (rising from 18.3 percent to 19.6 percent) and defense spending declined, domestic entitlements nearly doubled. What created an economy of debt unrivaled in American history is not foreign adventures but

the low tax ideology of the 1980s, coupled with America's insatiable desire for yet higher standards of living without paying any of the cost.

One can debate whether America is in true economic decline. Its percentage of world GNP is roughly where it has been throughout the twentieth century (between 22 and 26 percent), excepting the aberration of the immediate post-World War II era when its competitors were digging out from the rubble of war. But even if one does argue that America is in economic decline, it is simply absurd to imply that the road to solvency is to, say, abandon El Salvador, evacuate the Philippines or get out of the gulf. There may be other good reasons for doing all of these. But it is nonsense to suggest doing them as a way to get at the root of America's economic problems.

It is, moreover, a mistake to view America's exertions abroad as nothing but a drain on its economy. As can be seen in the gulf, America's involvement abroad is in many ways an essential pillar of the American economy. The United States is, like Britain before it, a commercial, maritime, trading nation that needs an open, stable world environment in which to thrive. In a world of Saddams, if the United States were to shed its unique superpower role, its economy would be gravely wounded. Insecure sea lanes, impoverished trading partners, exorbitant oil prices, explosive regional instability are only the more obvious risks of an American abdication. Foreign entanglements are indeed a burden. But they are also a necessity. The cost of ensuring an open and safe world for American commerce—5.4 percent of GNP and falling—is hardly exorbitant.

III

Can America support its unipolar status? Yes. But *will* Americans support such unipolar status? That is a more problematic question. For a small but growing chorus of Americans this vision of a unipolar world led by a dynamic America is a nightmare. Hence the second major element of the post-Cold War reality: the revival of American isolationism.

I have great respect for American isolationism. First, because of its popular appeal and, second, because of its natural appeal. On the face of it, isolationism seems the logical, God-given foreign policy for the United States. It is not just geography that inclines us to it—we are an island continent

protected by two vast oceans, bordered by two neighbors that could hardly be friendlier—but history. America was founded on the idea of cleansing itself of the intrigues and irrationalities, the dynastic squabbles and religious wars, of the Old World. One must have respect for a strain of American thinking so powerful that four months before Pearl Harbor the vote to extend draft enlistments passed the House of Representatives by a single vote.

Isolationists say rather unobjectionably that America should confine its attentions in the world to defending vital national interests. But the more extreme isolationists define vital national interests to mean the physical security of the United States, and the more elusive isolationists take care never to define them at all.

Isolationists will, of course, say that this is unfair, that they do believe in defending vital national interests beyond the physical security of the United States. We have a test case. Iraq's invasion of Kuwait and hegemonic designs on Arabia posed as clear a threat to American interests as one can imagine—a threat to America's oil-based economy, to its close allies in the region, and ultimately to American security itself. The rise of a hostile power, fueled by endless oil income, building weapons of mass destruction and the means to deliver them regionally and eventually intercontinentally (Saddam has already tested a three-stage rocket) can hardly be a matter of indifference to the United States.

If under these conditions a cadre of influential liberals and conservatives finds that upon reflection (and in contradiction to the doctrine enunciated by the most dovish president of the postwar era, Jimmy Carter) the Persian Gulf is not, after all, a vital American interest, then it is hard to see what "vital interest" can mean. If the Persian Gulf is not a vital interest, then nothing is. All that is left is preventing an invasion of the Florida Keys. And for that you need a Coast Guard—you do not need a Pentagon and you certainly do not need a State Department.

Isolationism is the most extreme expression of the American desire to return to tend its vineyards. But that desire finds expression in another far more sophisticated and serious foreign policy school: not isolationism but realism, the school that insists that American foreign policy be guided solely by interests and that generally defines these interests in a narrow and national manner.

Many of realism's practitioners were heroic in the heroic struggles against fascism and communism. Now, however, some argue that the time for heroism is passed. For example, Jeane J. Kirkpatrick wrote, to be sure before the gulf crisis, that "It is time to give up the dubious benefits of superpower status," time to give up the "unusual burdens" of the past and "return to 'normal' times." That means taking "care of pressing problems of education, family, industry and technology" at home. That means that we should not try to be the balancer of power in Europe or in Asia, nor try to shape the political evolution of the Soviet Union. We should aspire instead to be "a normal country in a normal time."[1]

This is a rather compelling vision of American purpose. But I am not sure there is such a thing as normal times. If a normal time is a time when there is no evil world empire on the loose, when the world is in ideological repose, then even such a time is not necessarily peacetime. Saddam has made this point rather emphatically. If a normal time is a time when the world sorts itself out on its own, leaving America relatively unmolested—say, for America, the nineteenth century—then I would suggest that there are no normal times. The world does not sort itself out on its own. In the nineteenth century, for example, international stability was not achieved on its own but, in large part, as the product of Britain's unrelenting exertions on behalf of the balance of power. America tended her vineyards, but only behind two great ocean walls patrolled by the British navy. Alas, the British navy is gone.

International stability is never a given. It is never the norm. When achieved, it is the product of self-conscious action by the great powers, and most particularly of the greatest power, which now and for the foreseeable future is the United States. If America wants stability, it will have to create it. Communism is indeed finished, the last of the messianic creeds that have haunted this century is quite dead. But there will constantly be new threats disturbing our peace.

IV

What threats? Everyone recognizes one great change in the international environment, the collapse of communism. If that were the only change, then this might be a normal time and

[1] "A Normal Country in a Normal Time," *National Interest*, Fall 1990, pp. 40–44.

the unipolar vision I have outlined would seem at once unnecessary and dangerous.

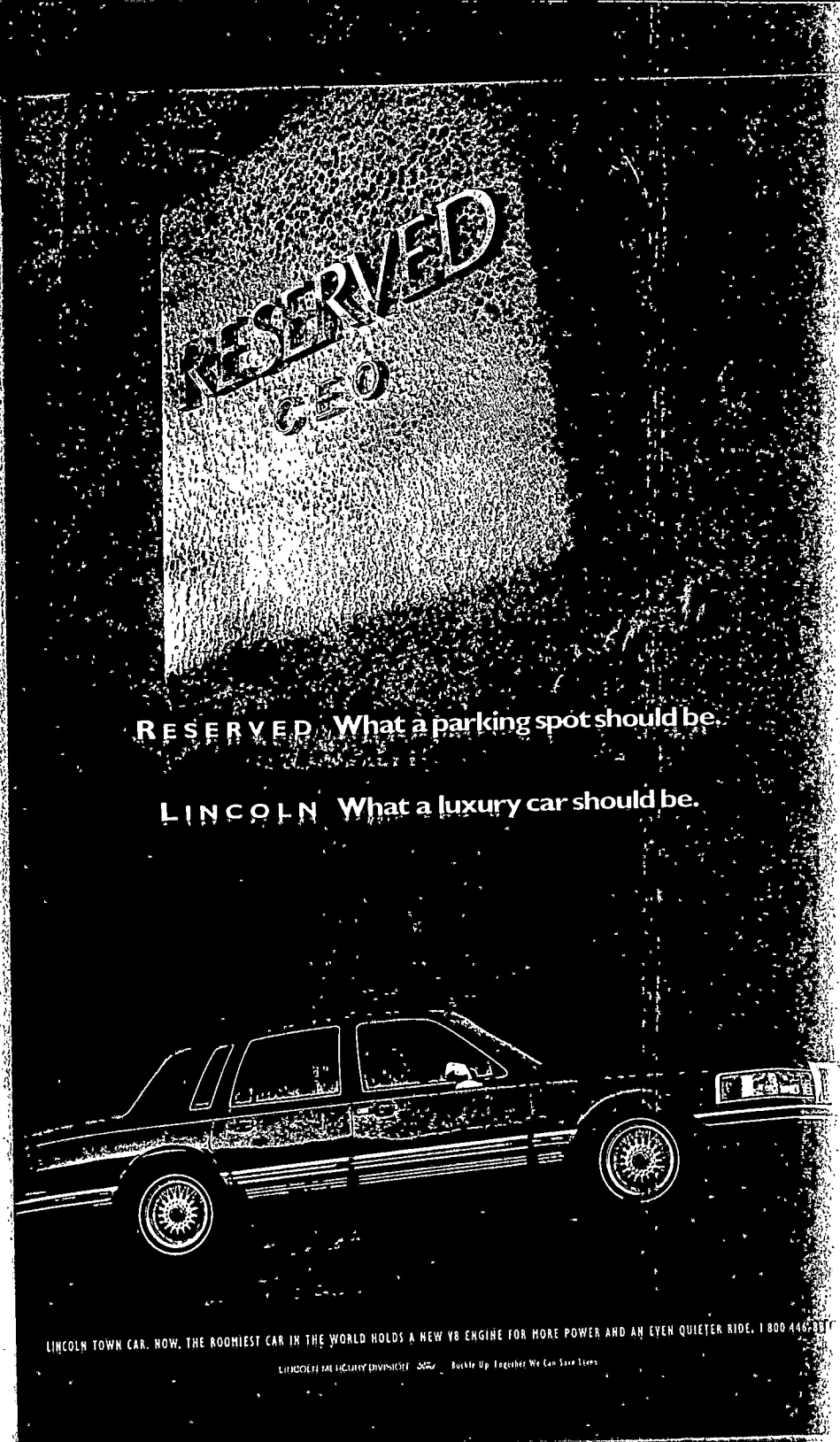
But there is another great change in international relations. And here we come to the third and most crucial new element in the post-Cold War world: the emergence of a new strategic environment marked by the proliferation of weapons of mass destruction. It is a certainty that in the near future there will be a dramatic increase in the number of states armed with biological, chemical and nuclear weapons and the means to deliver them anywhere on earth. "By the year 2000," estimates Defense Secretary Dick Cheney, "more than two dozen developing nations will have ballistic missiles, 15 of those countries will have the scientific skills to make their own, and half of them either have or are near to getting nuclear capability, as well. Thirty countries will have chemical weapons and ten will be able to deploy biological weapons."[2]

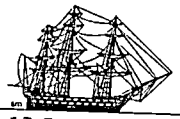
It is of course banal to say that modern technology has shrunk the world. But the obvious corollary, that in a shrunken world the divide between regional superpowers and great powers is radically narrowed, is rarely drawn. Missiles shrink distance. Nuclear (or chemical or biological) devices multiply power. Both can be bought at market. Consequently the geopolitical map is irrevocably altered. Fifty years ago, Germany—centrally located, highly industrial and heavily populated—could pose a threat to world security and to the other great powers. It was inconceivable that a relatively small Middle Eastern state with an almost entirely imported industrial base could do anything more than threaten its neighbors. The central truth of the coming era is that this is no longer the case: relatively small, peripheral and backward states will be able to emerge rapidly as threats not only to regional, but to world, security.

Iraq, which (unless disarmed by Desert Storm) will likely be in possession of intercontinental missiles within the decade, is the prototype of this new strategic threat, what might be called the "Weapon State." The Weapon State is an unusual international creature marked by several characteristics:

—It is not much of a nation state. Iraq, for example, is a state of recent vintage with arbitrary borders whose ruling party explicitly denies that Iraq is a nation. (It refers to

[2] Address to the Conservative Leadership Conference, Washington, D.C., Nov. 9, 1990.





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Iraq and Syria as regions, part of the larger Arab nation for which it reserves the term.)

—In the Weapon State, the state apparatus is extraordinarily well developed and completely dominates civil society. The factor that permits most Weapon States to sustain such a structure is oil. Normally a state needs some kind of tacit social contract with the civil society because ultimately the state must rely on society to support it with taxes. The oil states are in an anomalous position: they do not need a social contract because national wealth comes from oil and oil is wholly controlled by the state. Oil states are peculiarly distributive states. Government distributes goods to society rather than the other way around. It is therefore the source not only of power but of wealth. This makes possible an extraordinary degree of social control exercised by a powerful, often repressive state apparatus.

—The current Weapon States have deep grievances against the West and the world order that it has established and enforces. They are therefore subversive of the international status quo, which they see as a residue of colonialism. These resentments fuel an obsessive drive to high-tech military development as the only way to leapfrog history and to place themselves on a footing from which to challenge a Western-imposed order.

The Weapon State need not be an oil state. North Korea, hard at work on nuclear technology, is a candidate Weapon State: it has about as much legitimacy as a nation-state as the German Democratic Republic; its state apparatus totally dominates civil society by virtue not of oil but of an exquisitely developed Stalinism; its anti-Western grievances run deep.

The danger from the Weapon State is posed today by Iraq, tomorrow perhaps by North Korea or Libya. In the next century, however, the proliferation of strategic weapons will not be restricted to Weapon States. Windfall wealth allows oil states to import high-technology weapons in the absence of a mature industrial base. However, it is not hard to imagine maturer states—say, Argentina, Pakistan, Iran, South Africa—reaching the same level of weapons development by means of ordinary industrialization. (Today most of these countries are friendly, but some are unstable and potentially hostile.)

The post-Cold War era is thus perhaps better called the era of weapons of mass destruction. The proliferation of weapons of mass destruction and their means of delivery will constitute

the greatest single threat to world security for the rest of our lives. That is what makes a new international order not an imperial dream or a Wilsonian fantasy but a matter of the sheerest prudence. It is slowly dawning on the West that there is a need to establish some new regime to police these weapons and those who brandish them.

In parliamentary debate on the gulf crisis even British Labour Party leader Neil Kinnock has emphasized that it is not enough to get Iraq out of Kuwait. Iraq's chemical stocks, he said, must be destroyed and its nuclear program internationally controlled. When the Labour Party, hardly a home for hawks, speaks thus, we have the makings, the beginnings, of a new Western consensus.

To do what exactly? There is no definitive answer, but any solution will have to include three elements: denying, disarming, and defending. First, we will have to develop a new regime, similar to COCOM (Coordinating Committee on Export Controls) to deny yet more high technology to such states. Second, those states that acquire such weapons anyway will have to submit to strict outside control or risk being physically disarmed. A final element must be the development of antiballistic missile and air defense systems to defend against those weapons that do escape Western control or preemption.

There might be better tactics, but the overall strategy is clear. With the rise of the Weapon State, there is no alternative to confronting, deterring and, if necessary, disarming states that brandish and use weapons of mass destruction. And there is no one to do that but the United States, backed by as many allies as will join the endeavor.

The alternative to such robust and difficult interventionism—the alternative to unipolarity—is not a stable, static multipolar world. It is not an eighteenth-century world in which mature powers like Europe, Russia, China, America, and Japan jockey for position in the game of nations. The alternative to unipolarity is chaos.

I do not mean to imply that weapons of mass destruction are the only threat facing the post-Cold War world. They are only the most obvious. Other threats exist, but they are more speculative and can be seen today only in outline: the rise, for example, of intolerant aggressive nationalism in a disintegrating communist bloc (in one extreme formulation, the emergence of a reduced but resurgent, xenophobic and resentful "Weimar" Russia). And some threats to the peace of the 21st

century are as invisible today as was, say, Nazism in 1920. They will make themselves known soon enough. Only a hopeless utopian can believe otherwise.

We are in for abnormal times. Our best hope for safety in such times, as in difficult times past, is in American strength and will—the strength and will to lead a unipolar world, unashamedly laying down the rules of world order and being prepared to enforce them. Compared to the task of defeating fascism and communism, averting chaos is a rather subtle call to greatness. It is not a task we are any more eager to undertake than the great twilight struggle just concluded. But it is just as noble and just as necessary.