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U.S. News & WORLD REPORT

FEBRUARY 25, 1991 $2.50

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PLANS FOR AN ALLIED BLITZKRIEG

SADDAM'S DESPERATE HOURS

FACING A CRUSHING MILITARY DEFEAT, IRAQ'S DICTATOR HOPES A POLITICAL OFFENSIVE WILL SAVE HIS SKIN

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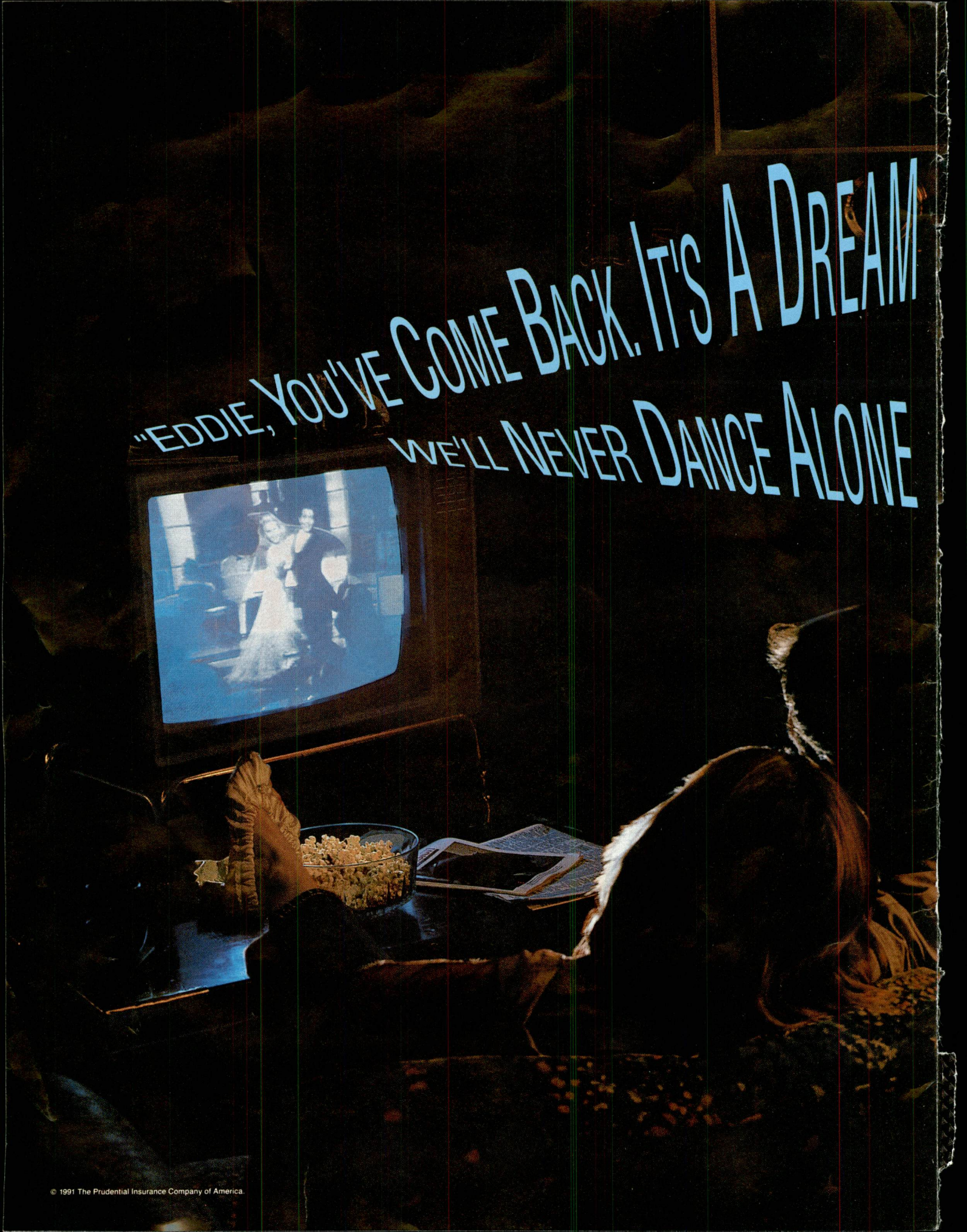

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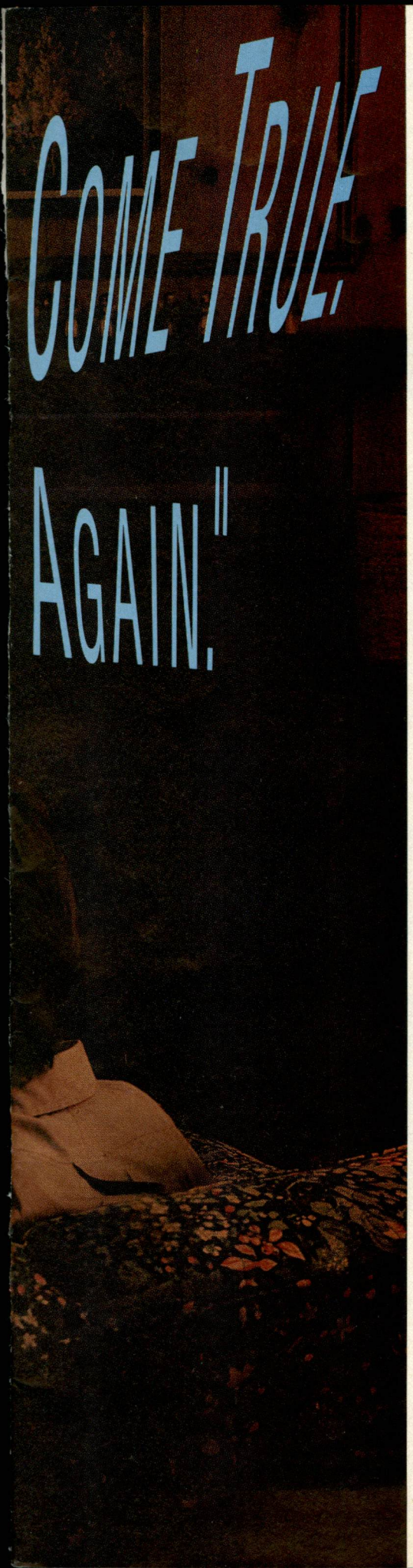

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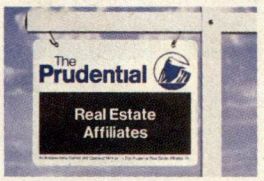

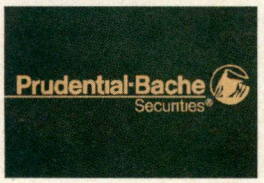

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Test your knowledge of the environment

1. The Clean Air Act Amendments of 1990 require great reductions in the pollutants emitted in creating electricity over the next few years. The most economical way to cut power plant pollution quickly is to use:

A) Coal
B) Oil
C) Natural gas
D) Uranium
E) All of the above

2. Renewable fuels—using the power of water, wind, sun and biomass—provide an opportunity to create electricity with lower pollution. Today, the contribution of "renewables" to electric generating capacity is:

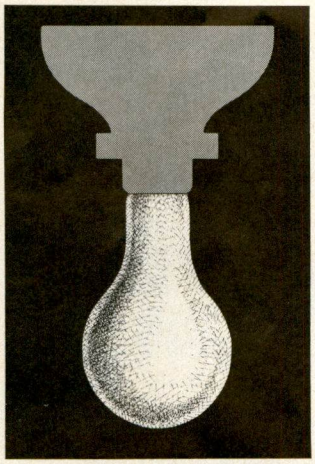
A) 1%
B) 3%
C) 10%
D) 25%

3. The United States produces about a quarter of the world's natural gas. At current rates of consumption, at competitive prices, how long will it take us to use up known reserves?

A) 25 years
B) 40 years
C) 50 years
D) 200 years

4. Most of the oil we use is imported. How much natural gas do we import?

A) 50%
B) 35%
C) 7%
D) None



1.

Answer: E. It's not always economically feasible to switch immediately from coal or oil to low-polluting fuels. So we'll be using a mix of fuels, including coal and oil, for the near future. But there are many ways to cut pollution by changing the mix. Not only are many utilities switching to low-sulphur coal, they are exploring many other technologies, including "cofiring" with natural gas. Adding even a small amount of natural gas to the fuel mix toward the end of the "burn cycle" in coal-fired electric power plants, for example, creates much more complete, efficient combustion, and less polluting emissions of nitrogen oxides, sulphur dioxide and particulates. The cost is low: about 1% to 2% of original plant costs, much cheaper than other pollution reduction technologies. One can also produce electricity directly in natural gas-driven turbines, a very clean technology. Because natural gas is the cleanest-burning fossil fuel, it can help improve the quality of air and water, whenever it substitutes for coal or oil. It can even "substitute" for uranium. A major nuclear power plant has been converted to natural gas/cogeneration, in which natural gas generates electricity, and waste heat is used for industrial purposes.

2.

Answer: C. According to the Edison Electric Institute, hydroelectric power alone contributes 9.5% of the electric utility generating capacity; solar and biomass combined provide .4% adding the two together, we get almost 10%. (Solar energy is currently more economically feasible in direct uses. Such as heating homes and businesses, than in generating electricity.) Coal provides 55.6%; natural gas 9.5%, oil 5.7% and nuclear power 19%.

3.

Answer: C. But D has some truth in it, too. According to separate reports by the Colorado School of Mines and the U.S. Department of Energy, total known domestic natural gas reserves, recoverable at competitive prices, would last more than 50 years at current annual production levels. But new supply discoveries and new technologies for recovering natural gas, which become competitive as the price of oil rises, give us reasonable supplies, at home, for at least the next 200 years.

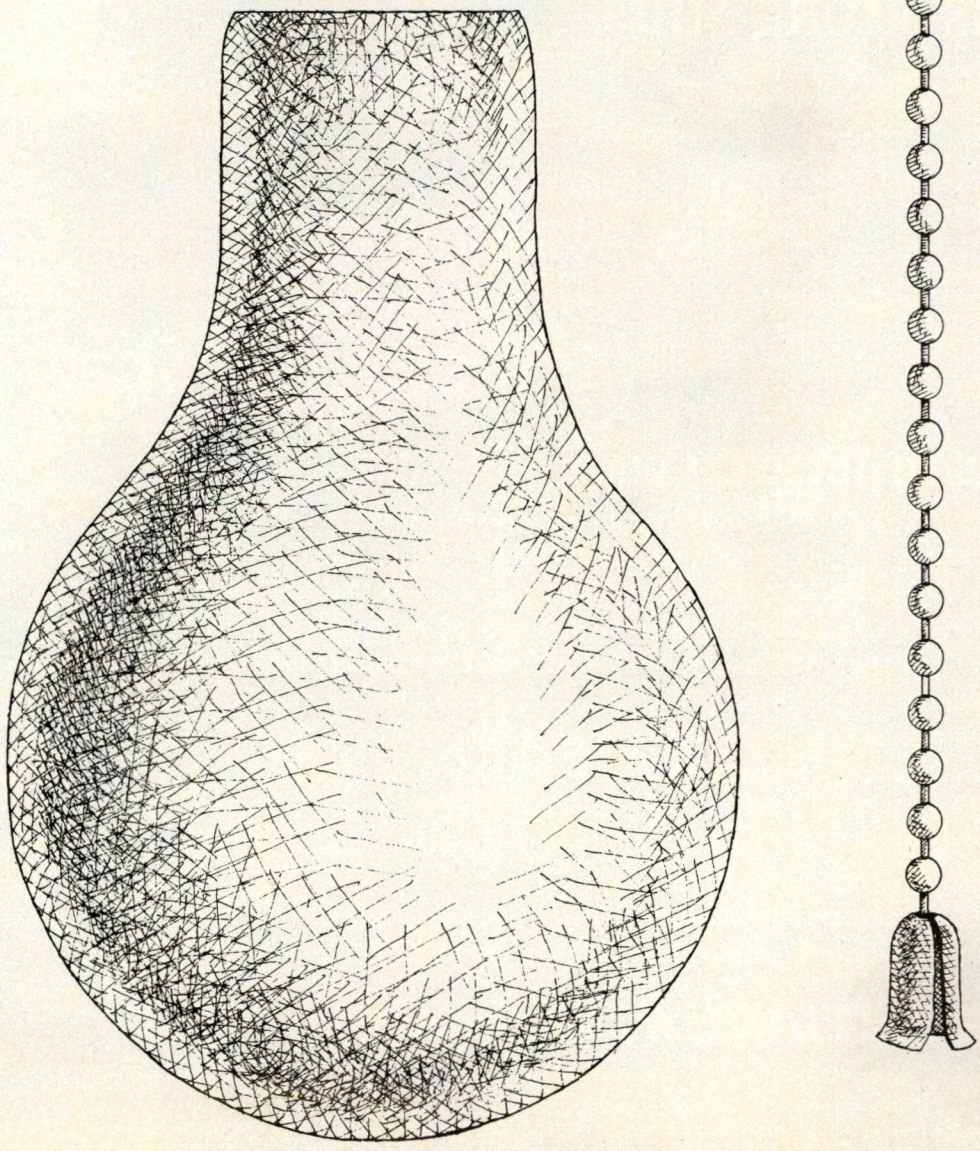
4.

Answer: C. Consistently, more than 90 percent of our natural gas comes from U.S. sources. Last year, it was 93 percent. Virtually all the rest comes from Canada. In an era of great concerns over energy security, greater use of natural gas is one important answer.

There are no simple answers...but there are smart choices.

Watch for the American Gas Association "Discovery Now: Green Alerts" on The Discovery Channel

Everyone agrees we'll soon be needing more electricity. But there's little agreement on how to get it. Especially with the environment at stake. ❧ *Hydropower is limited by geography. Nuclear energy's problems continue to be debated. And the sun, the wind, the tides — they're all attractive, but none is economically practical on a broad scale yet.* ❧ *So, for at least the near future, we're going to have to rely, for the most part, on fossil fuels.* ❧ *But all fossil fuels are not created equal. One is clearly best for the environment. And that's natural gas.* ❧ *Natural gas produces less carbon dioxide emissions, it produces no sulfur dioxide, and it creates no particulates — the visible smoke you see. All of these are serious air pollutants.* ❧ *Further, because new high-efficiency, gas-powered generating plants are relatively simple to build, gas is also one of the quickest and cheapest ways for producers of electricity to increase their output.* ❧ *In short, if natural gas didn't exist, we'd have to invent it. As it is, nature has given us vast resources of natural gas right here in North America. It just seems natural to use them.*



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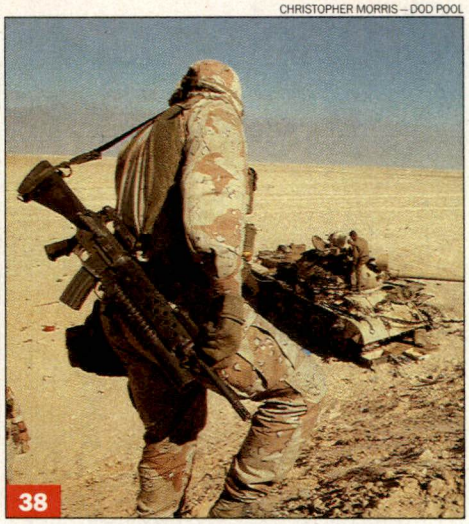
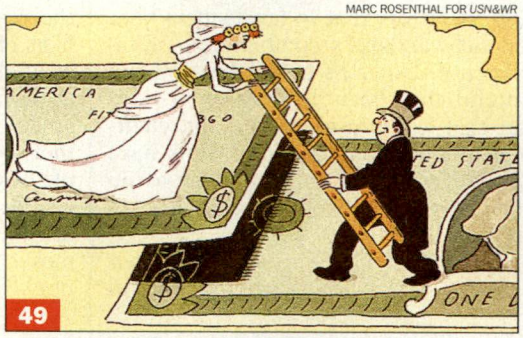
Casualties of conflict. *Civilian victims of a U.S. raid on a Baghdad bunker brought Saddam Hussein a momentary propaganda victory.*

CHRISTOPHER MORRIS – DOD POOL



Preparing the ground. *U.S. marines inspect an abandoned Iraqi tank and wonder when a land war against Iraq will begin.*

MARC ROSENTHAL FOR *USN&WR*



Getting hitched. *Bank marriages may be the only way to save crumbling financial institutions.*

JEFFREY MacMILLAN – *USN&WR*

Out of ashes. *William McDonough's Warsaw skyscraper will recycle rubble from World War II.*

What's going on with the market? *The Dow went up more than 400 points in the past month. Bears on Wall Street are hard to find. But does the rally amount to, well, bull?*

ROB KEMP FOR *USN&WR*

COVER: Photo by Elfers—*Army Times*/DOD Pool Inset photo by Bill Gentile—DOD Pool

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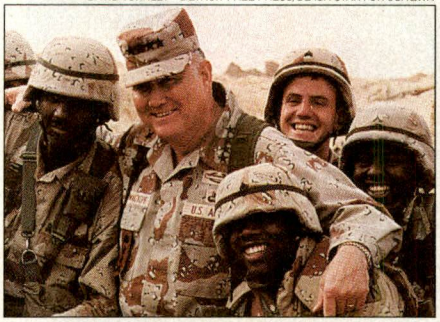

Forceful leader. *Schwarzkopf at the helm*

The Bear at war: Thank you for profiling Gen. H. Norman Schwarzkopf ["The Bear," February 11]. He is, obviously, the best thing to come out of the Vietnam War. It is a tragedy in American military history that so few leaders have had Schwarzkopf's combination of intelligence, experience and heart. I am grateful that he is leading our troops and that our president and the chairman of the Joint Chiefs of Staff have the understanding to allow him to do what he does so well—love his troops and our country.

Donna Lovett
Alexandria, Va.

■ I am 81 and have yet to read a more inspiring article than the one on General Schwarzkopf. To know that our children have such leadership is beyond belief. What an immortal guy "the Bear" is, and what incisive and detailed treatment by your Joe Galloway!

Carlton Gladder
Spokane, Wash.

■ How sad that your article on "The Bear" not only referred to a well-known poem by a reputable poet, A. E. Housman, as a bit of verse "by an unknown author" but then proceeded to misquote it, making nonsense of a poignant comment on youth and age. The last two lines of the poem read: "Life, to be sure, is nothing much to lose; But young men think it is, and we were young."

Hilary Andrade-Thompson
Hopkinton, Mass.

We regret the error.—*The Editors*

■ Concerning the article "Holy War Doctrines" [February 11]: Jesus said to "love your enemies," not kill them! That doesn't mean love their actions, but Christian theologians and evangelicals who debate the morality and justice of war have far departed from the root of their faith. No war, especially this one, is moral or just. George Bush and his supporters are living in the Dark Ages. Killing only breeds hatred and more killing, not peace. There had to be another way to remove Saddam Hussein from power than all this death and destruction. Christian ministers who condone military action in the Persian Gulf ought to be ashamed.

James Alexander
Peoria, Ariz.

■ A leader willing to gas his own people, bomb civilian targets and poison the ocean for his own megalomania is unlikely to respond positively to economic sanctions alone. Christian or, indeed, any ethics must take into account the reality of evil. In dealing with the likes of Saddam Hussein, history teaches us that talking peace is not the same as making peace. Clerics who would guide others in this time of conflict owe their constituents and the Kuwaiti people evidence that they have truly counted the cost of pacifism as well as war, lest their ethical pronouncements seem more politically expedient than prophetically just.

Rev. William J. Keane
Storrs, Conn.

■ A few miles south of the city of Dhahran in Saudi Arabia, a crescent-shaped peninsula hooks into the Persian Gulf. The bay thus formed is called Half Moon Bay and has great natural beauty. The sand is as fine and white as salt. The warm water is blue green, clear and teeming with life: colorful fish, turtles, crabs. During my family's eight years in Saudi Arabia, we spent many happy days on the bay. How very sad it is now to see it threatened. The giant oil slick that reaches south into the Persian Gulf is the evil shadow of one man: Saddam Hussein. A political leader who willfully destroys the environment is a danger to every living thing. No settlement which leaves him in power could be termed a success. Any weapon necessary to remove him is justified.

Don Johnson
Hot Springs Village, Ark.

■ Nowhere does the insanity of war come through more graphically than when one listens to some of the questions reporters ask at the military briefings.

James L. Moltz
Oil City, Pa.

Death's void: The conversation with Philip Roth ["Facing a Father's Death," February 11] expressed so completely my own hard-to-express feelings. My beloved father died within weeks of his 92nd birthday, with his family all near him. Nevertheless, it has been unexpectedly difficult to accept the void it has left. We said goodbye, but I agree completely with Mr. Roth that "the absence is now greater than the presence." The actuality of death has been acknowledged, but the life of the deceased grows more vital with the passing of time. Thank you for the solace of this one page of human love amidst all the pages of warfare and tribulation.

Sarah C. Gallup
Latham, N.Y.

Rights and responsibilities: John Leo's analysis of the communitarian trend ["Community and Personal Duty," January 28] documents a well-deserved backlash against the irresponsible growth of "rights talk" in America. Well deserved, but surely not well directed. The real source of the rights imbalance is a failure to limit rights to those envisioned by Thomas Jefferson. These were essentially *negative* rights, things no government or person could do to another.

Negative rights have been trampled of late by a newer breed of rights, advocated by the American Civil Liberties Union and others, by which a person is now said to have a legal claim to control the property, contracts and associations of his or her fellows. But a simple call for the assertion of more collective interests will, paradoxically, only undermine the sense of community. Enduring community values are those arrived at freely and voluntarily by individuals. The sad truth of history is that the enforcement of community, as opposed to individual, values by fiat destroys communities. Freedom of contract, association and property is essential to keep our other constitutional freedoms in balance.

Curtis L. Garner
Salt Lake City

■ It's good to learn that a number of groups are now endeavoring to balance individual-rights ideology by focusing on responsibilities and the importance of the community as a whole. Individual rights, pushed to the limit, can lead only to the fragmentation of society.

Lydia C. Giglio
New York, N.Y.

Career change: In your article "Wooed by the Classroom" [February 4], you interview several high-school teachers who left the corporate world to enter the

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LETTERS

teaching profession through one of the many "fast track" certification programs now available at universities. For the most part, they bemoan student attitudes, apathy and lack of cooperation. It makes me wonder: Do any of these hastily prepared teachers look at their own teaching styles and strategies as possible causes of student problems? Or do they do what is easier—blame the kids? Perhaps one year is too short a time to learn all they need to become successful. It takes more than "knowing your stuff." It also involves knowing how to share it so that students will listen.

James R. Delisle
Associate Professor, Gifted Education
Kent State University
Kent, Ohio

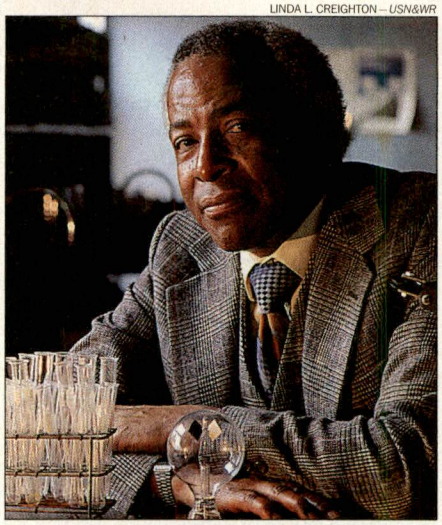
■ Thank you for mentioning what is wrong with the U.S. education system. As David Greer said, "Nothing prepares you for how it feels to try to handle a classroom of kids who have no intention of learning." Anti-intellectualism is the heart of the problem. To really change and improve education in this country, corporate career switchers, educators, parents and, most of all, children have to deal with eliminating this attitude.

Jennifer C. Goodman
New York, N.Y.

■ Your article is filled with the reasons I switched out—low pay, few good job opportunities and few pats on the back. It is really true that "nothing prepares you for how it feels to try to handle a classroom of kids who have no intention of learning." Amassing years in front of the blackboard does not change the hopeless, helpless, frustrated feeling. It will be interesting to see how many "career switchers" remain in elementary or secondary education for even half a decade.

Frances L. Vogel
Northport, Ala.

LINDA L. CREIGHTON—*USN&WR*



Into the classroom. *Gerald Stancil quit a career as a chemist to teach physics.*

Cheap tricks: Only a "shop till you drop" type is going to go through the convoluted itinerary required to obtain that $292 fare between New York and San Diego cited in your story "Flying on the Cheap" [February 4]. In addition, there are a number of hidden traps involved. Many travel agents will not deal with ticket wholesalers, in part because of the logistics and inability to control issuance of the ticket, but most importantly because each year some of them "go west" with $5 million to $10 million in undelivered tickets. If you are going to suggest this course to your readers, tell them to pay with a credit card to obtain some protection. In the case of hidden-city fares, there are now few agents crazy enough to play with them. The majority of the domestic airlines have rewritten tariffs to make the travel agent responsible if the passenger deplanes in Pittsburgh rather than in Hartford. Six months later, the agent receives a bill for the fare difference and must pay it or lose the right to issue tickets on that airline. You also do not mention that this method works only on a one-way trip because of a practice called "down-line cancellation." When you "no show" for the Pittsburgh-to-Hartford flight, return reservations are canceled.

Edward Vitello
Faneuil Hall Travel Associates Inc.
Georgetown, Mass.

■ Assuming that regular air fares are based on the cost of providing air transportation, who is going to pay this cost if everybody uses Tom Parsons's cute tricks for flying cheaply?

Earl Snader
Waynesboro, Pa.

Address letters for publication to Letters Editor, U.S.News & World Report, 2400 N Street, N.W., Washington, D.C. 20037-1196. Send letters by fax to (202) 955-2685. Include full name, address and daytime phone number. Letters may be edited.

CROSSTALK

Behind the bylines

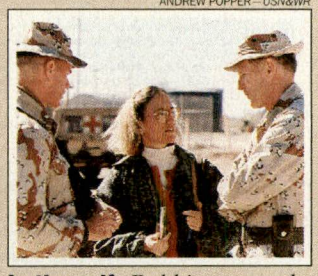
Our correspondents in the gulf may not have seen 1,001 Arabian nights, but their combined experience covering events in faraway places far exceeds that total.

For Senior Writer Joe Galloway, reporting on war is an all-too-familiar job. He spent two years as a correspondent in Vietnam and covered other conflicts and rebellions in Asia, including the India-Pakistan War in 1971.

Senior Correspondent Richard Chesnoff, who has been in the region almost nonstop since the August 2 invasion of Kuwait, is no stranger to the Middle East. He covered the Arab-Israeli war of 1967 and has made many reporting visits to the area in recent years.

Senior Editor Carla Anne Robbins established the magazine's "bureau" in Saudi Arabia and has spent nearly four months there. A veteran of Latin American coverage, she has reported on drug wars in Colombia, Peru and Bolivia and civil wars in El Salvador and Nicaragua. Her reporting on Mexico won an Overseas Press Club award. Her husband, who works for *The Washington Post*, is also covering the war.

ANDREW POPPER—*USN&WR*



In the gulf. *Robbins at work*

Our team also includes two men with military experience. Mike Tharp served in Vietnam with the Army, and Peter Cary is a former Navy officer. His April 23 cover story "Death at Sea," investigating the explosion aboard the USS Iowa, was recognized by the *Armed Forces Journal International* as one of the best pieces of defense reporting in 1990.

Readers on the home front are not alone in benefiting from our coverage. *U.S. News* has been sending shipments of the magazine to Saudi Arabia via the Air Force ever since U.S. troops were dispatched in August. We have been shipping up to 5,000 issues a week—about 130,000 issues so far, and we will continue to do so as long as U.S. troops remain on duty.

THE EDITORS

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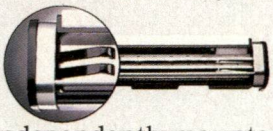

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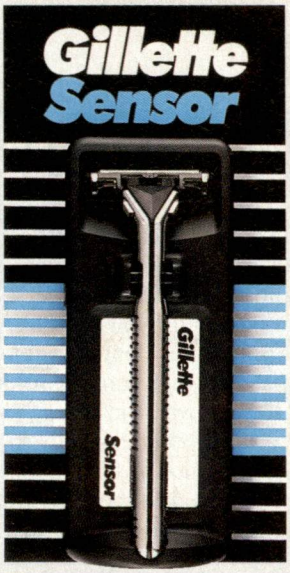

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ONE WEEK

God and man in times of war

Whenever man is most ungodlike, he beseeches the Lord for a little divine affirmation. Shortly before Moses died, he told his Hebrew followers: "God will go with you to fight your enemy for you and give you the victory." Ever since, prophets and presidents have designated the Deity as their principal ally when sending soldiers off to maim and slay others. In the gulf war, the charge to the altar started within hours of the first bombing raid. As telecasts showed Saddam Hussein unctuously bowing on a prayer mat, George Bush intently listened to the Rev. Billy Graham tell a prayer service at Fort Myer, Va.: "We must fight for peace." Soon, Bush set aside a national day of prayer and declared the American-led coalition was "overwhelmingly on the side of God." And now, even as Radio Baghdad airs peace proposals, Hussein and his advisers insist Iraq has "triumphed because it upheld the spiritual principles and values emanating from its true religion."

When politicians call the Lord as their witness, the first temptation is to scoff. What king, after all, ever vowed to consign men to their deaths for an ignoble cause? It's no coincidence that all sides in the gulf controversy, from Saudi King Fahd to antiwar protesters in the United States, share the con-

ABBAS—MAGNUM

On the Lord's team. *Saudi soldiers turn toward Mecca to pray during a break from their wartime duties in the desert.*

viction that God is their corner man. Inevitably, such sudden shows of zeal have the whiff of a foxhole conversion. Hussein, who gassed his own countrymen and pillaged a near-defenseless neighbor, is far from a model Muslim. And George Bush has scrupulously avoided parading his "born again" Episcopalianism—until now. When Chinese autocrats slaughtered the innocents of Tiananmen Square, Bush felt no divine obligation to stop them or even to rescind China's favored trade status.

Still, behind the recent religious sallies lies a more genuine, if plaintive, spiritual stirring. Just like the prospect of a hanging, war—to paraphrase Samuel Johnson—concentrates a man's mind wonderfully. It transforms the world into a kind of madhouse where soldiers and civilians alike must rediscover the purpose of their lives. Surreal TV newscasts now amplify this madhouse effect, showing just about everything except battlefield carnage. Cormorants struggle to flap oil-tarred wings and bloodied civilians lie motionless on stretchers outside a Baghdad bunker—all amidst golden sunsets and palms that sweetly rustle. Yet no one can be immune to the silent agitation that something humbling and horrible is transpiring.

In previous eras, that trepidation and attendant search for meaning were vented in daily church services. Now, when months and years seem clogged with the pursuit of condos, cars and college tuitions, the presumption that life is a spiritual quest has faded. War, ironically, revived that ageless calling, sending near-record numbers of Americans to pray at synagogues and churches. Yet after the last mortar is fired, piety and compassion will likely play only bit parts in the New World Order. If truth is the first casualty of war, the last may be man's sputtering attempt to sanctify his world. □ BY DAVID WHITMAN

CALENDAR

Trivial pursuits • Whatever the news of the gulf war may be, it's time for fun and games—board games, that is. More than 100 new ones slated for introduction to the marketplace this year are on display at the toy industry's annual trade show in New York City through February 20. Toy sales were generally flat last year, but board games—which traditionally fare well during recessionary times—made a strong showing. While children's games led the industry, nearly 20 percent of the country's $1.2 billion board-game sales were to adults. Few manufacturers are pitching toys connected with the war, but two new war games—A Line in the Sand, and Arabian Nightmare: Desert Storm—are due to be on sale by late February. On March 7, at the Game Manufacturers Association's annual trade show in Las Vegas, executives from leading game companies will give advice to would-be inventors on designing new games.

DATABASE

Top-selling children's board game in 1990: **Monopoly Jr.;** family game: **Monopoly;** adult: **Scattergories**

Households in the United States with a Monopoly set: **95%**; sets sold since 1935: **120 million**

Game buyers who are female: **84%**

Languages that Dungeons & Dragons has been translated into: **13;** players worldwide: **9 million**

Of 80 word and strategy games reviewed, top mind games judged by Mensa (organization for people with high IQs): **Taboo, TriBond, Abalone, Scattergories, Trivial Pursuit**

Americans who play chess at least once a year: **10%**

Board games relating to war on the market last year: **200**

BY JO ANN TOOLEY

U.S. NEWS

COPS IN TROUBLE

In his entry in Who's Who in America, William Hart boasts that integrity helped him land the job of Detroit's top cop in 1976. Now the chief is facing a federal indictment accusing him and his former deputy of embezzling $2.6 million from a police fund set up to buy drugs and pay informants. Hart, who denies guilt, is one of the most prominent law officers caught up in a parade of charges that cops have succumbed to lawbreaking, especially in drug investigations. Two ex-Miami officers are now on trial for allegedly stealing narcotics from dealers; two others admitted guilt last month. Six Los Angeles County sheriff's deputies were found guilty in December of pocketing traffickers' profits that they had seized during raids. And last week, a grand jury charged that two officers had helped in a drug-sales network in New Jersey. Several scandal-plagued departments are shoring up internal controls to prevent repeat episodes, but experts worry that police executives harried by public pressure to cut street crime are paying too little heed to reforms.

LENNOX McLENDON—AP

Busted. *Chief Hart*

CHILDREN OF MILITARY PARENTS

There is a rising chorus of concern about the children from 17,500 families who have seen one or both parents who usually provide their principal care sent to the gulf war. That concern has led members of Congress and others to urge Defense Secretary Dick Cheney to reconsider current policy. As it now stands, single parents or couples with children are not exempt from being shipped to combat zones. Legislation has been introduced in Congress to change that, exempting at least one parent from being assigned away from children. "We shouldn't be pushing mothers to leave small children," says T. Berry Brazelton, Boston pediatrician and author of "Infants and Mothers." For now, though, the Defense Department claims it would be a serious mistake to yank military fathers and mothers out of the war zone.

A NEW HIGHWAY PLAN

Thirty-five years and $129 billion after the federal government set up its interstate highway system, the Bush administration has sent Congress a transportation plan that will dramatically change the nation's roadways. The five-year, $105 billion plan boosts highway funding 39 percent but shifts a greater cost burden to state and local governments. In return, local governments will get more latitude over how best to meet their highway needs. And perhaps the most far-reaching change is the creation of a new National Highway System that will include current interstates and 100,000 miles of other existing road that, together, will receive the bulk of federal funds.

Critics include governors worried about their own budgetary woes and mass transit advocates who claim the plan shortchanges alternative transportation. But, by shifting emphasis from new construction to repairs, the plan will likely provide more help for crumbling roads and bridges. Although the debate over details will be intense, Congress will probably pass the plan before late September, when the current program expires.

EVERETT C. JOHNSON—FOLIO

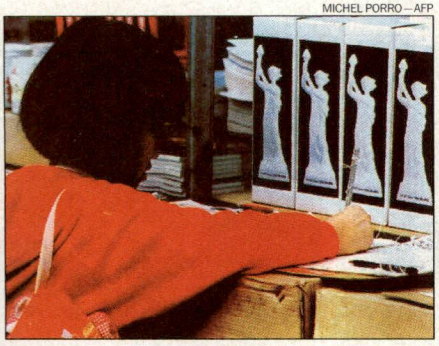
Pathbreaking. *Working on an interstate highway*

USN&WR: DATABASE SOURCES—NPD RESEARCH GROUP; AMERICAN MENSA LTD.; U.S. CHESS FEDERATION; GAME MANUFACTURERS ASSOCIATION; COMPANY REPORTS; ILLUSTRATION: RICHARD GAGE—*USN&WR*

THE FATE OF CHINESE DEMOCRACY

The prospects for a renewal of China's democracy movement are slim, especially now that the last of 42 activists tried in connection with the Tiananmen uprising have been sentenced to prison. In time for the Lunar New Year, the Communist government has sentenced Chen Ziming and Wang Juntao to 13 years in prison for allegedly masterminding the 1989 protests. The punishment for the two intellectuals, who used their independent think tank to promote political reform, was the harshest meted out to any of the Tiananmen leaders.

MICHEL PORRO – AFP



Hong Kong. *Petition for Chinese reform*

The Chinese government has tried to take advantage of the worldwide focus on the Persian Gulf to end its dissident woes quietly. Indeed, lighter sentences given to better-known activists may have been intended to take heat off the government. But the severity of the final sentences promises continued difficulties between China and the West. In the United States, human-rights questions could affect a review that will last until April of China's most-favored-nation status.

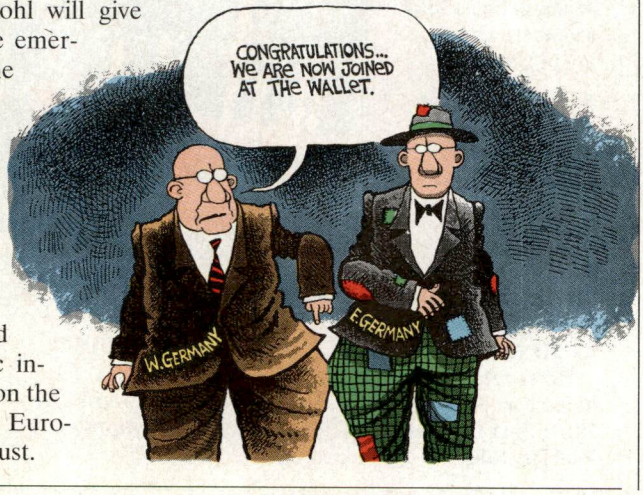
Although the Chinese government has released some imprisoned activists, hundreds of pro-democracy workers remain in jail. Exiled dissidents, many of whom are in the United States and France, have been told they can return to China without fear of prosecution if they promise never to protest against the government again. Few will accept those terms. So at least until leader Deng Xiaoping dies, any resurgent democracy movement will probably have to develop outside, not inside China.

A SKY-HIGH PRICE FOR GERMAN UNITY

A newly calculated bill for German unification of up to $1 trillion in the next decade is higher than almost anyone expected. In eastern Germany, huge numbers of businesses are collapsing, and cities such as Dresden are nearly bankrupt. By midsummer, nearly 3 million people in the east may be unemployed.

And the worst may be yet to come. Eastern Germans are likely to go on spending much of their money in western Germany, while the Soviet market, once the great hope for eastern-German exports, is expected to continue its decline. Given the east's difficulties, economists now predict that barely 20 percent of eastern Germany's industry will be intact by 1992.

Chancellor Helmut Kohl will give $3.4 billion in immediate emergency aid to the east. The decision is seen, in part, as an effort to quell growing anger over his decision to give $10.6 billion to the gulf war. Beyond that, Kohl's move shows that his initial unification recovery plan, which hinged on foreign and domestic investment in the east and on the opening of new Eastern European markets, has gone bust.



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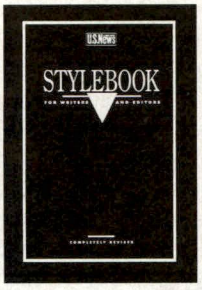

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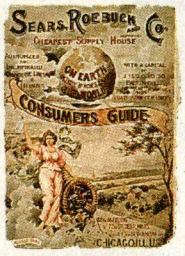
PROFILE

WISH BOOK

For 104 years, the Sears catalog has been America's "wish book," bringing the general store into millions of living rooms. But the world's largest retailer has fallen on hard times, announcing a 37 percent drop in fourth-quarter earnings and 33,000 layoffs. The bad news fuels rumors, which Sears denies, that it may do away with its catalog.

For years, many rural homes had two books: the Bible and the Sears catalog. In the 1880s, Richard Sears, a railroad agent, joined with a watchmaker named Alvah Roebuck to launch a mail-order business. During its heyday, the "big book" contained 1,500 pages, weighed 6 pounds and reached 20 million people. A lifeline to the hinterlands, it offered 100,000 products, from coffee to corsets; from Soothing Syrup, a children's opium-based cough remedy, to the Giant Power Heidelberg Electric Belt—said to relieve almost every abdominal distress imaginable. Sears can even say it helped build America, and not just with hammers and saws. By 1927, more than 35,000 people had constructed "Honor Bilt" kit homes, complete with paint and cupboards.



An 1896 catalog

With most Americans living in urban areas by 1920, mail-order shopping began to give way to retail stores. Today, the catalog, with $4 billion in sales, still has higher revenues than any other mail-order business. But it has been unprofitable for two years, as Sears has lost ground to specialty catalogs and discount retailers. The "Farmer's Bible," as it was called, is losing the game it helped to create. If the catalog winds up being shut down or sold, America could lose a mass-market link to its rustic past.

BY AMY BERNSTEIN

BUSINESS

PRICE WARS AMONG AIRLINES

Another outbreak of fare wars may leave wreckage among the nation's struggling airlines. Already operating under bankruptcy protection, Pan American World Airways could be the big loser in the battle that has forced it and several others to offer cut-rate tickets on many routes in the United States and Europe. With higher fuel costs and declining numbers of passengers, the new fares are expected to increase the industry's woes.

"...THE C.E.O. HAS TURNED ON THE BANKRUPTCY SIGN...PLEASE FASTEN YOUR SEATBELTS WHILE WE ATTEMPT TO RETURN THE AIRLINE TO THE UPRIGHT POSITION..."

For both Pan Am and Trans World Airlines, also in dire straits, a lot depends on the British government. It has held up the proposed sale of the two companies' London routes until the United States lifts restrictions barring foreign carriers from flying passengers between major American cities. The ruckus has caused Transportation Secretary Samuel Skinner to halt British Airways' effort to offer its own cheaper London fares. Meanwhile, the Justice Department has new concerns that the few remaining healthy competitors could become too dominant. Last week, the department's antitrust division announced its opposition to United Airlines' plans to buy the defunct Eastern Airlines' slots at Washington National Airport.

COMPETITION FOR CELLULAR TELEPHONES

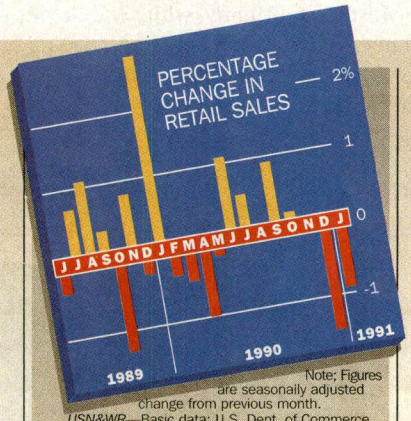
Competition in the red-hot cellular-telephone industry is about to get a lot hotter. In a breakthrough decision, the Federal Communications Commission has changed the rules that currently allow only two companies to operate cellular services in each city. The change will permit firms that now provide mobile communications for auto fleets to offer more or less the same service as cellular companies. By adding a third competitor, the FCC hopes the cost of cellular service will decline.

MONEY CLIP

Retail sales, accounting for a third of the nation's total economic activity, are in a funk.

- **Decline in retail sales from January 1990 to January 1991: 1.4% (first year-over-year decline since 1961)**
- **Total liabilities of Carter Hawley Hale Stores, now in Chapter 11: $1.38 billion**

Other retailers to default on debt in 1991: Best Products, Peebles, Hills



Note: Figures are seasonally adjusted change from previous month.
USN&WR—Basic data: U.S. Dept. of Commerce

RETAIL IN THE ROUGH
A decline in retail sales was spurred by a sharp dive in sales of automobiles.

- **Decline in U.S. auto sales, early February 1990 to early February 1991: 23.5%**
- **Decline in gas station sales in January 1991: 2.3%**

Average price of a gallon of unleaded gasoline in January 1991: $1.23
July 1990: $1.05

- **January 1991 decline in industrial production: 0.4% (fourth straight monthly decline, the longest decline since 1982)**

SEARS, ROEBUCK & CO.; WALT HANDELSMAN/*THE TIMES-PICAYUNE*—TRIBUNE MEDIA SERVICES

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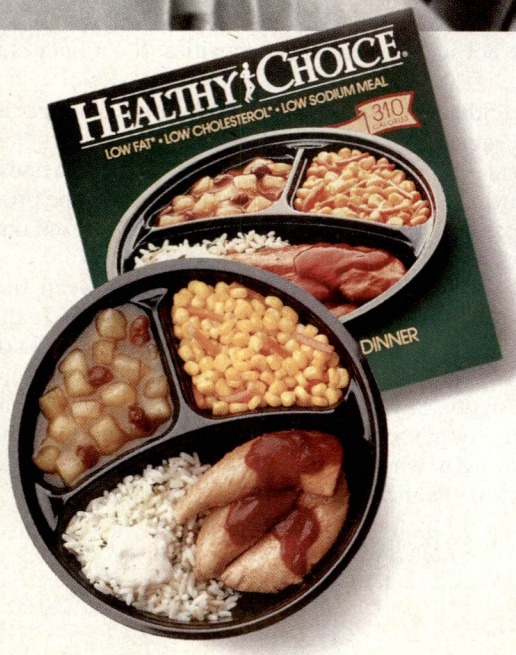

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BRAND DINNERS (Line Averages)	FAT (% of calories)	SODIUM (mg)	CHOLESTEROL (mg)
Healthy Choice®	**12**	**385**	**48**
Le Menu®	39	985	N/A
Le Menu® LightStyle	23	732	58
Budget Gourmet®	41	1044	81

DISPATCHES

U.S. News's *Peter Cary recently wrote a letter home from Saudi Arabia, where he is covering the gulf war. Some excerpts:*

The big news is the Hunt for the Renegades, a small number of photographers trying to cover the war outside the press pools. They bypass roadblocks in rented white Toyotas and Land Rovers. The military is on the lookout. The Alabama National Guard captured, blindfolded and held one overnight for interrogation."Who's the governor of New York?" they asked. He was carrying an expired New York driver's license, which made the Guard plenty 'spicious. The punishment is unclear, but we hear threats of being kicked out of the country. Some punishment—like that for soldiers in Vietnam. "What are you going to do, send me to Vietnam?" was the standard line.

The main problem here is that there's nothing to do unless you're one of the 120 reporters out on pools. The rest, who roam the JIB (Joint Information Bureau), are called JIBLETS. They meddle and schmooze endlessly in a vast, churning sea of misinformation. The worst press scene is in Dhahran, where hundreds wait but few are chosen for pools. Those with Land Rovers drive in the desert to get them dusty. Some people even smear their cars with mud. All this makes it look like you've been somewhere, when you haven't. A reporters' joke: What do you call a rental car? An all-terrain vehicle.

Shopping is all bored Americans do. There are hundreds of stores selling TVs, boomboxes and watches. GIs wander dazed through the malls, confronted by equally dazed clerks. Everyone shops; hardly anyone buys. Shop till you drop—literally, if there is a gas attack. Most of us aren't carrying our masks. We may be overconfident, but at least we're getting sleep. Lots of sleep.

Wish you were here.

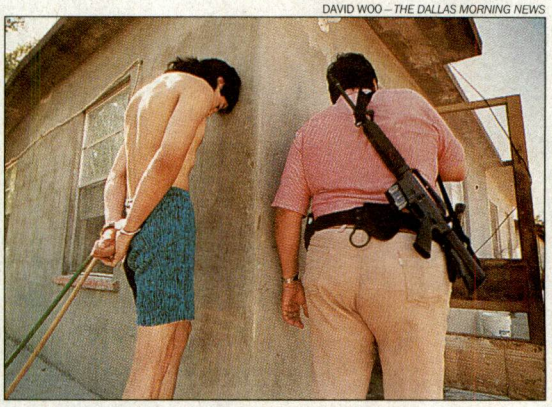
DATELINE

POOR LITTLE, RICH LITTLE DRUG TOWN

ROMA, TEXAS—Dustblown, downbeat and halfway destitute, this hamlet of 4,500 is an economic basket case in the nation's poorest county. Annual per capita income for the 40,000 residents of Starr County in the Lower Rio Grande Valley was $4,313 in 1989. Dryland agriculture—onions, citrus, cattle—is marginal, and there is little industry. The main business district is a time-warp jumble of peeling 1950s-era storefronts and frontier Western ghost-town facades. In 1989, the local unemployment rate rose to a Depression-era high of 45 percent. At a quick glance, Roma is the archetype of a broken-down, tumbleweed Tex-Mex border town: sunbleached, sleepy, impoverished.

But stick around and look closer. Luxury vehicles cruise up and down the washboard gravel streets. Lavish homes—from English Tudor-style mansions to turreted French faux châteaux—tower over unpainted cinderblock shacks with backyard privies. Land along US 83, the county's main commercial strip, sells for up to $80,000 an acre—tenfold the value that residents here might otherwise regard as fair. One 55-mile section contains 86—count 'em—convenience-food stores, far more than such a seemingly hard-up area can logically support. Bank deposits in 1989, flat almost everywhere else in Texas, grew 52 percent in Starr County.

DAVID WOO—*THE DALLAS MORNING NEWS*



Bashful. *DEA agent and prisoner*

Welcome to Roma, the Richest Little Poor Town in Texas, a place where $5 will buy you a belly-bustin' meal of barbecued *cabrito* and $500, a pair of hand-tooled ostrich-skin Tony Lama boots. The bizarre extremes of poverty and wealth are attributable to drug money. With the current crackdown in south Florida, roughly one third of the marijuana and cocaine entering the United States now comes across this short strip of South Texas border that's as porous as cheesecloth.

Smuggling in both directions across the waist-deep Rio Grande has been an integral part of the warp and weft of Starr County since frontier times. This tradition bred, until recently, a widespread nod-and-wink tolerance for trafficking. Even though most residents were not involved in illegal activities, the money stimulated the local economy.

While gun shops, furniture dealers, expensive clothing stores, jewelers and auto dealers profit from the free-spending *contrabandistas,* the drug dollars have badly skewed the rest of the local economy. Owners of legitimate businesses cannot compete with price undercutting by cash-laundering retail fronts. Dope profits used to purchase acreage at excessive prices have inflated land values, frozen out honest developers and raised real-estate taxes.

Now, many of Roma's honest business owners are eager to wean the town's economy from the illegal money, and there are modest signs of change. Juan Muñoz, 35, owner of a flourishing seed, feed and veterinary-supply business, acknowledges that drug dollars have been spent in his store. But he would like to see every last doper driven out of Starr County. Says Muñoz: "The feds are finally beginning to hurt the drug mafiosi. When they get wiped out, what are we gonna do with $80,000 an acre lots? I'm looking forward to when we go back to basics, have to work twice as hard and drive Chevrolets again. Roma will be a better place."

BY MICHAEL SATCHELL

NO ONE KNOWS THE LAND LIKE A NAVAJO.

Mazda Navajo In a place studded with saguaros, gouged by arroyos, and knee-deep in cholla, it helps to know Navajo.

The new Mazda Navajo. A four-wheeler so tough and smart, the editors of *Motor Trend* saw fit to name it the "1991 Truck of the Year."

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In fact, the Navajo can make even the harshest terrain actually comfortable.

Or as *Motor Trend* magazine put it, "Driver and passenger comfort is this Mazda's hallmark. The Navajo's interior is accommodating and well-designed, and the suspension sops up bumps like... towels sop up spills."

They went on to say, "The Navajo enjoys a significant cost advantage over virtually all of its comparably-equipped competitors. Despite this key edge, it boasts... a full spectrum of power-assisted amenities... sport seats... power disc/drum brakes with rear ABS... and four-speaker AM/FM sound system."

So go ahead and get to know the land. Take your family. Take your camping gear. And take the advice of *Motor Trend*. Take the Mazda Navajo.

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ENTERPRISE

RISKY BUSINESS

When the Soviet Union's prime minister accused the West of trying to spark an economic coup of his country, he was also deepening an assault on home-grown capitalists such as Artyem Tarasov. Moscow's first official millionaire, the 40-year-old Tarasov has led the charge for market reforms. Now he and other wannabe capitalists are in full retreat.

SOVFOTO

Tarasov

An inventor and trader, Tarasov built the economic dynamo Istok by swapping materials such as wood and fertilizer for high-tech goods. But for Tarasov, who is also a Russian parliamentarian, the good times ended last month shortly after he accused Mikhail Gorbachev of secretly agreeing to sell Japan the Kuril Islands, which the Soviets seized at the end of World War II. That's when government agents raided Tarasov's offices, and now they want to charge him with the new crime of insulting Gorbachev. But Tarasov's bigger problem may come from investigations of his enterprises. Protests by liberals aside, he could well have tripped in the maze of intentionally vague Soviet trade laws that bar business practices regarded as acceptable in the West.

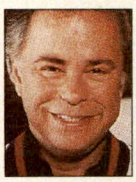
Other businessmen face deeper problems; many of them have been accused of moving scarce resources onto black markets, thus improving profitability. And many entrepreneurs fear they will face the fate of the kulaks who profited under Lenin's economic liberalization, only to wind up in Siberia, or worse, under Stalin. Hard-liners regard Tarasov and his ilk as "malignant tumors" on society. That's a far cry from the role as the heart and soul of a revitalized Soviet economy that these entrepreneurs expected to play only a few months ago.

BY JEFF TRIMBLE

PEOPLE

ZORA NEALE HURSTON and **LANGSTON HUGHES,** two leading lights of American literature, collaborated on a play that they hoped would hit Broadway and radically alter theatrical depictions of the ways black Americans lived and spoke. But the two writers quarreled over the folk comedy, and their close friendship foundered, as did plans for producing their play. Now "Mule Bone" has finally opened on Broadway—more than 60 years after it was written.

DOUGLAS HANN has a good reason to watch what he says from now on. The Brown University junior is believed to be the first student ever expelled from college for violating "hate speech" regulations. On his 21st birthday last October, the football player stood inebriated in a dormitory courtyard and shouted racial, ethnic and antihomosexual slurs. Hann, a Pittsburgh native, had been punished for a similar incident when he was a freshman. Controversial antiharassment codes have recently been instituted at several other major universities.

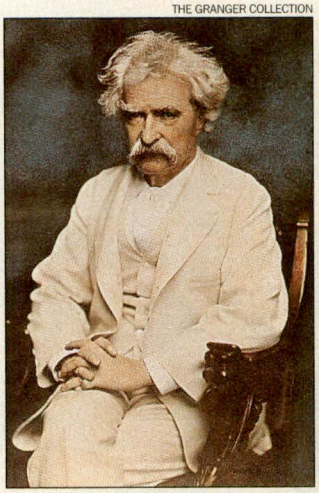


JIM BAKKER, founder of the defunct PTL Network, may see his prayers answered—sort of. Although a Virginia-based federal appeals court upheld the televangelist's 1989 conviction for fleecing his followers, the panel said Judge Robert Potter's religious beliefs improperly influenced him when he dealt Bakker a 45-year prison term. Spearheading Bakker's appeal was Alan Dershowitz, the Harvard law professor known as "the lawyer of last resort." Bakker's attorneys have asked that he be released from his Minnesota prison cell while he awaits resentencing.

GARY SHEPHERD, thirtysomething, died last week in a tragic highway pileup. The shaggy-haired, infrequently employed English professor is survived by an unpleasant wife and a daughter, a friend named Nancy Weston, who has been suffering from cancer, and a bevy of comrades on ABC's "thirtysomething" television show. (Peter Horton, the actor who played Shepherd, will continue to direct some episodes.)

MARK TWAIN wrote and rewrote "The Adventures of Huckleberry Finn." But scholars have long been stymied because half of the manuscript was lost, seemingly to the ages. That changed when 665 heavily annotated pages turned up in a California attic, revealing a gold mine. The pages vary widely from published texts and include one long section that has probably not been seen in more than a century.

THE GRANGER COLLECTION

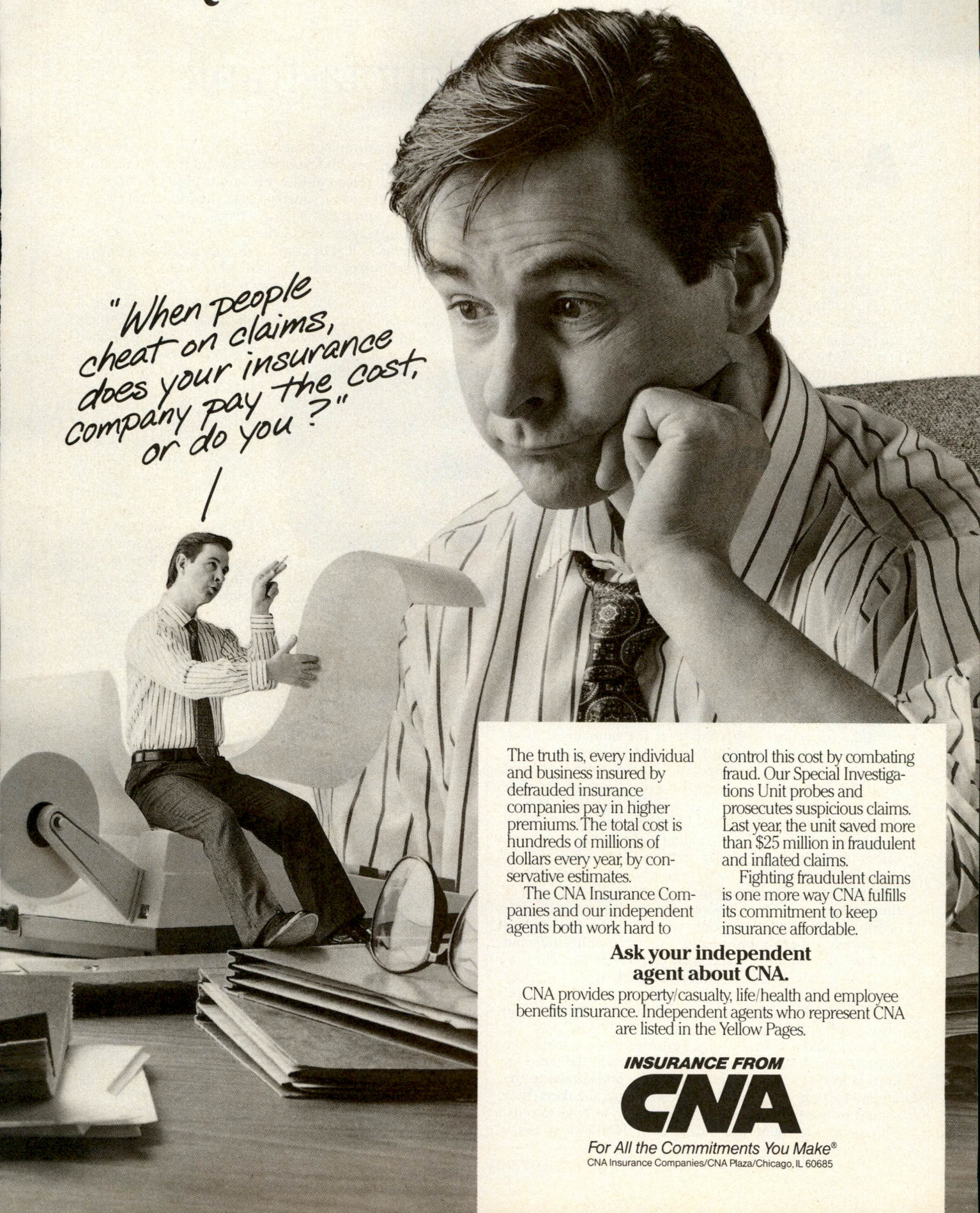


DAVID KARP—AP

Treasure trove. *Twain's original manuscript has been discovered.*

AP; SPRINGER—BETTMANN FILM ARCHIVE; THE BROWN SPECTATOR; AP; ABC

Questions to ask yourself about business insurance:



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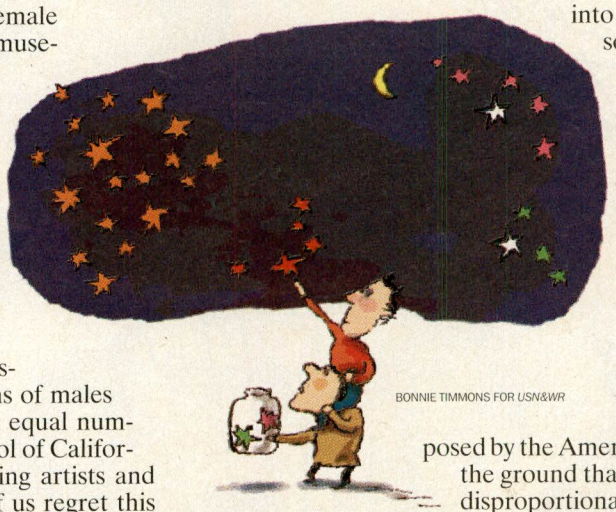
BY JOHN LEO

The menace of quota-think

A curious story from a friend who follows New York City politics closely: Three municipal employees, all white males, recently decided not to attend an important committee meeting because their attendance would skew the racial balance in the room. This is the quota mentality, the dominant mind-set these days on racial and sexual matters. Better to skip work than to present an ethnically flawed group profile.

A group of militant female artists, seized by this mentality, is accusing the Metropolitan Museum of Art of being sexist because 95 percent of the paintings in the museum are by males, whereas 85 percent of the nude statues are female. Alas, there is no male-female balance in the history of art, but museums nowadays should presumably fashion one for past eras anyway, a sort of retroactive affirmative action. The best way out would obviously be for the Met to discover several hundred ancient male nude statues, all superbly wrought by hitherto unknown female artists.



BONNIE TIMMONS FOR *USN&WR*

By law, all textbooks used in California public schools must apply this sort of retro-quota in history, art and science: Contributions of males and females must be presented in equal numbers. For reasons beyond the control of California, perhaps 95 percent of achieving artists and scientists have been male. Most of us regret this exclusion of females. California just erases it and tells its children a high-minded historical whopper.

Gulf inequities. The best current example of the quota mentality in action is the flap over the number of black soldiers in the Persian Gulf war. Blacks account for 12 percent of the American population and over 24 percent of American troops. If you are a quota hard-liner, all you must do to demonstrate unfairness is point out that 24 is a distinctly higher number than 12. But why is it unfair? This is a volunteer Army, and the training and benefits the Army offers (along with the risk of getting shot) will obviously appeal more strongly to those on the way up economically and those striving to escape mean streets at home. Some of those arguing now that blacks are being exploited in the gulf action are precisely the people who argued for years that the armed forces should open up more to minorities and become instruments for social equality. Now that this has been done, the objectors have flip-flopped. And if the Army announced tomorrow that it would accept a 12 percent quota of blacks, and no more, wouldn't the objectors flip once again and complain about racial exclusion?

Quota-thinking has become reflexive, even outside the normal parameters of the affirmative-action debate. Operation PUSH's campaign against Nike boils down to the argument that since blacks buy so many sneakers they should proportionately share, as a group, in Nike profits. The same argument has surfaced in Hollywood: Since blacks buy one third of theater tickets, they deserve one third of important industry jobs and control of one third of all movies. (How would this quota principle apply to the basketball industry, which has predominately white ticket buyers and predominately black jobholders?)

Quota-thinking seems to be invading the criminal-justice system as well. The statistical argument that a disproportionate number of blacks suffer the death penalty is a valid one. Many courts have been guilty of a double standard. But the argument has an unstated corollary: that if arrest and conviction rates for blacks are unusually high, that too must be the result of prejudice. This has slipped into casual conversation among some analysts as "the criminalizing" of young black males, as if the higher crime rate is something society imposes and not an obvious result of something criminals do. The same hidden quota can be unearthed behind many of the plans to prosecute parents for the behavior of their children. They are controversial and perhaps unwise plans, but are usually opposed by the American Civil Liberties Union on the ground that poor people are likely to be disproportionately prosecuted. That apparently means that for every poor mother of a violent gang member you arrest you must in fairness pick up a rich gang mother.

In politics, candidates more frankly promise job quotas by sex and race. Dianne Feinstein, in her campaign for governor of California, promised to hire women and minorities in direct proportion to their population in the state. That is approximately what her successful opponent, Pete Wilson, promised when he was mayor of San Diego, and what New York Mayor David Dinkins is promising now. This sounds benign—in a perfect world each job category should have diverse workers—but in effect it sets up a system of group entitlement at the expense of merit. A fraction of Indian blood has become very valuable under quota plans. That may be one of the reasons the number of Americans listing themselves as Native Americans has tripled since 1960. Quotas also mean firing people if their group numbers get too high. By strict quota-thinking, that should happen to blacks now in Compton, Calif., which is turning from a mostly black to a black and Latino city. Latinos hold fewer than 10 percent of the city jobs and account for 30 percent of the population. Must black jobholders clear out, simply because the town's ethnic mix is changing, or is that something that voting and the give and take of politics can take care of better than quotas?

Enough. Quota-thinking is a social menace. Let's be done with it before it poisons our politics. ■

HOTEL CONRAD DUBLIN
Dublin

HOTEL CONRAD PUERTO VALLARTA
Mexico (1991)

HOTEL CONRAD BRUSSELS
Brussels (1992)

HOTEL CONRAD JUPITERS CASINO
Gold Coast, Australia

HOTEL CONRAD LOS CABOS
Mexico (1992)

LA BELLE CREOLE A CONRAD HOTEL
St. Martin, Caribbean

HOTEL CONRAD CANCUN
Mexico

LE METROPOLE PALACE A CONRAD HOTEL
Monte Carlo

HOTEL CONRAD LONDON
London

HOTEL CONRAD HONG KONG
Hong Kong

HOTEL CONRAD SCARBOROUGH
Toronto (1992)

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WASHINGTON WHISPERS

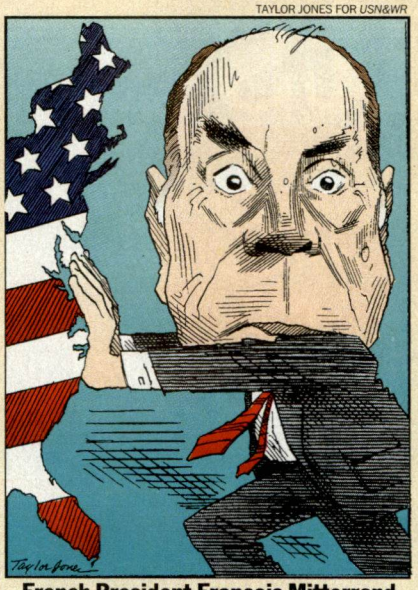
AS BAKER *slips, Bush takes charge of gulf diplomacy*

CUOMO *leads, Jackson trails in Democratic fund-raising*

JOSEPH KENNEDY II: *He's no Jack Kennedy*

■ **Cooling off.** As White House insiders see it, the first signs of friction have begun to appear in the professional partnership between President Bush and Secretary of State James Baker. According to the sources—who have an obvious interest in downgrading the diplomatic role of the secretary of state—Bush has told advisers that in order to exercise closer personal supervision of postwar planning for the gulf, he wants control of Mideast policy centralized at the White House, a desire made more relevant by Iraq's condition-laden offer last week to withdraw from Kuwait. Bush is also said to feel he can best monitor policy decisions through National Security Adviser Brent Scowcroft, an unassuming team player who works down the hall, rather than Baker, whose office is some dozen blocks away in Foggy Bottom and who, the sources contend, has a penchant for "self-promotion." As one example, they cite Baker's role in the embarrassing announcement—a few minutes before Bush's State of the Union message—of a joint U.S.-Soviet statement implying a softening of Washington's stance on negotiating with Iraq. That upstaged the President's speech and later forced him to deny there had been any change in U.S. policy. In addition, Bush is said to feel that the war and the tenuous situation in the Soviet Union may have overburdened his old friend and that Baker's talents and experience could be most efficiently employed by allowing him to focus primarily on relations between Washington and Moscow. Finally, the president believes his evolving relationships with political leaders in the Mideast are made-to-order for top-level personal diplomacy. Calling the report "trash," Assistant Secretary of State Margaret Tutwiler attributed it to "a disgruntled staffer stirring the pot."

TAYLOR JONES FOR *USN&WR*



French President François Mitterrand
Front-line forces, backdoor diplomacy

■ **Obsession in Paris.** *To counter U.S. postwar dominance in the gulf, France is knitting together a curious alliance with Iran and the Soviet Union. That, say well-connected sources in Paris, is the meaning of high-level French visits this month to Tehran and Moscow and of a phone call from President François Mitterrand to his Iranian counterpart, Hashemi Rafsanjani. Even as elite French troops are poised on the Saudi front, Mitterrand works through backdoor diplomacy to assure France a key role in the postwar Mideast.*

■ **Parallel thoughts.** Unlike the French, the British continue to view the world in close parallel with the United States. Assessing the Soviet crisis, for example, one high-ranking London insider explains: "There's no point in abandoning Gorbachev if by doing so we hasten repression and violence. It's a matter of estimating how best to help. Gorbachev would be making a great mistake if he thought we were distracted by the gulf. On the contrary, there is special Western vigilance at present."

■ **Polls apart.** U.S. News *has learned that a private poll taken in the Moscow area shows greater support there for the U.S.-led coalition in the Persian Gulf than for Moscow's crackdown in the Baltics. Almost 40 percent of the Soviet respondents approved using force against Saddam Hussein. In sharp contrast, 80 percent said Moscow should not use military force under any circumstances in the Baltics, and 61 percent agreed that Estonia, Latvia and Lithuania should be independent.*

■ **Dollars for Democrats.** With its first-in-the-nation caucuses one year away, the Iowa political front remains eerily quiet. At the same time, however, potential Democratic candidates are continuing to fill campaign war chests. Here are the latest totals from the Federal Election Commission: New York Gov. Mario Cuomo, $3.8 million; Georgia Sen. Sam Nunn, $1.6 million; Tennessee Sen. Al Gore, $708,000; Senate Majority Leader George Mitchell, $491,000; House Majority Leader Richard Gephardt, $193,000; and 1988 veep nominee Lloyd Bentsen, $148,000. The Rev. Jesse Jackson has raised $712—not enough to buy even a few seconds of advertising on his syndicated TV show.

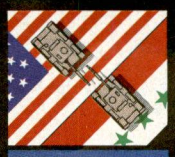
■ **Rage and regret.** *Rep. Joseph Kennedy II is not endearing himself to Capitol Hill colleagues, even fellow liberals. The 38-year-old son of Robert Kennedy has been forced to write letters apologizing for his behavior during a strategy session of Democrats opposed to the use of force in the gulf. Sources say that during the meeting—held a few days before the war—the Massachusetts third-termer lashed out at those who failed to support his proposal to ban military action against Iraq for at least a year, and he implied that his fellow doves were only motivated by a desire to get their names in the papers—a desire, colleagues say, not unknown to Kennedy himself.*

EDITED BY CHARLES FENYVESI

THE GULF WAR

Desperate gambits

As his troops flee and his remaining force faces destruction, Saddam Hussein broadcasts new peace feelers and gruesome TV images to save his skin. Will his ploys poison the postwar world?



Saddam Hussein's military fantasies ended last week, but his bid for victory continued. With his military forces nearly crushed, morale crumbling and his enemies poised to launch a ferocious land and air attack, the embattled Iraqi leader launched a desperate campaign to capture at the peace table what he has been denied on the battlefield. In his two-front sally—the dissemination of heart-wrenching pictures of civilians killed in the U.S. bombing of a Baghdad bunker and the announcement of a peace offer—Hussein tried to save the remnants of his Army and his own skin. "He feels

the noose tightening," says Bard O'Neill of the National War College.

Hussein's gambits could fail entirely. President Bush denounced them as a "cruel hoax" and prepared to push toward a final resolution of the Persian Gulf war. Allied bombing runs at Iraq's troops in Kuwait intensified and wreaked major new damage on his war machine. One knowledgeable military source said that at week's end tens of thousands of Iraqi soldiers were scurrying north, away from the impending allied onslaught. He said the Pentagon's claims that about one third of Iraq's ground armaments had been destroyed was too low—that the true "degradation" wreaked by allied bombers on Iraqi tanks and artillery had hit 50 percent. "All it will take now is one shock—the ground assault—and the entire Iraqi Army will collapse," the source said. And the allied ground strategy is poised to deliver just such a blow: a swift, devastating attack on an Iraqi weak spot that allied commanders hope will crack Hussein's forces the way a diamond cutter cuts a diamond, with a single bold stroke (Page 38).

Just as important, Bush has mobilized most of world opinion solidly behind the war, so that Hussein's bid for sympathy is stirring few minds outside the Muslim world. Americans barely blinked at Hussein's gestures, continuing to rally behind one of the most popular wars in the nation's history. Nonetheless, Hussein's gambits graphically illustrate what U.S. officials have recognized from the beginning: The gulf conflict is two different wars being played on different battlefields. Washington has always been con-

TOP ROW (LEFT TO RIGHT): AFP; CNN; CNN; AFP; AFP; ABC; CNN; CNN; CNN; AFP; CNN; AFP; CNN; CBS; TV PHOTO BY JEFFREY MacMILLAN—*USN&WR*

fident that it could wipe out Hussein's military machine. What has worried it more is whether he, as martyr, could win the hearts and minds of other people and thus secure a political victory. He recently has achieved some success on the streets of the Middle East, and perhaps in the Kremlin, and now Washington and its allies are working hard to close off his final escape.

Analysts say the nub of Hussein's strategy is to stall his foes' military efforts and divide the coalition. His propaganda war is based on promoting two contradictory images: a ruthless warrior and a victim. Hussein the "warrior" wants to frighten the West and thrill the Arab world with his brutal power. That's why he showcased tortured prisoners of war and hostages on television. Hussein the "victim" strives for the more classical propagandist's goal of bringing enmity to his enemies by stressing the damage they are inflicting.

PETER DeJONG – DOD POOL

Kuwait-bound. *A howitzer heads for the final drive.*

"Forget how horrible he is." Hussein clearly is unconcerned about the hypocrisy that lies behind these contradictory images. "He wants to hold up a mirror to the eyes of the West to show how horrible they are and to forget how horrible he is," says Haifa University Prof. Amatzia Bar'am, author of a book on Saddam Hussein. The devilish irony of it is that the very success of American Patriot missiles in knocking out Hussein's Scud attacks on Saudi Arabia and Israel before they can kill many civilians hinders the United States in the image wars. There are few gruesome pictures to show of Hussein's evil intent.

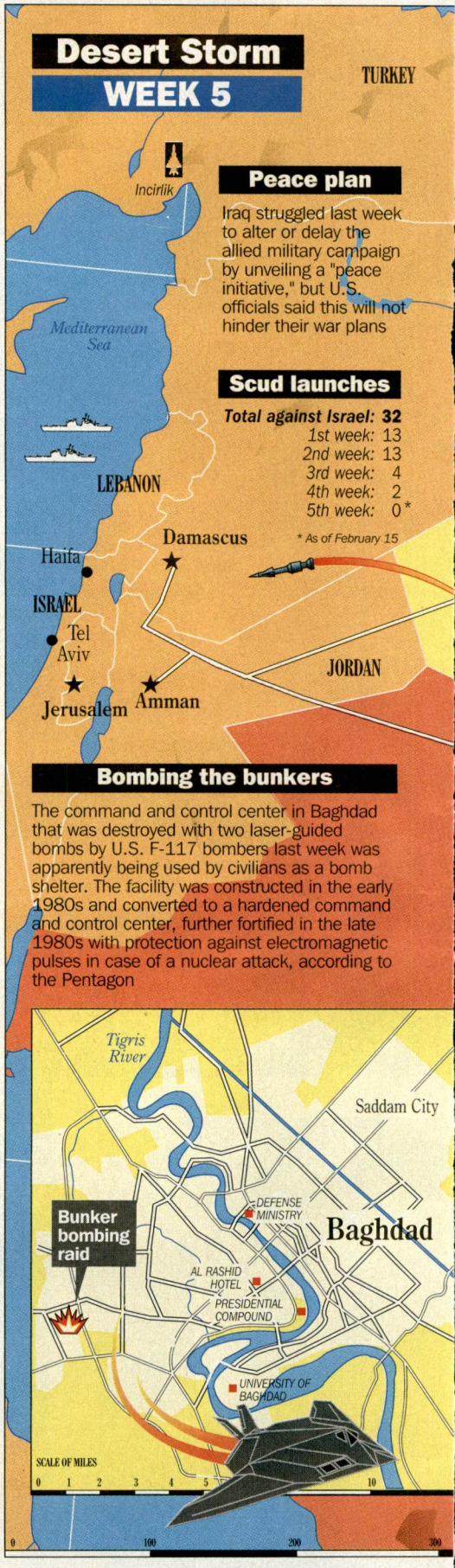
On the diplomatic side, stalling is his motive. Defense analysts believe that in his late-week offer, Hussein's willingness to backtrack on his pledge never to relinquish Kuwait – land he has repeatedly called the 19th province of Iraq – is proof that Hussein knows his days are numbered. But the peace bid seemed clearly designed for public-relations purposes, rather than for serious bargaining, because it contained new conditions for the allies to meet before Hussein would withdraw from Kuwait, including a demand that the allies forgive the estimated $90 billion in debt Iraq owes.

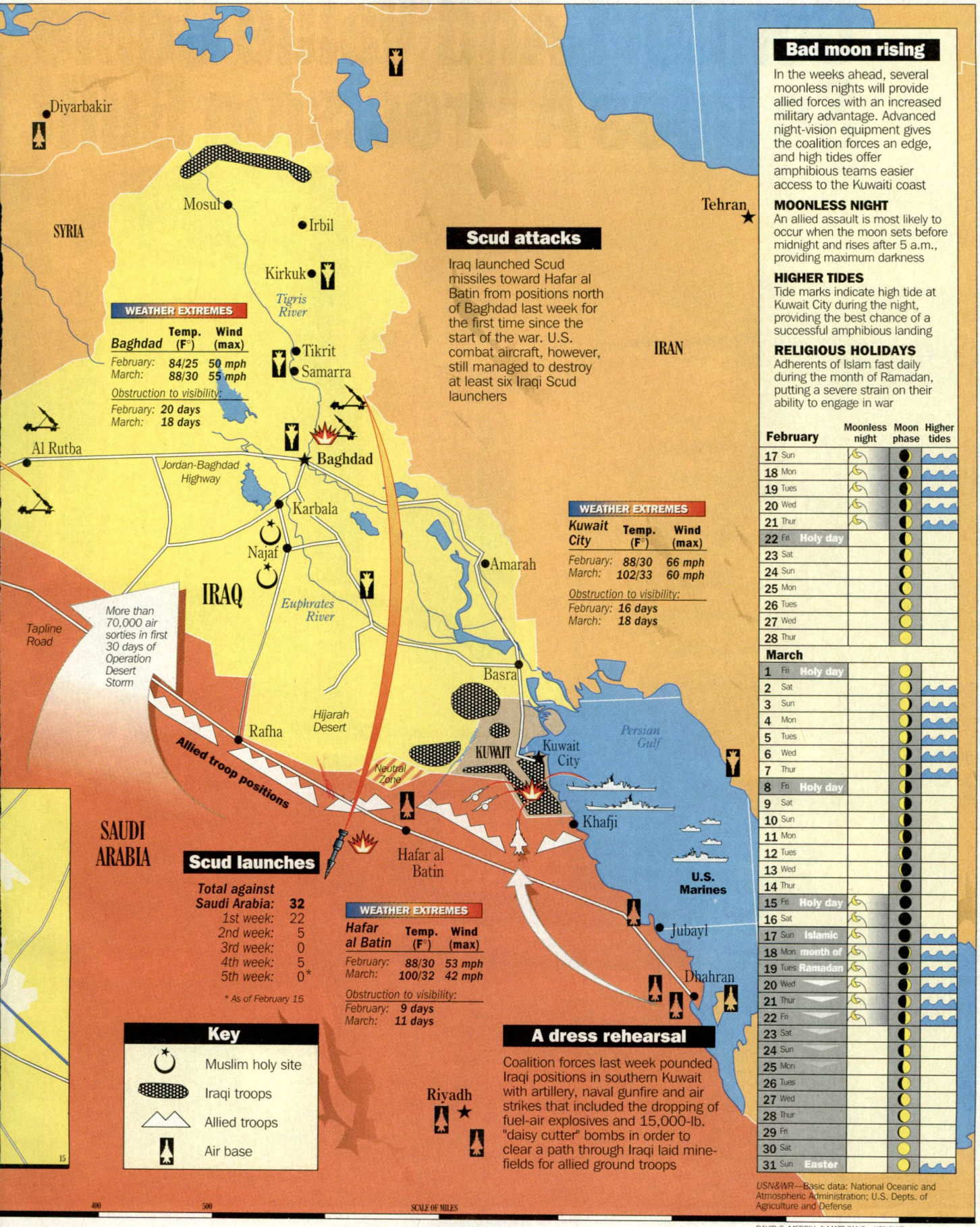
U.S. officials made it clear they would continue the air war until there is real evidence Hussein is serious. The best way to persuade him to keep moving toward peace is to keep destroying his tanks, they argued. A cease-fire, say some observers, should also include a provision that it must hold on all battlefields and that terrorism outside the Kuwaiti theater of operations linked to Iraq will constitute a violation of the cease-fire.

What distresses the Bush administration is that the number of apparent willing accomplices to Hussein's tactics might be growing. White House aides are concerned about the ambiguous role Soviet diplomats began to play last week, as they moved to become mediators and ensure their country a place at the peace table (Page 30). And some Bush allies worried that the rupture in relations with Jordan would greatly complicate the search for peace between the Israelis and the Palestinians.

Even if Hussein were to sweeten his withdrawal offer to meet most of the United Nations resolutions, it is not clear that Washington would accept it. As the war has progressed, Bush has seemingly adopted two unstated goals that stretch beyond U.N. mandates. One has been largely achieved through air strikes: the decimation of Iraq's capacity to wage war against its neighbors. The other is to force Hussein's departure from power – preferably by a coup in Baghdad. A cease-fire that leaves him in place would create problems for Bush.

To win support at home and from other Muslims, Hussein is publicly arguing what he probably believes himself: Kuwait is only an excuse. The Americans want to subjugate the Iraqi nation because Iraq is the torchbearer of Arab liberation and the only nation to keep Israel in check. Allied bombing of bridges, government ministries and oil refineries inside Iraq supports his charge that this is not a war about liberating





Scud attacks

Iraq launched Scud missiles toward Hafar al Batin from positions north of Baghdad last week for the first time since the start of the war. U.S. combat aircraft, however, still managed to destroy at least six Iraqi Scud launchers

WEATHER EXTREMES

Baghdad	Temp. (F°)	Wind (max)
February:	84/25	50 mph
March:	88/30	55 mph

Obstruction to visibility:
February: 20 days
March: 18 days

WEATHER EXTREMES

Kuwait City	Temp. (F°)	Wind (max)
February:	88/30	66 mph
March:	102/33	60 mph

Obstruction to visibility:
February: 16 days
March: 18 days

Scud launches

Total against Saudi Arabia:	32
1st week:	22
2nd week:	5
3rd week:	0
4th week:	5
5th week:	0*

* As of February 15

WEATHER EXTREMES

Hafar al Batin	Temp. (F°)	Wind (max)
February:	88/30	53 mph
March:	100/32	42 mph

Obstruction to visibility:
February: 9 days
March: 11 days

Key

- Muslim holy site
- Iraqi troops
- Allied troops
- Air base

A dress rehearsal

Coalition forces last week pounded Iraqi positions in southern Kuwait with artillery, naval gunfire and air strikes that included the dropping of fuel-air explosives and 15,000-lb. "daisy cutter" bombs in order to clear a path through Iraqi laid mine-fields for allied ground troops

Bad moon rising

In the weeks ahead, several moonless nights will provide allied forces with an increased military advantage. Advanced night-vision equipment gives the coalition forces an edge, and high tides offer amphibious teams easier access to the Kuwaiti coast

MOONLESS NIGHT
An allied assault is most likely to occur when the moon sets before midnight and rises after 5 a.m., providing maximum darkness

HIGHER TIDES
Tide marks indicate high tide at Kuwait City during the night, providing the best chance of a successful amphibious landing

RELIGIOUS HOLIDAYS
Adherents of Islam fast daily during the month of Ramadan, putting a severe strain on their ability to engage in war

February	Moonless night	Moon phase	Higher tides
17 Sun	✓		✓
18 Mon	✓		✓
19 Tues	✓		✓
20 Wed	✓		✓
21 Thur	✓		✓
22 Fri Holy day			
23 Sat			
24 Sun			
25 Mon			
26 Tues			
27 Wed			
28 Thur			
March			
1 Fri Holy day			
2 Sat			✓
3 Sun			✓
4 Mon			✓
5 Tues			✓
6 Wed			✓
7 Thur			✓
8 Fri Holy day			
9 Sat			
10 Sun			
11 Mon			
12 Tues			
13 Wed			
14 Thur			
15 Fri Holy day	✓		
16 Sat	✓		
17 Sun Islamic	✓		✓
18 Mon month of	✓		✓
19 Tues Ramadan	✓		✓
20 Wed	✓		✓
21 Thur	✓		✓
22 Fri	✓		✓
23 Sat			
24 Sun			
25 Mon			
26 Tues			
27 Wed			
28 Thur			
29 Fri			
30 Sat			
31 Sun Easter			✓

USN&WR—Basic data: National Oceanic and Atmospheric Administration; U.S. Depts. of Agriculture and Defense

DAVID S. MERRILL & MATT ZANG—*USN&WR*

Comfort And Value Come So Does A Precision Built

*"Best-Built" claim based on an average of consumer-reported problems in a series of surveys of all '81-'90 models designed and built in North America. Division Sales. **EPA combined city/hwy. estimate of 26 mpg (24 city/29 hwy.) for man. trans. 2.3L Ranger. ***Retail Deliveries by Div., 1990 vs. 1989.

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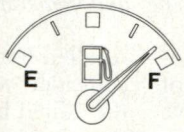

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Kuwait but about dismantling Iraq and establishing U.S.-Israeli hegemony in the gulf. This sets up his likely claim—as he is forced out of Kuwait—that he still "wins" if he stays in power in Iraq.

There is growing evidence, though, that the Iraqi people aren't buying Hussein's arguments. Western peace activists recently in Iraq have told U.S. defense officials that more and more Iraqis see Hussein as the source of the agony the country is enduring. Reports also suggest that his broadcasts of great military victories are increasingly greeted with cynicism by the Iraqis. That situation prompted one U.S. military analyst to argue that continued bombing of military targets in Baghdad would have a substantial political impact.

DARRYL HEIKES—*USN&WR*

Time to go. *Bush, Defense Secretary Cheney and General Powell plan the ground war.*

Still, the road ahead is not necessarily easy for the Bush administration, if only because Hussein has more capacity to use propaganda and diplomatic weapons than he ever had to wield military weapons. In fact, he scored his first and, perhaps, only "victory" of the war last week when two laser-guided bombs dropped by an F-117A Stealth fighter smashed through the roof of a bunker in Baghdad and killed as many as 300, many of them civilians. The fearsome televised images of burned children and charred remains loosed a barrage of questions: If Americans and their bombs were so "smart," how could this slaughter of innocents have happened?

American briefers scrambled to make a credible case that the bunker had been established as part of Hussein's complex military command and control network and had recently been activated because of the damage allied bombing caused to other Iraqi military targets. The officials said target planners were unaware that civilians used the facility. But the words of the briefers paled in comparison with the horrific televised pictures. Those images sparked strong condemnation, in part because they helped ground uneasiness in some countries that the number of allied bombing sorties—which passed 72,000 last week—was excessive. After several minutes of graphic footage on the night of the bombing, German television recalled for its viewers that the carnage coincided with the 46th anniversary of the Allied blitz against Dresden. Coalition member Spain called for an end to the U.S. bombing of Iraqi cities.

The most immediate response to the outcry over the bunker bombing will be its effect on U.S. military policy. How, planners pondered, do you maintain public support while fighting an enemy that is increasingly placing military equipment in civilian areas? The answer was to avoid the possibility of a propaganda loss by keeping targets off the list if there was any threat of civilian casualty—a decision made easier because of the destruction already visited on Iraq's military. Sources say fears about civilian casualties have prompted target planners to rule out hitting two bridges over the Tigris River that lead out of Baghdad to Kuwait, even though they carry cables the Iraqi leaders use to communicate with battlefield commanders.

The danger of backlash against the United States is not great unless another catastrophe strikes. However, in the larger battle for hearts and minds, the Baghdad bombing showed how significant the U.S. disadvantage is for the time being—if only because Hussein now controls the pictures. Western reporters can see and broadcast only what he allows from Iraq; none has been permitted into Kuwait, where many atrocities reportedly have occurred.

Liberating Kuwait City. The American goal is to deny Hussein a martyr's mantle. Once Kuwait is freed, officials believe, the United States will regain the upper hand in the propaganda war. "There will be two dominant images beamed around the world the day Kuwait City is liberated," predicted one administration official. "The first is jubilant Kuwaitis greeting their own troops, marching arm in arm with other Arab liberators while Americans lend a helping hand. The second will be Kuwait's version of the Baghdad bombing—the first good look at the rape of Kuwait. And the pictures will be just as awful." A Pentagon team is also gathering evidence to support war-crimes charges. Some administration officials are pushing for war-crimes trials, using a precedent established at the Nazi trials in Nuremberg under which commanders, including those prosecuting a war, can be charged with the crimes committed by their troops if they were part of military policy.

In the theaters of public opinion that matter most to Bush for prosecuting the war—America, Europe, Japan and key segments of the Arab world—support for the Persian Gulf effort is surprisingly strong. Simply put, Bush has managed to avoid the mistakes that turned the American public against the wars in Korea and Vietnam. Peter Braestrup, who has written extensively on Vietnam, says that, unlike Lyndon Johnson, Bush has built support for his gulf policy by laying out the problem clearly, declaring a set of unambiguous goals and then legitimizing his action by obtaining the approval of both the United Nations and Congress. As Braestrup and others point out, Bush has also been luckier than Johnson in his choice of enemies. Saddam Hussein is no Ho Chi Minh.

As decisive as any other factor in building public support for the war—and by far the biggest surprise—has been the domination of the media by the Bush administration. Until now, the President has treated public relations as a subject that decent people don't talk about. After chafing for eight years

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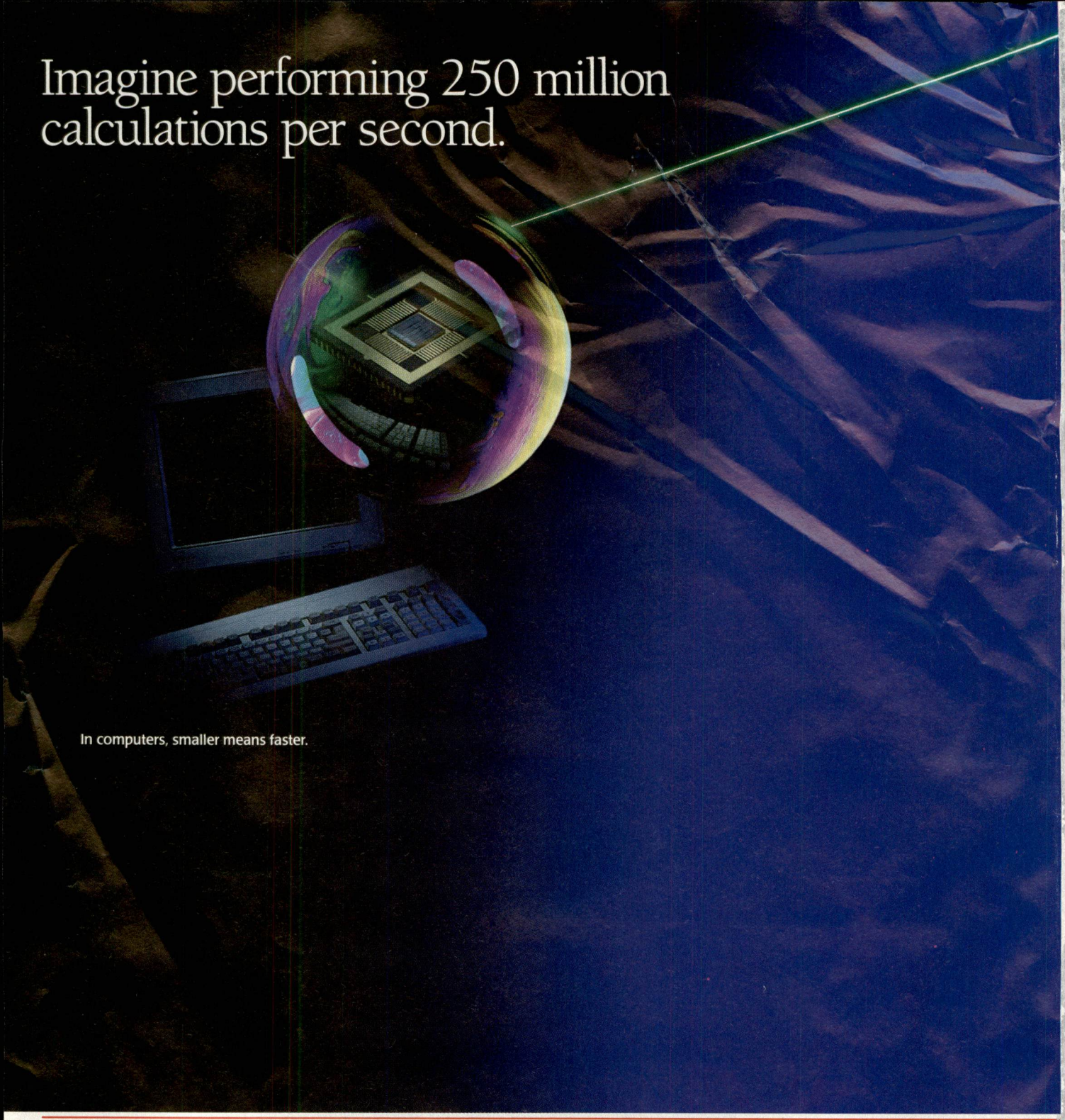

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through the heavy scripting of Ronald Reagan and then of his own presidential campaign, Bush threw out all the handlers when he went to the White House. What Bush and company didn't throw out, however, was one of Reagan's old playbooks: the press plan for the invasion of Grenada in 1983, when the military kept the media away from the battle for 72 hours. Bush applied that same model during the Panama invasion in late 1989, and it was put into effect in the gulf.

With much of the media—especially TV—pinned down, the only threat to support for the war comes from an extended conflict with large numbers of U.S. casualties. The first weeks of a ground war will thus be crucial to continued support at home, and there is good reason to hope casualties won't be high.

Overseas, Bush is playing on trickier terrain as he seeks to hold the international coalition together. According to an administration official, the turning point in securing world support came last November when the United Nations authorized the use of force. The British are even more fervent than Americans and now accord their new leader, John Major, the highest public support of any prime minister since Winston Churchill in World War II. Support for the North Atlantic Treaty Organization and for a continued U.S. military presence in Europe has also jumped in several nations.

Still, the most critical hearts and minds are probably in the Middle East, and it is there that Hussein is targeting his propaganda. Yet Bush aides say that despite the bombing in Baghdad, Hussein is losing support in Egypt, which accounts for a quarter of all Arabs, and in Saudi Arabia, which holds many of the Arab riches. Polls in several countries show that while the Arab man on the street is leery of the massive Western military presence in the region, he is also anti-Saddam Hussein. Four weeks into the war, U.S. officials believe Hussein's base of support is no larger than when the conflict started: Palestinians, Jordan, Yemen and the countries of the Maghreb.

While some U.S. military analysts worry that Hussein can win by losing, the prevailing view among Bush's aides is that the danger of that is manageable. They have always thought that in the end, Arabs would give greatest respect to the military victor—not the man who brought humiliation and destruction upon his country. ■

BY DAVID GERGEN AND HARRISON RAINIE WITH BRUCE B. AUSTER, LOUISE LIEF, BRIAN DUFFY AND KENNETH T. WALSH

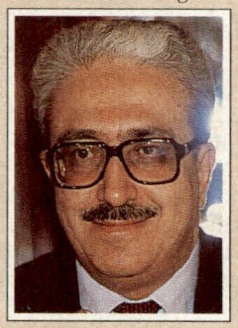
TILTING TOWARD IRAQ?

The Soviet Union angles for a larger role in the gulf

When he meets this week with Iraqi Foreign Minister Tariq Aziz, Soviet President Mikhail Gorbachev not only can move Moscow back to center stage in the gulf crisis he also has a chance to demonstrate to Soviet hard-liners, particularly in the military, that the Soviet Union has its own Mideast policy and is not just dancing to Washington's tune.

In an apparent effort to carve out a larger role for themselves in the gulf crisis and its resolution, Soviet officials have bolted from the diplomatic sidelines to meet with Iranian Foreign Minister Ali Akbar Velayati, representatives of the European Community and even Saddam Hussein himself. Says a senior administration official: "There must inevitably be some sense in the Soviet Union to stick a hand up and say, 'Hey, we count, too.' "

Primakov. *Got the Soviet ball rolling*



Aziz. *A Moscow forum for Iraq*

Although the Soviet Union insists it stands by United Nations demands for a total, unconditional Iraqi withdrawal from Kuwait, Moscow's initial embrace of Saddam Hussein's heavily conditioned peace proposal as "positive" fueled fears that Gorbachev, under pressure from hard-line critics in the military and the Communist Party, is tilting toward Iraq. The military has been unhappy with the Kremlin's gulf policy from the outset and is particularly angered by what it considers a long list of foreign-policy "mistakes" by former Foreign Minister Eduard Shevardnadze during the course of his close relationship with Washington.

Soviet military officials are particularly anxious that Gorbachev try to resolve the gulf conflict before the start of a ground war. They openly gripe about the prospect of a huge war with unpredictable consequences only 200 miles from the Soviet border. They are especially nervous about the war's effect on the Soviet Union's own restive Islamic population. Both the military and Communist Party hard-liners also are upset by the big Western military presence in the gulf and the end of Soviet support for Iraq, a longtime ally and arms client.

The Bush administration says the Soviet Union has observed the U.N. embargo against Iraq, but there is a dispute within the U.S. intelligence community over the Soviet role in Iraq's war effort. U.S. sources familiar with intelligence reports say photographs show Soviet surface-to-air missiles being loaded on Soviet planes, both in the Soviet Union and in some Eastern European countries, and being delivered to Iraq just before the war broke out. The sources say other planes made numerous trips to Iraq on the eve of war, often straddling the Turkish-Iranian border. Some administration officials also express concern over the continued presence in Iraq of Soviet advisers who are experts on U.S. weapons. Both Soviet and U.S. officials strongly deny such allegations, although a senior U.S. official concedes that "renegade officers" could be violating sanctions without Moscow's knowledge.

Senior U.S. officials remain confident that the Soviet government is "playing by the rules." Indeed, one senior State Department official says Gorbachev adviser Yevgeny Primakov's trip to Baghdad last week "was meant to make [Hussein] face up to reality." If true, the meeting in Moscow will test both the Iraqis' grip on reality and the Soviets' intentions.

BY DOUGLAS STANGLIN WITH JEFF TRIMBLE IN MOSCOW AND LOUISE LIEF AND KENNETH T. WALSH

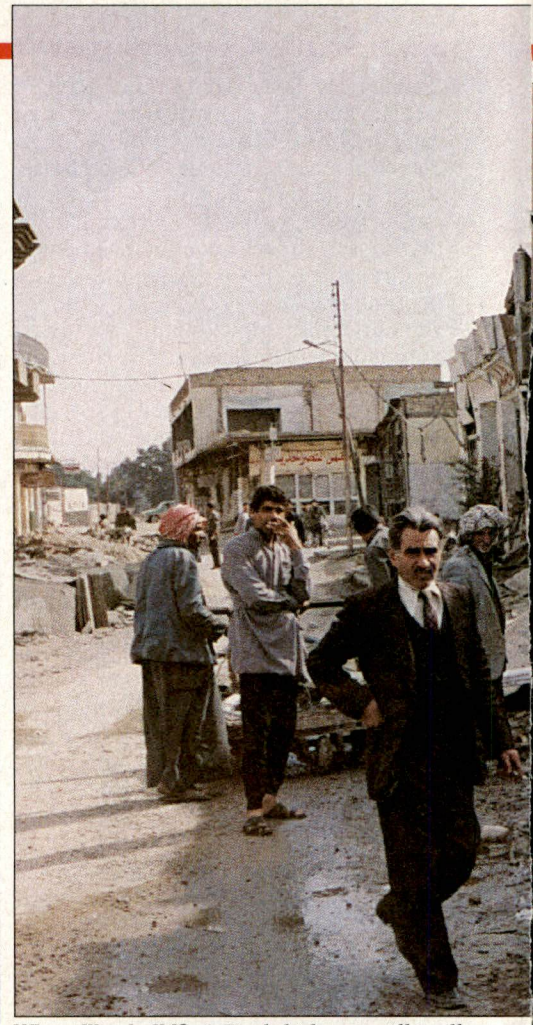
PHOTOS: (TOP) BORIS YURCHENKO—AP; (BOTTOM) PASCAL GEORGE—AFP

A. NOGUES – SYGMA

What help for the poor? *Egyptian refugees at a camp in Jordan*

Swords into plowshares

Why winning the peace could make winning the war look relatively easy



Who will rebuild? *A Baghdad street allegedly*

Although the United States and its allies are systematically destroying the military machine that made Saddam Hussein the most dangerous neighbor in a very tough neighborhood, forging a lasting peace in the volatile Middle East may prove to be harder than crushing the Iraqi Army.

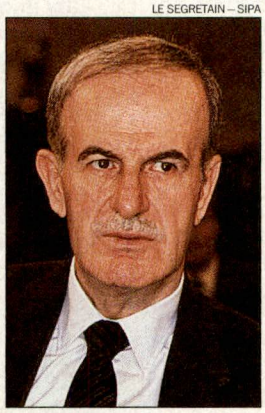
Administration officials have just started thinking about how to capitalize on victory over Iraq in a way that will help solve other Mideast issues. Secretary of State James Baker already has outlined five postwar goals: new gulf security arrangements, regional arms control, a Middle East bank for reconstruction and development, tackling the Arab-Israeli dispute and an energy policy to reduce U.S. oil imports.

Much depends on exactly how the war ends, however, and especially on whether it ends with Hussein still in power. A surviving Hussein would have his hands full trying to rebuild his country and his shattered military. But he could still use terrorism and assassination to intimidate and undermine his neighbors and to cling to his claim to be leading an Arab campaign against Israel and the West. He would continue to act as a lightning rod for Palestinian discontent, endangering any progress in the Arab-Israeli conflict.

But his invasion of Kuwait already may have produced the opposite of what Hussein intended: Instead of purging the gulf of American influence, the war may be giving the United States a bigger political and military role in the region. Washington's response to Iraq's aggression has reassured some nervous Arab states that despite its misadventures in Iran and Lebanon, America is a reliable partner. "There will be a tendency to look to us," says a senior State Department official, "to shape regional security and border arrangements."

Although Baker suggested that there is a need for a larger, more credible Saudi defense force, Saudi Arabia is reluctant to strengthen its own military or to rely too heavily on other Arab troops. That means the gulf states will continue to rely on America for their defense. Saudi officials say U.S. troops will have to leave once the war ends. But privately they expect a multinational force, composed mainly of Muslim forces but with some American troops, to remain behind, probably in Kuwait, to help stabilize the region. The Saudis also expect a larger contingent of U.S. ships and planes to stay in the gulf permanently. With Iran and Iraq still licking their war wounds and Syria no longer able to count on massive Soviet support, such preparations should be an adequate deterrent for the time being.

LE SEGRETAIN – SIPA



A new threat? *Syria's Assad could profit.*

Some Saudis are suspicious that their neighbors "would consider such an arrangement merely a means of extracting money from Saudi Arabia, money which it does not have," as a senior Saudi official puts it. But the Saudi royals, who have an inherent inter-

BERNARD ESTRADE—AFP

damaged by allied air attacks. Postwar reconstruction in Iraq will cost billions.

est in keeping their own armed forces weak, would prefer a multinational force to a bigger Saudi Army. To head off possible coups, the Saudis have kept their military small and have divided it into six branches. Soon after the Iraqi invasion, King Fahd announced plans to increase the size of the military from 75,000 to 200,000, but he has done nothing about it since and is unlikely to impose a draft. "The al-Saud are not dumb," says a Western diplomat in Saudi Arabia. "Who overthrew the Hashemites in Iraq? The Army. They know where the threat comes from."

But there are other threats. Saudi-Iranian relations remain troubled, and Iran, now playing host to more than 130 Iraqi warplanes and floating its own peace plans, is a wild card in the effort to build a new regional order in the gulf. Baker has praised Iran's conduct in the war and acknowledged the need to include it in a regional security structure, but Iran's Shiite fundamentalist revolution remains an inspiration to anti-Western radicals, and Iranian interests run counter to those of America and the gulf states. U.S. officials hope Iran's interest in getting Western help for its reconstruction effort and in having a say in the postwar security order will be an incentive to tolerate a low-key American air and naval presence in the gulf. But the United States remains the official Satan of Iran's Islamic revolution, and Iranian officials adamantly oppose any American or even non-gulf Muslim participation in a gulf security force. U.S. officials say they are ready to talk to an "authoritative" Iranian representative, but they say that the six U.S. hostages in Lebanon and Iranian support for terrorism still block any real improvement in relations.

High hopes. Some observers hope that Syria's participation in the anti-Iraq coalition, coupled with the Soviet retrenchment, will prompt Syrian President Hafez Assad to rethink his confrontation with Israel. Secretary of State Baker, brainstorming with Israel's ambassador to Washington, Zalman Shoval, asked if Israel would consider demilitarizing the Golan Heights, which Israel captured from Syria in 1967 and annexed in 1981. But Israeli Prime Minister Yitzhak Shamir has assured Jewish settlers in the Golan that he would reject any changes in the strategic territory's status, and U.S., Israeli and European officials all suspect that instead of becoming a peacemaker, Assad will try to replace Saddam Hussein as the leader of the Arab rejectionists, both to relegitimize his minority Alawite rule at home and to burnish his image with the Arab masses.

Still, the war already is changing some of the arithmetic of Mideast diplomacy: Iraq's Scud attacks have generated sympathy for Israel in the West, while the Palestine Liberation Organization's embrace of Saddam Hussein has undermined support for the PLO and its leader, Yassir Arafat. U.S. officials are hoping that after the war, some Arab coalition states will signal a willingness to work with Israel as the best hope for delivering something tangible to the Palestinians.

Saudi officials say privately, however, that they expect the United States to make the first move by pressuring Israel into making concessions to the Palestinians, but few if any Israelis are in the mood to offer territorial concessions to the Palestinians, who cheered Iraq's Scud attacks, in exchange for peace agreements. Although both U.S. and Israeli officials believe the balance of power in the Palestinian movement will shift from the PLO to the West Bank and Gaza, Israeli-Palestinian relations have become so embittered during this conflict that it is difficult to see how negotiations would proceed.

At the same time, the war has convinced many Israelis that they need to deal first with the Arab nations that pose the greatest threat, not with the Palestinians, and U.S. officials acknowledge that the destruction of Iraq's missiles and nuclear-, chemical- and biological-weapons facilities won't end the threat these weapons pose in the Mideast. In theory, all sides have an interest in negotiating arms control and other security arrangements that could lower tension and end the region's costly arms races. But it is questionable whether either side trusts the other enough to make such deals. Arabs argue that they need chemical weapons because Israel has nuclear ones, but Israel is unlikely to trade its undeclared nuclear deterrent for Arab promises not to field chemical weapons.

It is not even clear whether the West can limit the spread of technological advances that could soon make much more

dangerous weapons available. The inaccurate Scud can land several kilometers from where it is aimed, but Defense Department officials worry that within 10 years, the use of navigational systems like U.S. Navstar Global Positioning System satellites could make easily affordable missiles accurate to within a few meters. Says a defense official: "That could mean a millionfold increase in military effectiveness against a given target."

While export controls on munitions are fairly simple to enforce, the technology that improves missile-guidance systems has numerous commercial applications. Equipment used to produce chemical weapons also can be used to make pharmaceuticals, and high-speed computers have legitimate business and scientific applications. As Henry Sokolski, the Pentagon's expert on nonproliferation policy, told Congress recently: "The more uses a technology has, the more rapidly it is likely to spread."

The greatest threats to the new Mideast order the Bush administration envisions may be domestic, not international, however. Already, the war has

OUTWITTING HUSSEIN

Why Israel remains cautious

So far, one of the gulf war's surprises is that Israel is helping to defeat Saddam Hussein without firing a shot. In fact, the Iraqi leader's campaign to split the Arab coalition aligned against him is being frustrated precisely because Israel has not retaliated for Iraq's Scud missile attacks, most of them in civilian areas. And it is not American pressure that has stayed Israel's hand; Israel has held itself back.

Prime Minister Yitzhak Shamir and his senior aides have steered a cautious course throughout the crisis—never even bringing a retaliation plan to the cabinet for a vote. Housing Minister Ariel Sharon, the architect of the Israeli invasion of Lebanon in 1982 and an advocate of a military response now, has been outmaneuvered.

Israel has several reasons for restraint:

■ **Cautious prime minister.** The 75-year-old Shamir has made the big decisions by himself with advice from his defense minister and protégé, Moshe Arens, and, to a lesser degree, Foreign Minister David Levy. A former Mossad agent, Shamir is cool under pressure, and his sense of sure-footedness, combined with Israeli anger at Palestinians for supporting Saddam Hussein, has meant a new surge in the premier's domestic popularity, which his Likud Party hopes to translate into electoral gains.

■ **Public opinion.** Despite Hussein's terror attacks on Israeli cities, the Israeli public has backed the no-retaliation policy by 70 percent and more.

■ **Better relations.** Restraint now will give Israel a "place at the table" when the fighting ends, says a senior Israeli official. The Scud attacks, and Israel's refusal to retaliate for them, have improved Israel's image with the American public, the Congress and the Bush administration. In the first week of the crisis, President Bush phoned Shamir five times—more than the two had spoken in the last two years—and Deputy Secretary of State Lawrence Eagleburger, dispatched to urge restraint, also held out the promise that the chilly relationship between Shamir and Bush could be "turned around."

■ **Self-interest.** Israeli officials do not want to jeopardize the ongoing destruction of the Iraqi war machine—Israel's most frightening enemy.

Top Israeli officials also realize that retaliation could transform the gulf war into an Arab-Israeli conflict. During one cabinet meeting, Levy pounded his fist on the table and told military advisers, "Only when you give me answers to A, B, C, D, then will I be ready to act. I want to know how the Jordanians will react, how the Syrians will react, how the U.S. will respond and whether we can do this without them. Without these assurances, I cannot consent."

Israel remains uncomfortable departing from its traditional policy of swift and effective retribution. Defense Minister Arens told Secretary of Defense Dick Cheney last week that Israel's decision to turn the other cheek is apt to change if Iraq launches a Scud with a chemical warhead or if a missile attack causes many fatalities. But in the meantime, Israel is sitting tight—and winning.

BY DAVID MAKOVSKY IN ISRAEL

P. GAZ—AFP

Forgive and forget? *Palestinians cheered when Iraq's Scud missiles struck Tel Aviv.*

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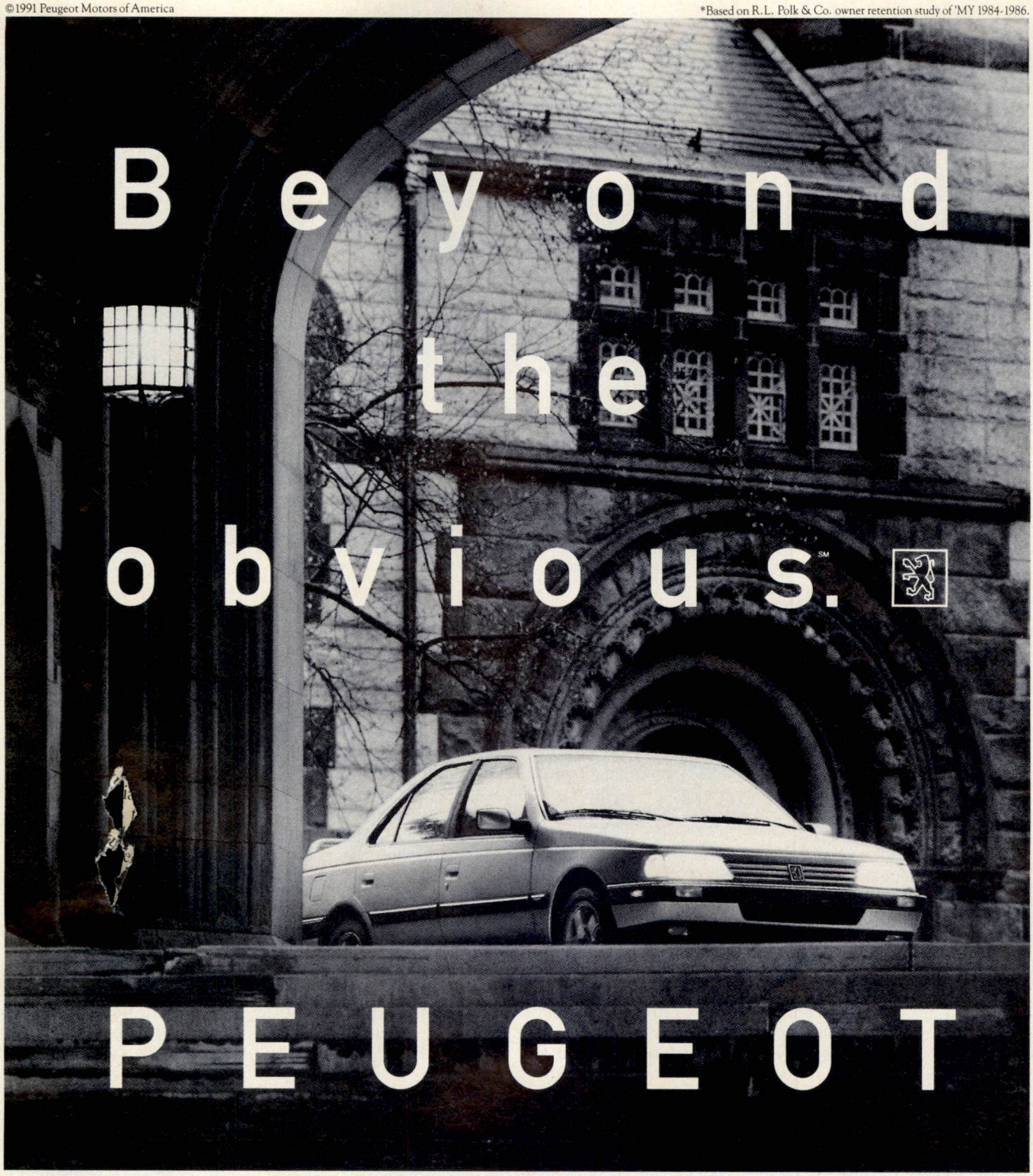

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A DANGEROUS GAME

Can the king walk the tightrope?

King Hussein watchers say that when the Jordanian monarch is disturbed by events around him, he often responds by growing a beard. His latest hirsute statement began to sprout with the gulf crisis.

Though he has long been considered one of the West's most steady allies in the Arab world, he has all but abandoned his declared policy of neutrality. Jordan's state-controlled media are echoing Baghdad's propaganda machine; there are continuing reports of Jordanian-Iraqi military cooperation, and in a recent speech Hussein fell just short of calling his people to arms.

Losing his grip? Since then, the king has beaten a miniretreat, sanctimoniously claiming that all he really wants is to "give peace a chance." But it remains to be seen whether he is still in control of his country, or whether he has abdicated ultimate decision making to his Army or to the Muslim fundamentalists and Palestinian radicals in Jordan's streets.

Hussein's defenders insist that he is caught between his desire to keep Jordan out of a war he knows would be suicidal and his subjects' impassioned support for Saddam Hussein. The king's pro-Iraq tilt has made him more popular than ever, but his supporters say that failure to continue playing to the crowd could send his people racing up the hill to tear down his palace.

In Israel, the Shamir government has made it clear that the entry of Iraqi troops into Jordan would be a *casus belli*. Messengers from George Bush also warn that if the king wants continued U.S. economic aid, he'd better "turn down the volume" and not push his kingdom deeper into Iraqi arms.

Can Hussein survive the storm? Administration officials say the alternatives to the king are "unattractive." The king himself believes that notion will help preserve his throne. Some palace insiders say he also hopes to turn defeat for Iraq into victory for himself, and that when it's all over the credibility his pro-Baghdad stance has won him among Palestinians will enable him to re-emerge as their interlocutor and as a prime player in any postwar Israeli-Arab settlement.

BY RICHARD Z. CHESNOFF IN JORDAN

AFP

Uneasy crown. *Jordan's King Hussein has tilted toward Iraq in the crisis.*

had a great political impact on Saudi Arabia. "We're only at the beginning of understanding the repercussions," says a senior U.S. official. "Now that the country has been attacked, a new variable will affect Saudi citizens' relations to their government."

The Saudi government's lopsided distribution of gas masks and its failure to inform its own people about Scud missile attacks have intensified the security debate in the desert kingdom. The American presence has increased tensions between Saudi liberals, who want to modernize their society, and fundamentalists, who oppose any change.

The Saudi monarchy, which for decades has bought political support by lavishing social benefits on its comfortable but politically neutered population, is also finding that the war is beginning to strain the financial resources the kingdom always took for granted. The Saudis have spent or pledged $48 billion since August 2 for the allied war effort and support for friendly countries. Because of the war, they will run a deficit for the first quarter of 1991 of about $17 billion to $18 billion—$2 billion more than they ran for all of 1990 and $5 billion more than their total government reserves. Last week they began borrowing from international banks to meet their obligations. If, as many oil analysts anticipate, oil prices drop further at the end of the war, Saudi finances will be squeezed even more.

Although Secretary Baker has proposed the creation of a regional development bank and the drain on the Saudi treasury will diminish after the war, the Saudis have not renewed earlier promises to finance the region's have-nots, many of whom have turned against the Saudis and Kuwaitis during the crisis. Saudi charity is likely to remain at home, as a means of defusing social tensions heightened by the war: Despite the deficit, in mid-January King Fahd forgave two months of payments on all government-financed home mortgages. Some Saudi money also is likely to go toward rebuilding Iraq, as a good-will gesture and a way to influence a post-Hussein government.

The Bush administration's best hope for winning the peace may be its plan to concentrate on small steps to establish regional risk-reduction centers to lower the risks of accidental war, to work out water-sharing agreements, to coordinate air and naval activities and to stem the flow of weaponry to the region. In the Middle East, even such modest progress would be revolutionary. ■

BY LOUISE LIEF AND BRUCE B. AUSTER WITH CARLA ANNE ROBBINS IN SAUDI ARABIA, DAVID MAKOVSKY IN ISRAEL AND RICHARD Z. CHESNOFF IN JORDAN

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The run and shoot offense

U.S. doctrine calls for speed, surprise and striking deep

The public debate over when, or even whether, to begin a ground war has focused largely on the daunting Iraqi defenses in Kuwait: barbed wire, ditches and minefields backed up by massed, chemical-capable artillery that could loose a withering fire on any allied troops attempting to breach these "killing zones." In the clearest measure yet of the success of the "battlefield preparation" campaign, allied forces announced last week that air attacks had destroyed at least 1,300 tanks and 1,100 artillery pieces, about one third of the total that Iraq had in and around Kuwait when the war began. Some senior military officials suggested that the Iraqi Army may be nearing the point where it ceases to function as a coherent force. Others cautioned that Iraqi defensive positions could still pose a formidable obstacle.

But the choice between continuing the air war and launching what is invariably termed a "bloody" ground campaign is misleading in two important respects.

First, the U.S. Army's modern war-fighting doctrine, known as AirLand Battle, suggests that U.S. commanders may have in mind a very different sort of ground war—one that relies on speed, surprise and deep strikes into the enemy's rear to surround and cut off the enemy force, while avoiding a head-on confrontation. The AirLand Battle doctrine calls for maneuvering around enemy strengths and for using artillery, rockets and air support to keep any approaching enemy units at arm's length. U.S. Army Field Manual 90-3, "Operations in Desert Conditions," states it this way: "An attacking force capable of airmobile or extended ground operations can usually find a way over or around an obstacle. The defending force can then be bypassed, contained, or taken from the rear."

The object is to minimize the inevitably chaotic, close-in fighting that claims the greatest number of lives on the battlefield. As applied to Kuwait, it would satisfy the classic injunction to commanders to defeat not their enemy but their enemy's plan—Saddam Hussein's plan being to engage the allied forces in a drawn-out, World War I-style war of attrition.

Second, as envisioned by the commanders in the gulf, a fast, overwhelming ground thrust would be intended not to replace the air campaign, but to make an intensified air war more effective by forcing the enemy to move out of sheltered positions, exposing him to attack and straining his already

Mobility. *Each armored division is accompanied by close to 1,000*

WIN McNAMEE – DOD POOL

supply trucks to support its high-speed operations, which can consume more than 550,000 gallons of fuel per day.

crippled supply lines. "There may be a point when you send your ground forces in and you can do the job quicker with less loss of life on both sides," says Lt. Gen. Charles Horner, commander of the allied air forces in the gulf.

AirLand Battle was developed in the late 1970s to replace earlier U.S. doctrine that was geared toward a defensive war of attrition to hold off a Soviet attack on Western Europe. The new doctrine, which was officially adopted in 1982, emphasizes instead the advantages of taking the offensive using rapid maneuvers to defeat an enemy with superior forces.

The U.S. Army has long placed great stock on speed, deception and maneuver. But putting those principles into practice has been another matter. As General Patton's tanks raced across France toward the Rhine, they frequently outran their supply lines. A modern armored force depends on a logistics train that makes Patton's look small. In 24 hours, one heavy division can consume 5,000 tons of ammunition, 550,000 gallons of fuel, 300,000 gallons of water and 80,000 meals.

In 1973, Israeli tanks likewise outmaneuvered Arab forces but, lacking adequate artillery cover, found themselves sitting ducks for Egyptian infantry armed with antitank missiles.

But new technologies—coupled with the allies' total air supremacy—at last may allow commanders to translate the theory into practice. Effective air cover allows the thousands of vulnerable supply trucks that are needed to keep a rapidly moving tank force running to perform their vital task.

Most important are reconnaissance systems that allow ground commanders to monitor enemy troop movements so that attacking forces can either avoid them or engage them with long-range weapons. While these electronic means can't give a total picture of the battlefield, they promise to revolutionize operations. "For the first time in the history of warfare, an army won't have to use maneuver units for surveillance," says a retired Army general. "This time virtually all the units will be available to deliver a blow to the enemy."

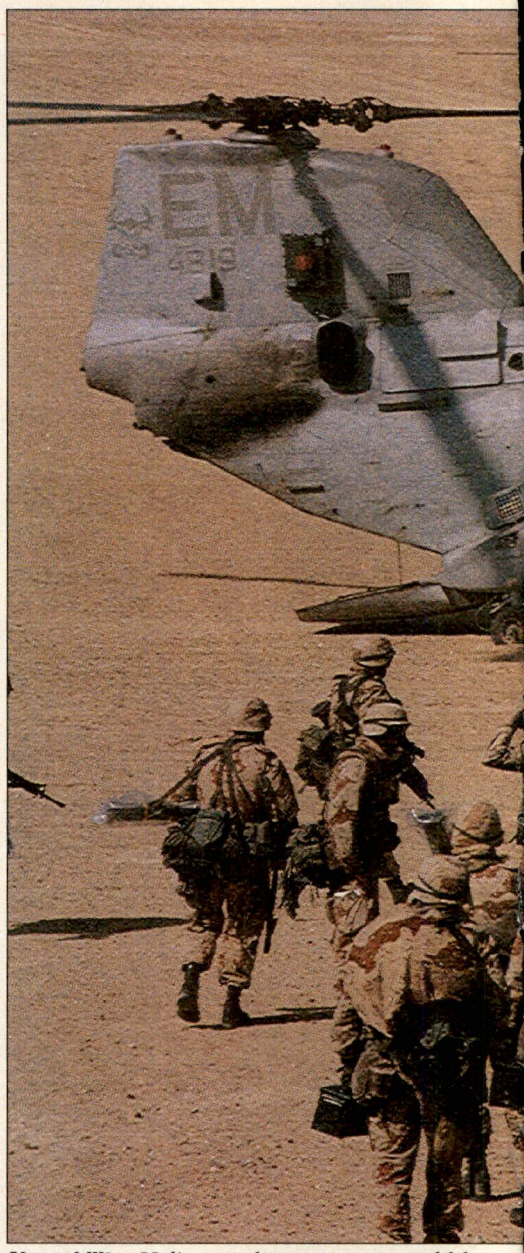
Commanders down to battalion level will be getting near-real-time pictures of the ground ahead from E-8A JSTARS radar planes and other intelligence-gathering systems. In support of the corps-size operation (a corps contains three or more divisions, a total of more than 1,000 tanks and 50,000 men) that U.S. forces in the gulf have been training for, corps-level field commanders would be expected to look ahead 72 hours on the battlefield. Air strikes, perhaps supplemented by attacks with the ground-launched Army Tactical Missile System, which delivers a cluster-bomb warhead to a range of about 100 miles, could be directed against enemy troops and tanks that began moving to threaten an allied spearhead. "Deep operations shape the battlefield for the ground campaign," says an Army official.

Using the data provided by the two JSTARS aircraft in the gulf, which can see about 125 miles into the enemy's rear, as well as more conventional sources of intelligence, commanders at the division level and below could carry on their own "deep battle" operations against threats closer in while the corps commander is concentrating on the more distant threats. Self-propelled artillery—guns mounted on tracked, armored vehicles—are designed to keep up with the tanks so that even in high-speed operations the armored units never outrun artillery cover, which is needed to force enemy antitank infantry gunners to stay under cover. The potent Multiple Launch Rocket System, with a range of more than 20 miles, is likewise carried on a tracked vehicle. Such extended-range weapons create a moving screen ahead of the attacking force, minimizing the need to fight close-in battles.

Hitting faster. Moreover, some operational improvements have shortened the time lag between spotting a target and hitting it. In F-16 squadrons, the forward air controllers, whose job it is to spot enemy positions and call in air attacks, have begun flying in F-16s instead of slower A-10s. These "fast FACs" reportedly have greatly increased the effectiveness of strikes against Iraqi troop positions in Kuwait.

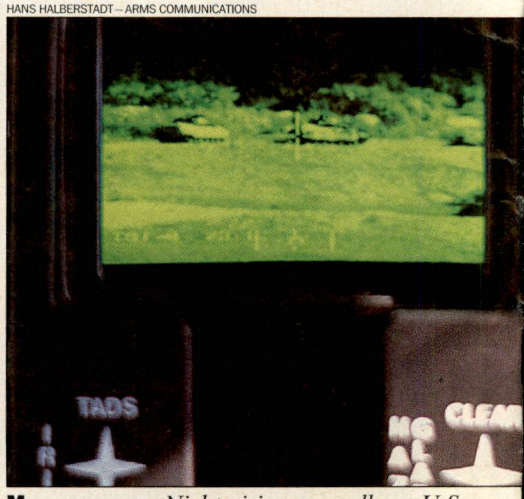
Army Rangers, units such as the 82nd Airborne and 101st Air Assault Divisions and special-operations units also can operate in the enemy's rear. On the first day of the war, for example, Apache attack helicopters conducted special operations against a Republican Guard command center in northwest Kuwait. Air-assault units, which use helicopters to leapfrog enemy positions, might be especially useful to trap an enemy force. "They become the anvil and the main attacking force is the hammer," says an Army official.

Deep strikes can be decisive even if they do not completely destroy enemy forces. They can prevent reinforcements from massing and delay them from arriving on the battlefield, or simply sow enough chaos that enemy commanders no longer can control their forces effectively. That is why attacks on the Republican Guard divisions in northern Ku-



Air mobility. *Helicopter-borne troops would be*

HANS HALBERSTADT—ARMS COMMUNICATIONS

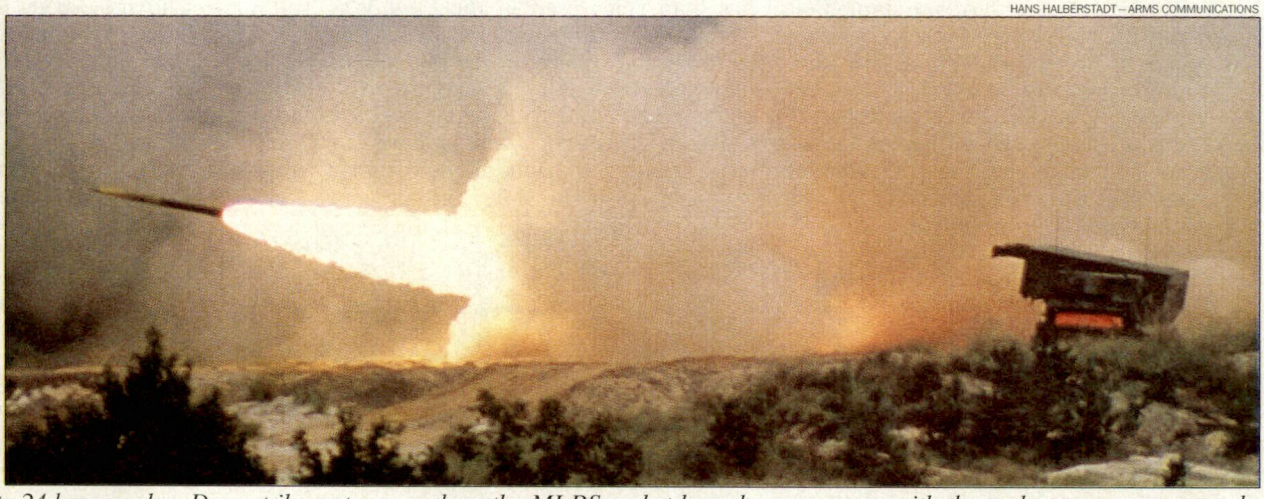


Maneuver war. *Night-vision gear allows U.S.*

SADAYUKI MIKAMI – DOD POOL

used to strike deep into the enemy's rear, disrupting reinforcements and cutting off lines of retreat.

HANS HALBERSTADT – ARMS COMMUNICATIONS



forces to operate 24 hours a day. Deep-strike systems, such as the MLRS rocket launcher, can move with the tanks to screen an assault.

wait and nearby Iraq have concentrated on more than just tanks, says one Pentagon official: "Aircraft are destroying his equipment but also his ability to command his forces, his roads and transports and his ability to resupply his troops. All this makes it impossible for the enemy to execute his battle plan. He won't be able to join the battle with the strength he'd like or at the time he'd like."

Sheer speed has a shock value all its own. The M-1A1 tank can travel as fast as 40 mph, as can much of the support equipment of an armored division. That pace could make it difficult for the Iraqis to keep up with allied movements and could help American troops outrun conventional or chemical artillery barrages. Army officials concede that no U.S. commander would want to duke it out with Iraq's plentiful artillery, some of which has longer range and better accuracy. But greater maneuverability could allow him to keep his tanks and troops out of range while allied air power knocks out the enemy artillery.

Complementing the speed and mobility of its own forces, the U.S. Army's doctrine calls for waging a countermobility battle against the enemy to deny him those same advantages. The absence of natural obstacles in most desert terrain means that the extensive use of mines may be needed to tie down the enemy. Allied forces have at their disposal a variety of mines that can be air-dropped to create "instant" minefields. The Air Force's 1,000-pound Gator bomb can sow 72 antitank and 22 antipersonnel mines over a 200-by-300-foot area when dropped at low altitude. Similar mines can be delivered by UH-60 Black Hawk helicopters, 155-mm artillery shells and trucks.

Deceiving the enemy. Another part of the countermobility battle is the use of decoys and feints to tie down the enemy forces. "We're going to seem to be coming from all directions," says one official. This has the effect of isolating enemy units: "A commander may react brilliantly to what he sees in front of him, but he won't see the big picture," says an Army official. The Iraqis lack the allies' air and satellite reconnaissance systems, and the destruction of their communications network only increases this isolation. One Saudi officer who has interviewed Iraqi defectors says the Iraqis believed they were cut off from communications with the rear. At the unit level, the Iraqis have "an extraordinary amount of push-to-talk radios, and you're not going to kill all of those," says one military source. But, he added, with the damage done to date, "it would be very difficult [for the Iraqi Army] to correlate a corps-level attack."

Feints. *Allied forces firing all along the front*

U.S. operations manuals call for extensive use of smoke—smoke generators and special mortar and artillery ammunition are deployed throughout U.S. forces—to mask ground operations in desert conditions. A jeep towing chains can whip up enough dust to simulate the movement of a large convoy, an especially effective technique in

LESSONS OF THE MASTERS

Civil War tactics could win 'the mother of battles'

Civil War historian Gabor Boritt paused during a Gettysburg battlefield tour last week to admire a yellow ribbon tied to a Confederate statue that marks the spot where Pickett's Charge began. "I like the ribbon," Boritt said, "but you can bet that General Schwarzkopf won't try any Pickett's Charge." Saddam Hussein may be hoping the allied commander launches the kind of attack that Robert E. Lee ordered at Gettysburg—a frontal assault by Gen. George Pickett's division against the center of a dug-in Union line. The Ayatollah Khomeini sent waves of teenagers to be slaughtered by Hussein's entrenched defenders during the Iran-Iraq War. But, observed Boritt, "no one in today's Western world would attempt something so utterly idiotic."

On the other hand, some of the tactics both sides used in the Civil War were utterly brilliant, and some may be as applicable today in the Mideast as they were nearly 130 years ago in a divided America. For decades, generals have looked to the nation's first modern war for lessons, and counted the Union's Ulysses S. Grant and William T. Sherman and the Confederacy's Lee and Stonewall Jackson among their teachers. Some of the Civil War's enduring concepts seem too simple—like Confederate Gen. Nathan Bedford Forrest's desire to "git thur fustest with the mostest"—yet they revolutionized warfare that for centuries had stressed set-piece battles between armies in place.

Some scholars expect Schwarzkopf to follow one of Stonewall Jackson's edicts: "Never fight against heavy odds if by any possible maneuvering you can hurl your whole force on only a part, and that the weakest part of your enemy, and crush it." Thus Jackson, with barely 17,000 men, whipped 60,000 Yankees in a series of quick marches and smart battles in the Shenandoah Valley of Virginia. His surprise attack at Chancellorsville—on the Union rear—was equally successful.

Schwarzkopf recently listed his three favorite generals as Grant, Sherman and the

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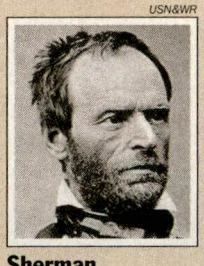
Grant



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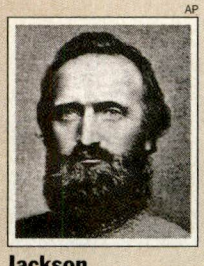
Sherman



AP

Jackson

JOE DeVERA—AP

will conceal the real attack.

open desert expanses where dust clouds can be seen 20 miles away. Allied forces already may be using false radio traffic to confuse the Iraqis, who, according to U.S. sources, have a sophisticated network of radio-listening equipment.

The ability to move quickly improves the ability to deceive the enemy. Tanks that might appear to be ready to breach one point in an enemy's defenses can move perhaps 15 miles laterally at night and strike somewhere else—or not strike at all. Likewise, say officials, a Marine amphibious unit stationed 20 miles offshore can make it appear that it is about to strike anywhere along some 150 miles of beach.

Night-vision equipment, which extends the threat around the clock, can further pin down the enemy. Every U.S. vehicle and every major weapons system, down to antitank missiles and .50-caliber machine guns, is equipped with night sights. Every squad—which consists of four to 10 men—has several night-vision goggles and rifle sights, as well. These small, portable systems work by converting the small amounts of light from the stars and the moon into an electrical signal, which then is amplified and reconverted to light. The resulting green-hued image is at least 10 times better than the naked eye can see. The heavier and more expensive infrared systems used on the F-117 Stealth fighter, the M-1 tank and the Apache helicopter produce a sharper, black and white image by detecting the invisible heat waves given off by objects. The hottest parts of the picture—such as the warm area around a tank's engine—show up as the brightest. If the tank is moving, the friction in the treads makes them hot and thus very visible, too.

Continuing the battle around the clock "does not allow the other side time to resupply," says Nicholas Diakides, president of Advanced Concepts Analysis and for many years a leading scientist in the Army's night-vision program. "There is continuous pressure on the other side, so they have difficulty continuing the fight."

Accurate navigation, which has been a recurring problem in the featureless desert, also is essential for high-speed operations. More than 10,000 Global Positioning System receivers ordered by the Pentagon since August to make up for an initial shortage may have largely solved this problem. The GPS units, which pick up signals from navigation satellites, can calculate their location on earth to within 75 feet. Being able to know one's precise location reduces the risks of friendly-fire accidents and allows forward air controllers and artillery observers to call in strikes with great accuracy.

Army officials acknowledge that Air-Land Battle has never been tested in what they call a "high intensity environment." The invasion of Kuwait will be that test—unless the devastation visited from the air turns the invasion into a mopping-up operation as the Iraqi Army collapses. ■

BY STEPHEN BUDIANSKY WITH PETER CARY IN SAUDI ARABIA, BRUCE B. AUSTER AND WILLIAM J. COOK

Korean War's Creighton Abrams. "This confirms my impression that Schwarzkopf is a very smart man," says Princeton's James McPherson, author of "The Battle Cry of Freedom," a Pulitzer Prize-winning history of the Civil War. "Lee was brilliant tactically, but Grant and Sherman had a better grasp of the strategic implications of the technological changes that had occurred in the years between Napoleon and the Civil War—railroads, the telegraph, entrenchments, weapons with greater firepower and accuracy." Sherman is considered an exemplar of "the indirect approach"—attacking the enemy's communications and his will to fight, going around his flank and forcing him out. "That," says McPherson, "is very much the strategy the Americans are following and, I think, will follow in the Persian Gulf."

Grant at Petersburg. The current array of ground forces in the Mideast reminds McPherson of the confrontation between Grant and Lee along Virginia's Petersburg front in the last year of the Civil War. Lee was entrenched, as the Iraqis are now, and Grant stretched him out and wore him down by constantly moving the superior Union force around the Confederate right flank. "Grant, of course, didn't have tanks and planes and armored personnel carriers," McPherson notes, "so it was a lot more difficult to do this kind of thing then than it is now."

JEFF GLICK—*USN&WR*

Another perspective can be gleaned from Chapter 8 of the Army's Field Manual No. 100-5, required reading for officers from Colin Powell on down. Grant, the manual notes, "understood the essence of offensive operations"—to strike a defender hard at an unexpected place and time. Grant's Vicksburg operation is described as a model campaign. Instead of attacking the Confederate Gibraltar head on, Grant went around it with a surprise crossing of the Mississippi River well to the south of the fortified city. He covered 200 miles in 19 days and left the cutoff Rebel defenders starving in their trenches. "The same speed, surprise, maneuver and decisive action," the Army manual says, "will be required to win battles of the future."

BY LEWIS LORD

WORLDGRAM

SOUTH AFRICA'S UNSTOPPABLE MARCH TOWARD MULTIRACIAL RULE

■ Can conservative whites derail moves toward multiracial rule? Not by the present head count in Parliament. But some polls show that the Conservative Party might come close to defating any referendum revamping the Constitution. And some hard-liners could resort to isolated acts of terrorism to impede black-white negotiations.

■ **AN IRREVOCABLE COMMITMENT.** White backlash is intensifying, black militants are unyielding and the political and economic differences are gaping, but South Africa's moves toward multiracial constitutional talks and eventual black majority rule now seem irreversible.

Nowhere has the case for inevitability been better made than at the recent 11-hour impromptu meeting between President F. W. de Klerk and African National Congress (ANC) leader Nelson Mandela. By refining what the ANC's suspension of "armed struggle" entails, by clearing the way for Pretoria's release of all political prisoners by April 30 and for the return of exiles, the two leaders knocked down major roadblocks to a key multiparty conference on the country's political future. It appears certain to be held sometime this year. Equally important, the willingness of both de Klerk and Mandela to compromise in the face of fierce criticism at home underscored a mutual commitment to the establishment of a nonracial democracy.

The potential pitfalls are not gone, however. De Klerk's moves to remove the last pillars of official apartheid—the statutes mandating where blacks may live, restricting black ownership of land and classifying citizens by race—are encouraging the European Community, the United States and the International Monetary Fund to consider easing economic and financial sanctions. But white hard-liners are determined to derail the initiatives for reform. At the same time, Mandela's veiled threat to destabilize the country if the EC lifts sanctions without ANC approval has scared even moderate whites, the same whites who will have to approve of future constitutional change. Meanwhile, de Klerk and his ruling National Party are working behind the scenes to reassure whites that South Africa's capitalist economic system will not be destroyed by a future multiracial government. (For more on the economic cost of dismantling apartheid, see Page 53.)

Like the whites, South African blacks are bitterly divided. The meeting between Mandela and Zulu Chief Mangosuthu Buthelezi has eased intrablack violence in the Transvaal and Natal, but they will have to meet many times more to end the fighting, let alone forge a common front on constitutional talks. ANC hotheads opposed to any negotiations with whites will be harder for Mandela to control. But with multiracial rule the prize, Mandela seems resolved to press on.

■ The Army already is up in arms over secessionist aims of Croatia and Slovenia. Some say all that has prevented military intervention is concern among the Serbian-dominated officer corps that rank-and-file conscripts from other republics may refuse to obey orders if a crackdown comes.

■ **BRACING FOR THE INEVITABLE BREAKUP.** Yugoslavia as it has existed since 1918 is finished. Either the ethnically diverse state will evolve into a loose confederation of sovereign republics or it will break up and slide into civil war. The country's leaders will hold more desperate meetings to stave off the transformation, but the only real question is whether it will be violent or peaceful. Step by step, Slovenia and Croatia, the most prosperous and Westernized republics as well as the most secession-minded, are making the status quo untenable. Already, both have drastically cut back on the funds transferred to the federal government and the armed forces. They have agreed on a mutual-defense pact and begun recruiting militia volunteers. Meantime, Communist-led Serbia, the biggest republic, has warned that it intends to expand its borders to include ethnic Serbs if the country falls apart—a direct threat to Croatia, which has an 11 percent Serbian minority. And the Serbian-dominated Army has served notice that it would use force to disarm police reservists in Croatia and Slovenia and to preserve the federal concept.

The plunge toward anarchy seems unavoidable unless the democratic desires of the Slovenes and Croats to go it alone are met. But as with Moscow and the Baltics, the Communist center is unwilling to let go. By far, the likeliest short-term scenario is a military takeover backed by the powerful Communist *nomenklatura.* The one thing that could avert violence is an 11th-hour realization that a redefined Yugoslavia, more loosely bound, would be to everyone's advantage. But there is little time for compromise. The Slovenia-Croatia timetable calls for formation of a European Community-style federation within three months or they will declare independence. Last-minute miracles are not unknown in the Balkans. But today violence appears probable and a military takeover the calamitous result.

BY GERSON YALOWITZ WITH JIM JONES IN JOHANNESBURG AND FOREIGN-BUREAU REPORTS

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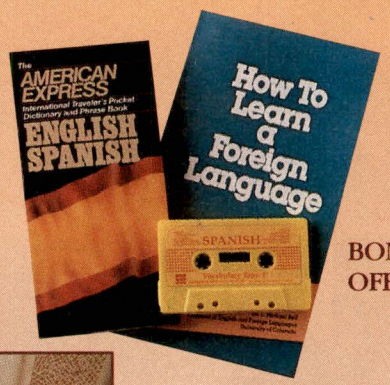

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SPECIAL REPORT

The Medal of Honor

PROFILES IN COURAGE: PART IV

For many Americans, Vietnam was a time of protest and recrimination, not patriotism. Yet the conflict that raged along deep mountain valleys and through steaming tropical jungles produced more than its share of heroes. In such places as Pleiku, Hue and Ia Drang, Americans displayed bravery and self-sacrifice above and beyond the call of duty. In all, 238 men received the nation's highest honor, the Medal of Honor, for Vietnam valor, including 151 posthumously. This fourth installment in U.S. News's *Medal of Honor series—running in tandem with a six-part TV documentary airing on 127 stations—is devoted to three Americans whose heroism transcended any doubts about the war itself.*

PATRICK BRADY

A day's work for an angel of mercy

1968

Even before he was awarded the Medal of Honor, Maj. Patrick Henry Brady was a legend across Vietnam's battle-scarred Central Highlands. No one else was as willing—or as able—to fly a lumbering Huey medevac helicopter through a curtain of machine-gun fire or zero-visibility fog as this onetime reject from Seattle University's ROTC unit. By the late 1960s, "Brady mission" was a synonym for any rescue flight that stretched the boundaries of skill and daring. During two Vietnam tours (1964-65 and 1967-68), Brady made 3,000 combat evacuation flights and rescued more than 5,000 wounded or trapped soldiers and civilians from battlefields, firebases and ambush sites. The lanky Irishman from South Dakota remembers busier days than Jan. 6, 1968—the date he earned the Medal of Honor—but none more satisfying.

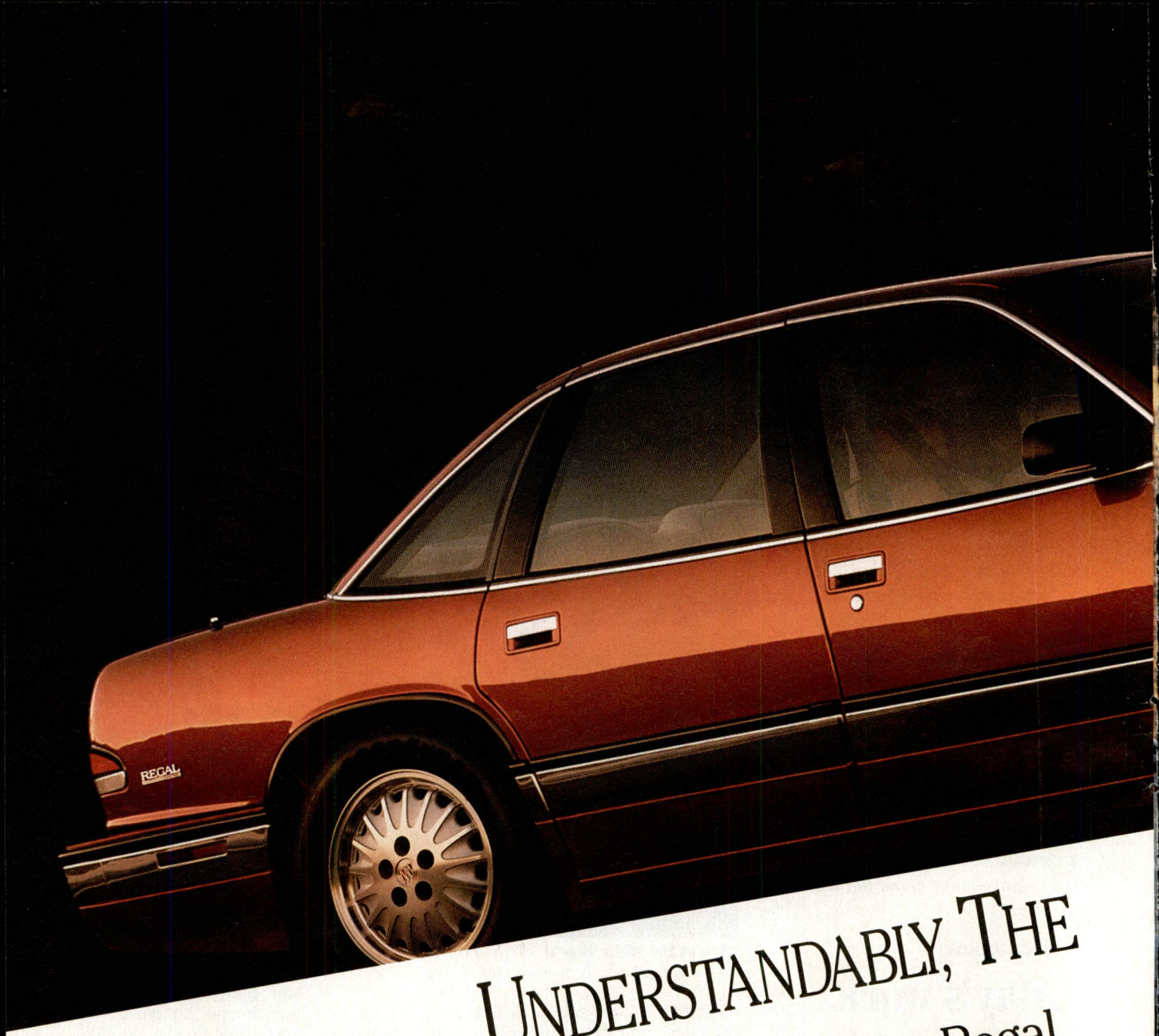
BETTMANN NEWSPHOTOS

Hero at the White House. *Brady receives his medal and a handshake from President Nixon.*

It began with a dash into enemy territory to pull two wounded South Vietnamese soldiers from a tiny landing zone that was under small arms fire. Next, Brady flew to a fog-choked valley where two choppers already had been shot down trying to reach wounded Americans lying only 50 yards from enemy positions. Fearing more losses, the commander of a nearby U.S. firebase initially refused to give Brady the radio frequency he needed to tell the trapped GIs how to "talk him down" through the fog while listening to the changing sound of his helicopter's rotors. Flying sideways and tipping his chopper to blow small openings in the 600-foot-thick fog—techniques Brady had developed on earlier missions—he made four landings in a hail of mortar and machine-gun fire to rescue three dozen wounded men. "We went right over the North Vietnamese Army," Brady recalls. "They could hear me, but they couldn't see me. By the time they did, I was past them in the fog."

But ground fire did damage his helicopter's controls so badly that he had to borrow another Huey for the day's third mission: the rescue of a platoon of wounded Americans who had stumbled into a minefield. Despite constant danger that the helicopter's downdraft would set off more explosions, Brady landed in the center of the minefield and held the chopper in place while crewmen ran to pick up the wounded. An exploding mine punched more than 400 holes in his fuselage, but he managed to get the crippled machine and each of the wounded safely back to an air base. Commandeering a third helicopter, he made two more flights before nightfall. In one day's work, he saved 51 soldiers.

Except for winning the Medal of Honor, that January 6 "was a lot like other days," says Brady, now a major general and deputy commander of the 6th U.S. Army at the Presidio in San Francisco. "On another day I went through four aircraft. And on yet another we got 125 patients back. It just never occurred to me not to get those guys out. I never lost a crewman or a patient on my helicopter. That's what I'm proudest of."



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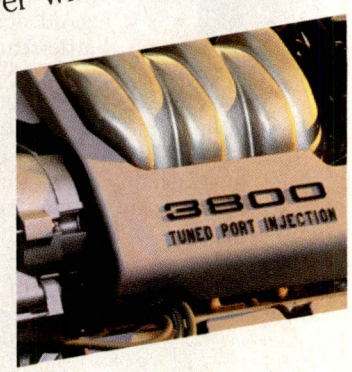

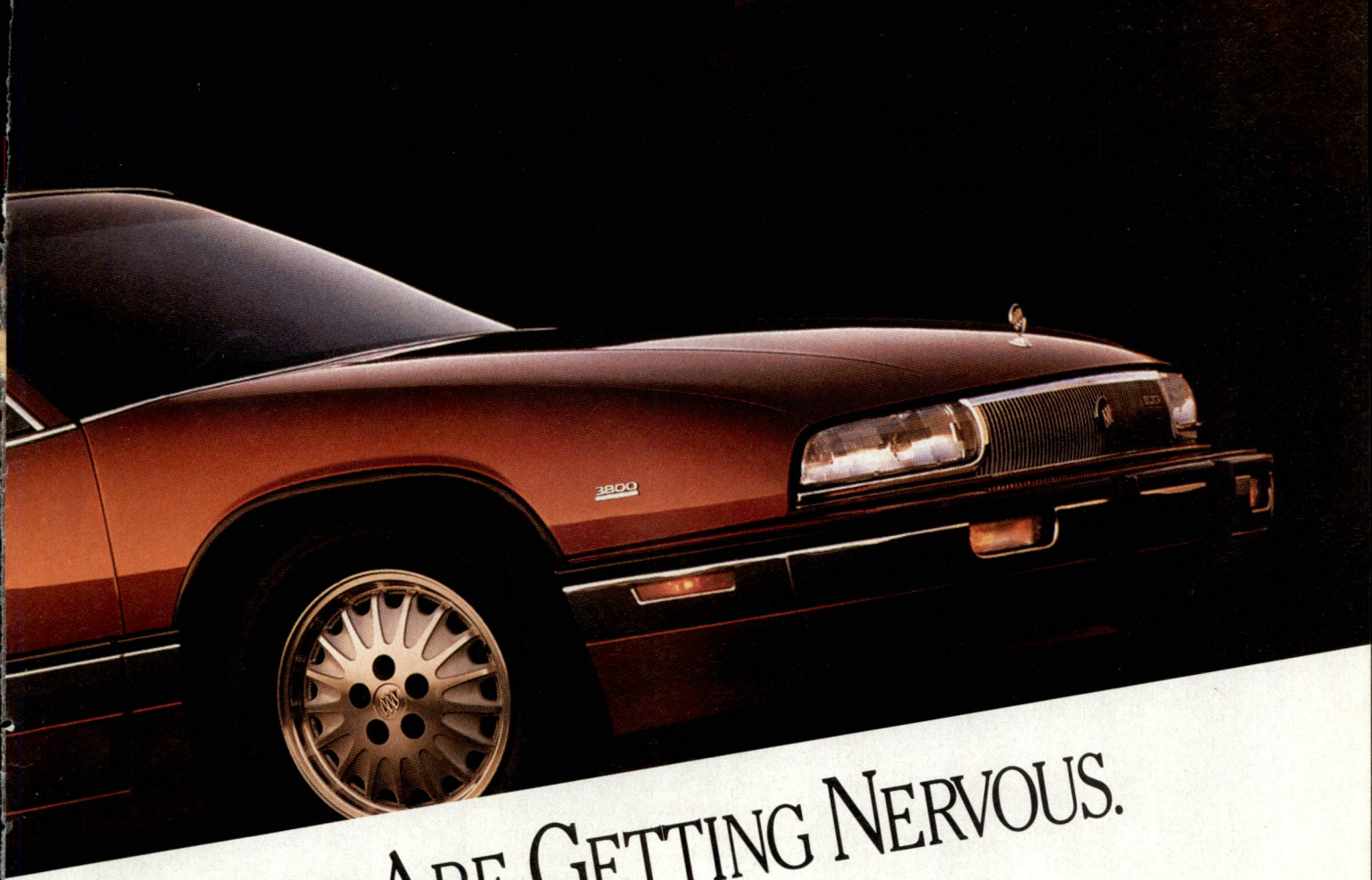

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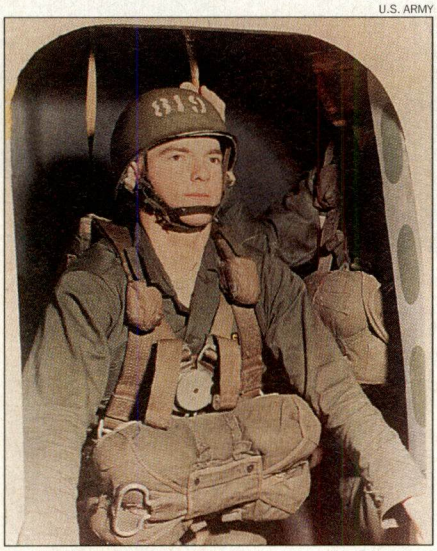
GARY BEIKIRCH

The dark side of glory

1970

For years Gary Beikirch had looked for something he couldn't even identify. Raised by aunts and uncles after his parents were divorced, he had moved 33 times and attended 11 schools by the time he was 15. Shy and sensitive, he drifted through high school and into college. There, he read "The Green Berets" and was so impressed that he enlisted in the Army's elite Special Forces. Soon, as a Green Beret medic in a remote Montagnard village in Vietnam, he found what he had been seeking: a home, people he valued and a cause. "My war involved me, 12 Americans and the 2,300 Montagnards that were in our little village," he recalls. "I had visions of those people that I had grown to love being killed, and that is what motivated me."

U.S. ARMY



Green Beret. *A new sense of values*

Early on April 1, 1970, Beikirch's tight little world exploded in a devastating enemy attack. He grabbed his medic's kit and raced across an open slope to treat a wounded Vietnamese. Amid bullets and shrapnel, he toted another wounded soldier to a medical bunker, then darted out to help a wounded American lieutenant.

Almost immediately, the medic was hit by a mortar round. Still he managed to drag himself forward, patch the officer's wounds and crawl back to the bunker, pulling the lieutenant behind him. Refusing treatment, the sergeant made seven more trips through artillery and mortar fire to retrieve the wounded. While dragging a Vietnamese to safety, he was hit by an exploding rocket that drove shrapnel into his back and out his stomach. But he worked for hours more, finally collapsing from loss of blood.

A week later he came to in a hospital. "Here I was, the epitome of ego and self-sufficiency, a Green Beret, and I was helpless, lying in a bed with tubes running out of me," Beikirch recalls. It was the start of what he now calls a pilgrimage that included prayer, transcendental meditation, feelings of guilt about people he killed in Vietnam, being spit on by antiwar activists, enrolling in Bible school and living as a recluse in the New Hampshire woods.

Receiving the Medal of Honor in the fall of 1973 was a moment of pride and trauma. Beikirch cut his shoulder-length hair so he could wear his uniform. But when Richard Nixon hung the medal around his neck, "all the pain and hurt came back, along with a lot of guilt." Beikirch returned to a seminary to prepare to go to Vietnam as a missionary, a goal that evaporated with Hanoi's 1975 victory.

Now a grade school counselor in Rochester, N.Y., Beikirch says that, because of Vietnam, he knows what values he would die for—or kill for. For him, the core of those values was expressed on a sign he saw a generation ago in a Special Forces camp: "To really live, you must almost die. To those who fight for it, life has a meaning that the protected will never know."

JIMMIE HOWARD

One night of hell on a hill

1966

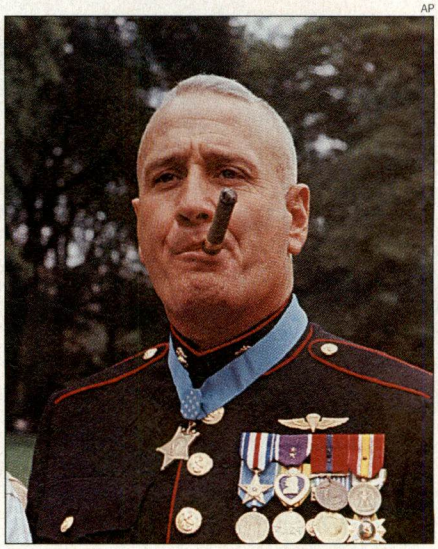
On the football fields of Iowa where he was an all-state tackle, 20 yards was enough for two first downs. On the rocky summit of Hill 488 in Vietnam, it was the width of a precarious outpost that Staff Sgt. Jimmie Howard and 17 other marines defended for one long night against a North Vietnamese battalion.

This Alamo with survivors was a fight between tough, seasoned enemies who knew how dramatically an entire campaign, or even a war, could be affected by the action of one small unit. Howard's reconnaissance platoon had been set down on Hill 488 at dusk on June 13, 1966, to direct air and artillery strikes against North Vietnamese and Viet Cong forces swarming through the Que Son Valley. For two days the platoon made a mockery of Hanoi's claims of absolute control over the region.

Then, at 10 p.m. on June 15, the frustrated North Vietnamese committed several hundred troops to wiping out Howard's lonely unit. During the night, grenade fragments wounded him so badly that he couldn't move his legs. Refusing an injection of pain-killing morphine, he pulled himself from foxhole to foxhole, repositioning his men, comforting the wounded, collecting ammunition from the dead and radioing for air and artillery strikes within 50 feet of his platoon.

When his men ran out of hand grenades, Howard told them to lob rocks at North Vietnamese creeping up the hill. When enemy soldiers stuck their heads up to see why the supposed grenades had not exploded, the marines made kill after kill, one rifle shot at a time. When the North Vietnamese started a familiar predawn chant, "Marine, you die," Howard had his men shout back every obscenity they could think of, then laugh as loudly as they could. That also worked. Enemy soldiers concluded that the force on the hill had to be much bigger than one platoon if it could laugh at certain death.

AP

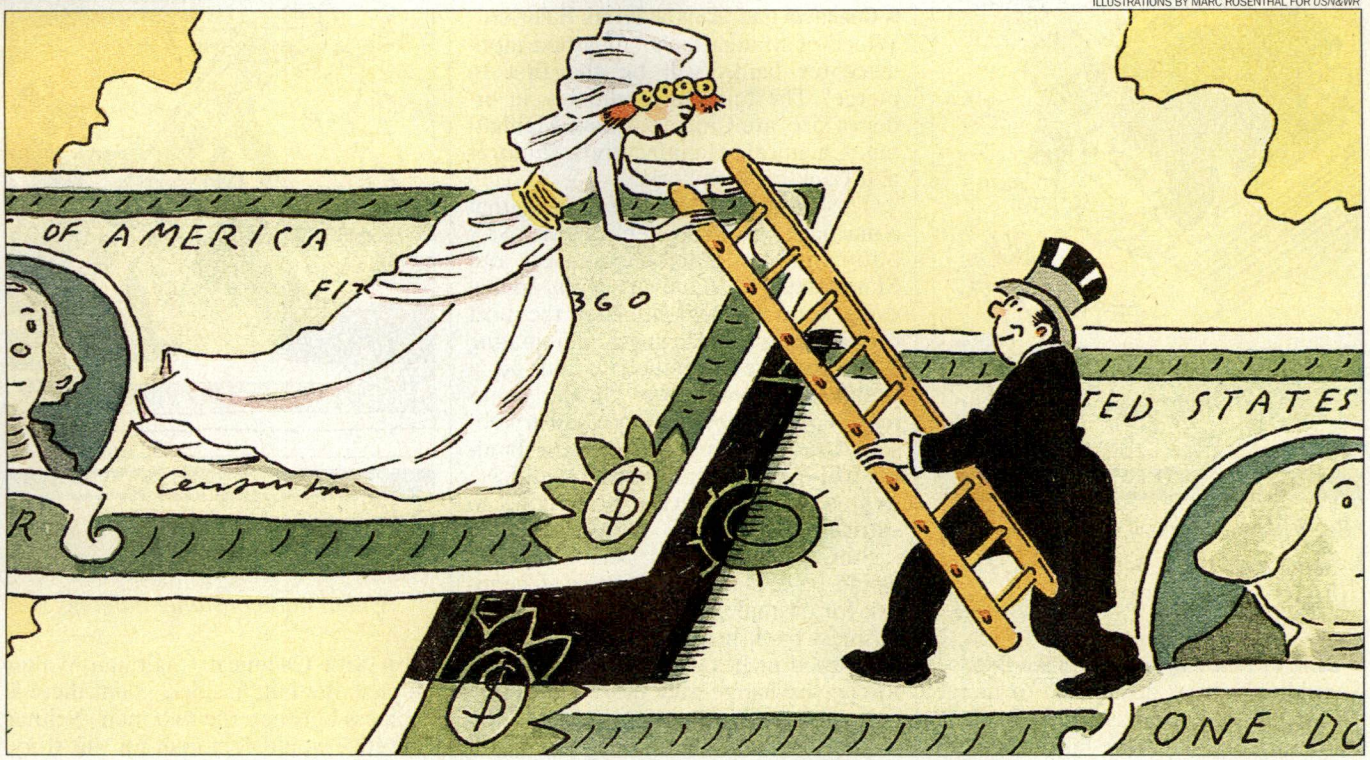


Survivor. *The sergeant laughed at death.*

When help arrived the next day, the platoon's 12 survivors—all badly wounded—were down to eight bullets and a few rocks. The platoon on "Howard's Hill" became one of the most decorated in history: 18 Purple Hearts, 13 Silver Stars, 4 Navy Crosses and Jimmie Howard's Medal of Honor. ■

BY JAMES WALLACE

ILLUSTRATIONS BY MARC ROSENTHAL FOR *USN&WR*



Big-bank marriages

Who should get hitched to whom–and why. A matchmaker's guide

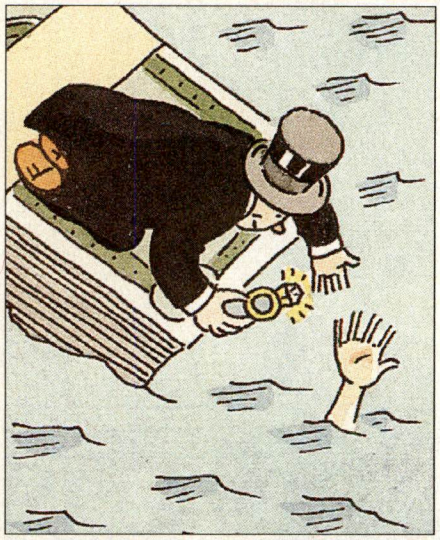
The big news in banking circles these days, along with the Treasury Department's sweeping new plan to reform the industry, is the long list of suitors eager to merge with the failed Bank of New England. Much of the proposal has met with resistance, but there's virtually no argument with one premise of the plan: America has too many banks and the industry must consolidate. Most U.S. banks are small, local institutions, which depend heavily on their hometown economies. As a result, they have gotten into financial trouble because of a failure to diversify assets and an inability to keep down borrowing and operating costs. "Right now, we've got about 13,000 banks," says David Beim of Columbia Business School, "and that's at least 12,000 more than we need."

The financial-services industry will shrink in the 1990s, as small-town banks become branches of big-city banks and big-city banks merge to become nationwide banks. "In that consolidation I think you'll get more competition and better service for consumers," says Democratic Rep. Charles Schumer of New York. Salomon Brothers analyst Thomas Hanley believes that the first major bank merger will be "the catalyst that radically changes the landscape of American banking as the top 15 players start to pair off."

Some bank marriages, like the one involving the battered Bank of New England, look more like shotgun weddings as the industry seeks a quick fix for paltry earnings and a worrisome capital crunch. Last year, profits for the nation's top 35 banks fell 28 percent, making it the worst year for banking since the 1930s. Because of deteriorating loan portfolios and undernourished capital bases, most U.S. banks are scrambling to raise cash. Cutting costs can help. And a sure-fire method for saving on bank overhead is to merge. The savings translate into higher earnings, which make it easier to sell more shares of stock. As banks consolidate, a third or more of the country's 1.5 million bank employees could lose their jobs—not a politically palatable prospect.

Nonetheless, banking authorities support mergers as a way to revive a decimated industry. In announcing his bank-reform plan, Treasury Secretary Nicholas Brady complained that America's banks have lost their worldwide competitive edge. Indeed, U.S. banks have three times the operating expenses per dollar of assets compared with Japanese banks. Mergers could make American banks as strong as some of their international rivals. Britain has just 550 commercial banks, Canada has 65 and Japan has fewer than 150. Because there are fewer banks in these countries than in the United States and because they are mostly national, they can more safely spread their risks and allocate capital more efficiently to growing industries. In fact, there have been no big bank failures in these nations.

Below, analysts pick four of the most attractive U.S. bank mergers:



RISKY ENGAGEMENT

Beleaguered Bank of New England is being courted by many suitors, but Banc One may be the perfect match.

■ Bank of New England and Banc One. Some banks have no choice: to merge or die. Such is the case with Bank of New England, recently taken over by the government after real-estate-loan losses wiped out its capital. About a dozen suitors—including BankAmerica and the buyout firm of Kohlberg Kravis Roberts—are considering making a bid for the $20 billion bank. But, analysts say, the most logical acquirer would be Columbus, Ohio-based Banc One.

With a return on assets of 1.55 percent, Banc One is considered the most profitable large bank in America. (Only 14 of the biggest U.S. banks achieved a return of 1 percent or more during last year's third quarter.) Banc One has succeeded by avoiding risky loans for highly leveraged transactions and by focusing on more conservative consumer deposits.

Growth for Banc One has come through acquisition of troubled banks. Last year, it purchased MCorp, a struggling $11 billion bank in Texas. By fixing problem banks, Banc One has proved it can cope with the financial challenge that Bank of New England will present.

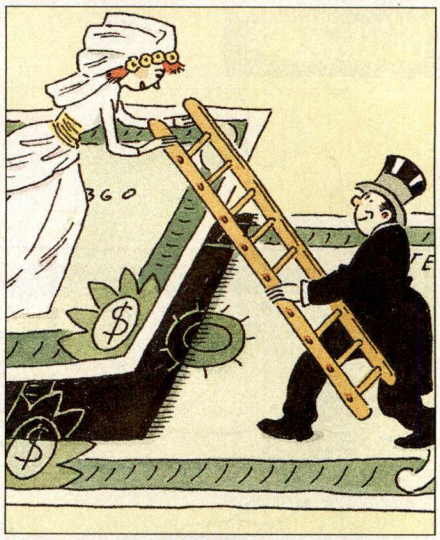
A crucial factor in determining Bank of New England's price will be the government's willingness to take over the bad loans and protect the purchaser from loss. The key question now is how big that dowry will be.

■ Chemical and Manufacturers Hanover. Which of Manhattan's embattled money-center banks will be the first to merge? The top five candidates, in order of size, are Citicorp, Chase Manhattan, Chemical, Manufacturers Hanover and Bank of New York.

The yentas of Wall Street believe that a marriage between Chemical, with $2.7 billion in noninterest expenses, and Manufacturers Hanover, with annual expenses of $2.1 billion, makes the most economic sense. However, eliminating duplicative retail outlets could be a problem because leases by the banks may be hard to break. One industry observer says that banks with these binding real-estate commitments might have to go so far as to declare bankruptcy to extricate themselves.

Still, Chemical and Manny Hanny would be a formidable couple. Chemical, for example, is the strongest small-business bank in New York, and it has developed niches overseas in areas like foreign exchange and the financing of mergers and acquisitions. Manny Hanny also has a significant presence in global capital and currency markets, so costs could be trimmed there. More money could be saved from consolidation of the two banks' consumer-banking divisions.

A major stumbling block may be getting Thomas Johnson—Chemical's one-time No. 2 executive who defected for Manny Hanny's presidency in 1989—to



MONEY-CENTER MARRIAGE

Chemical and Manny Hanny have much in common. Each focuses on global and consumer banking.

work with Chemical Chairman Walter Shipley. Banking insiders claim there is coolness between the two men. Neither executive would comment for this story, but before wedding bells peal, egos may have to be sacrificed.

■ BankAmerica and First Interstate. BankAmerica and First Interstate, both California-based, have been making eyes at one another for years. They were happily married decades ago, but grew too big and were forced to di-

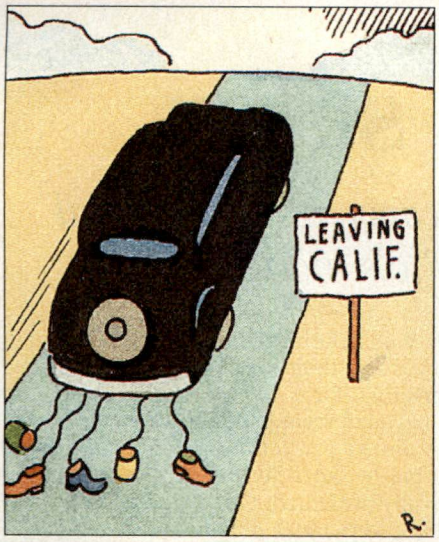
TROUBLE IN TOKYO

Japan's banking blues

If misery loves company, then America's flagging banks have plenty of companions across the Pacific. Higher interest rates, real-estate woes and the Tokyo stock market's plunge of nearly 40 percent in 1990 have left Japan's once highflying banks reeling. Last year, Moody's Investors Service downgraded the credit ratings of Dai-Ichi Kangyo, the world's biggest bank; Fuji, Sumitomo and Mitsubishi banks, as well as four Japanese trust banks. Other financial institutions are now being reviewed for possible downgrades.

Though the industry's problems still pale in comparison with America's banking blues—no major bank is even close to going belly up—Japanese banks are now compelled to alter their business practices. In the past, Japan's superbanks aggressively pursued market share by concentrating on high-volume corporate loans with razor-thin margins. They also plowed massive funds into the nation's once booming stock and property markets.

But no longer. New international rules effective after March 31, 1993, will require banks to have capital equivalent to 8 percent of their risk-adjusted assets. As a result, Japanese banks have been forced to curtail loan growth and raise fresh capital, just as the sharp decline of share prices on the Tokyo Stock Exchange has made it next to impossible to raise funds. The softening Japanese real-estate market has added to the banking industry's troubles. To rein in hyperinflated land prices and reduce banks' exposure to this fragile market, the Ministry of Finance has ordered the industry to cut back on lucrative but risky property-related loans. On top of this, interest-rate deregulation has squeezed profits for most banks. Overall,



OUT-OF-STATE HONEYMOON

BankAmerica may want to marry First Interstate in order to further expand its business base in the West.

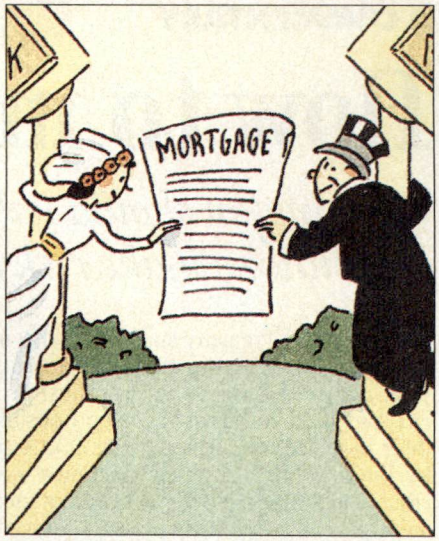
vorce by the government. With regulators now pushing mergers, the pair may remarry.

The second-largest bank in the United States, with $110 billion in assets, BankAmerica wants to expand further, beyond its seven-state base in the West. Linking up with First Interstate—the largest multistate bank holding company in the United States, with more than 1,100 branches in 14 Western states—would be the most efficient way to achieve this goal.

Analysts say the banks' combined noninterest expense of $6.4 billion could easily be cut by $780 million, pushing combined annual earnings up to $2 billion from the $1.25 billion they earned on their own last year. Savings would come primarily from the sale of First Interstate's 332 California branches. Additional cuts could be made if the Treasury's proposal for interstate banking is enacted. Elimination of the requirement that multistate bank holding companies maintain separate subsidiaries—with separate boards of directors, accountants and lawyers—would save BankAmerica $50 million a year. First Interstate's annual savings could be even greater.

■ **Citicorp and H. F. Ahmanson.** Skeptics argue that bicoastal marriages rarely work. But one promising and compatible partnership would be the combination of the country's biggest bank and largest thrift: New York's Citicorp and Los Angeles-based H. F. Ahmanson.

Both financial institutions are industry leaders in single-family mortgages—the least risky type of real-estate loan. Ahmanson boasts some $38 billion in deposits and originates some $10 billion in home mortgages each year. More than 90 percent of its loan portfolio is secured by residential real estate, and while it runs 94 mortgage-lending offices in 13 states, nearly 80 percent of its lending business is in California. Citicorp, with $217 billion in assets and a home-loan portfolio of $66 billion, has been aching to get into the California market.



BUILDING A HOME TOGETHER

Citicorp and H. F. Ahmanson, the largest U.S. thrift, could blend their huge single-family-mortgage portfolios.

With its support of nationwide banking, the government would probably approve of this bank marriage. And, to the delight of banking regulators, Ahmanson may be able to teach giant Citicorp how to make money the old-fashioned way. By rarely lending more than 80 percent of the appraised value of a house and by maintaining a staff of in-house appraisers to make sure the numbers are not inflated, Ahmanson has managed its considerable credit risk well. Last year, net income from its core lending operations rose an impressive 16.3 percent.

Despite the outward appeal of this bank marriage, however, Ahmanson's chairman, Richard Deihl, says that a big merger isn't imminent. Even if it were, Citicorp clearly has no capital to spare. In fact, with nearly 19 percent of its $13.3 billion commercial real-estate portfolio consisting of nonperforming loans, Citicorp is feverishly trying to cut costs and raise capital. John Reed, the bank's chairman, says he hopes to come up with at least $4 billion. In the end, Citi may lose Ahmanson to a West Coast bank that wants to deprive the New York money-center giant of the large California franchise it so badly desires. ■

BY TERRI THOMPSON

bank profits are expected to drop by an average of 27 percent for the year ending March 31, 1991.

Credit crunch. The banks' response has been to get back to basics. They are expanding lending spreads by charging more for loans, even at the risk of losing market share. They are also lending more selectively, focusing on traditional corporate, project and retail loans. One offshoot is tighter credit: Total lending grew by a piddling 3 percent in the first half of last year, compared with double digit growth during the preceding period. Meanwhile, banks are scrambling to issue some 2 trillion yen worth of subordinated debt and loans—the same amount issued last year—to improve their capital ratios.

Like its American counterpart, Japan's banking industry is about to undergo consolidation. Two of the nation's strongest banks, Kyowa Bank and Saitama Bank, will combine their businesses on an equal basis this April; the resulting new institution will become the nation's eighth-biggest commercial bank and among the top 20 banks in the world. Analysts expect additional mergers to follow, with big commercial banks linking up with regional banks. Should a bank become threatened, the Finance Ministry is also prepared to use Japan's Deposit Insurance Corp., modeled after Washington's Federal Deposit Insurance Corp., to assist in a merger.

The remaining months of 1991 may prove kinder to Japanese banks. Interest rates are inching down and the Nikkei stock average is staging a muscular rally in anticipation of further rate cuts. Some analysts are now predicting a modest recovery in fiscal 1991 profits for the nation's top commercial banks, barring another stock meltdown or a real-estate market free fall. Even so, Japan's once seemingly invincible banking juggernaut will continue to backpedal for some time to come. It's time to say *sayonara* to the go-go 1980s.

BY JIM IMPOCO IN TOKYO

COMMENTARY

How to make banks safer

Washington should withdraw deposit insurance coverage if financial institutions make risky investments with the public's money

The U.S. Treasury has taken the initiative in an effort to modernize our financial system. Rightly, it sees that deposit insurance reform must be an essential ingredient. But the Treasury's recent proposals will not accomplish their objective: healthier banks and less-exposed taxpayers. By limiting the insurance maximum—to $100,000 per individual and $100,000 for retirement accounts—the government plan would clearly limit the *direct* liability of the insurance fund. But in the process, it would reduce the value of the banks' deposit-taking franchise just when they are under pressure to increase capital. And by continuing to support the "too big to fail" doctrine, the Treasury is discriminating in favor of big banks and leaving the deposit insurance funds with increasing *indirect* liabilities.

The Treasury's contorted position is an awkward attempt at compromise in the long debate over how to discipline banks. One school holds that discipline must be imposed by government. Advocates believe banks have a special public duty that sets them apart from other businesses. Also, banks are heavily leveraged and vulnerable. So a balance must be struck between their entrepreneurial drive and fiduciary responsibility. Government regulation—imposing capital ratios, loan diversification criteria and management oversight—is the main way of ensuring balance.

The competing school believes that banks should be disciplined primarily by the marketplace. Banks should be allowed to prosper or fail like other companies and should be able to pursue opportunities without onerous restrictions. But it is up to investors and depositors to monitor performance. If a bank starts to go wrong, they should rebuke it by selling stock and withdrawing money. Only that threat can rein in reckless managements.

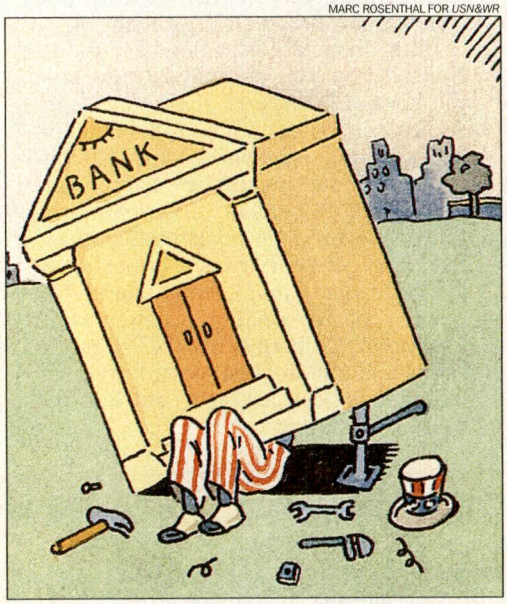
Policy gyrations. The problem is that we have never made up our minds about which school to embrace. In this century we have swung from minimal government involvement to intensive bank regulation in the aftermath of the 1929 crash. Starting in the 1960s, we moved back toward tolerance of financial entrepreneurship. This culminated in the deregulation of the 1980s and the recent S&L and bank failures.

We now have a hybrid policy that satisfies no one. Government regulation is extensive but can be highly ineffective. Market discipline is exerted erratically. The stocks and bonds of financial companies are whipsawed by shifts in market judgments. But discipline is heavily watered down by the behavior of most depositors, whose money is insured by the government.

The confusion lies with federal deposit insurance. Small depositors are protected and thus have no reason to exercise scrutiny. Large depositors have—or should acquire—the ability to distinguish between sound and questionable banks. But Washington has diluted market discipline by espousing the doctrine of "too big to fail." So large depositors in big banks are effectively fully protected. Only large depositors in small banks that fail are sometimes hurt.

The dilemma is plain: The United States is unwilling to accept a financial framework *without* deposit insurance, but true market discipline is incompatible *with* deposit insurance. The irony is that despite a decade of deregulation, major banks are now *more* dependent on the government for their survival than ever.

MARC ROSENTHAL FOR *USN&WR*



To reconcile this issue of government versus market discipline, I propose that all deposit institutions be rated—either by one of the private-sector bond rating agencies or by an official supervisory agency. To be eligible for full insurance coverage, deposit institutions would be required to maintain at least an AA rating. Falling below this rating would mean the loss of full insurance coverage 12 months later, unless the institution initiated remedial action prescribed by regulators. The threat of the loss of deposit insurance would serve as an effective check on go-go bankers and thrift executives.

Implementation would take time. Regulators would have to develop a method of setting credit standards comparable to private ratings and then test them out. Phasing in the new deposit insurance eligibility requirements might take five years.

But the benefits would be great. The too-big-to-fail doctrine could be scrapped, since all insured institutions would have to follow more-conservative lending practices. Early intervention by the regulators in case of management failure would be encouraged. And taxpayers wouldn't have to rescue overextended deposit insurance funds, which would no longer be used to bankroll financial executives more intent on doing deals than upholding fiduciary responsibilities.

The resulting financial system would serve the economy better. Banks would be far safer and sounder. And risky ventures would be undertaken by sophisticated investors who can weigh the risks and rewards and accept losses without a government bailout. ■

BY HENRY KAUFMAN

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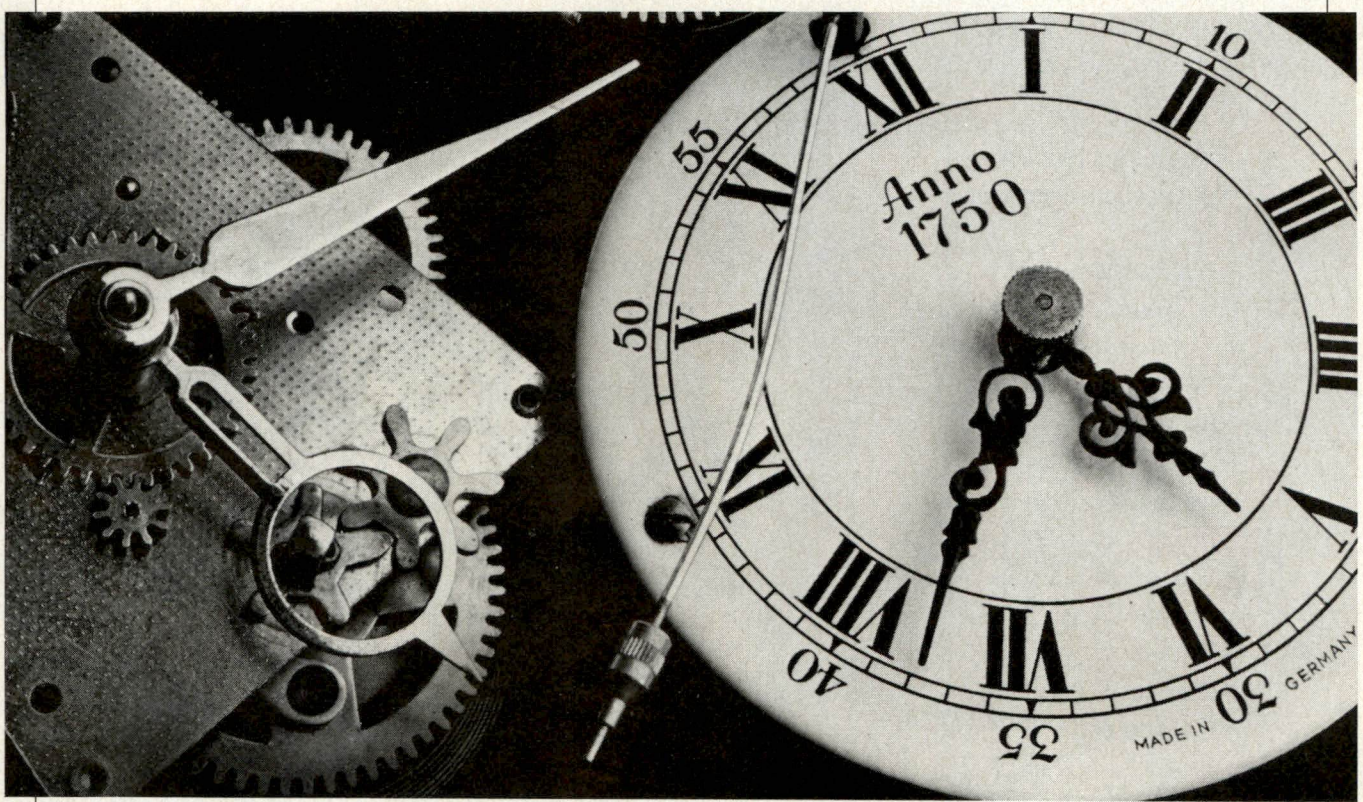

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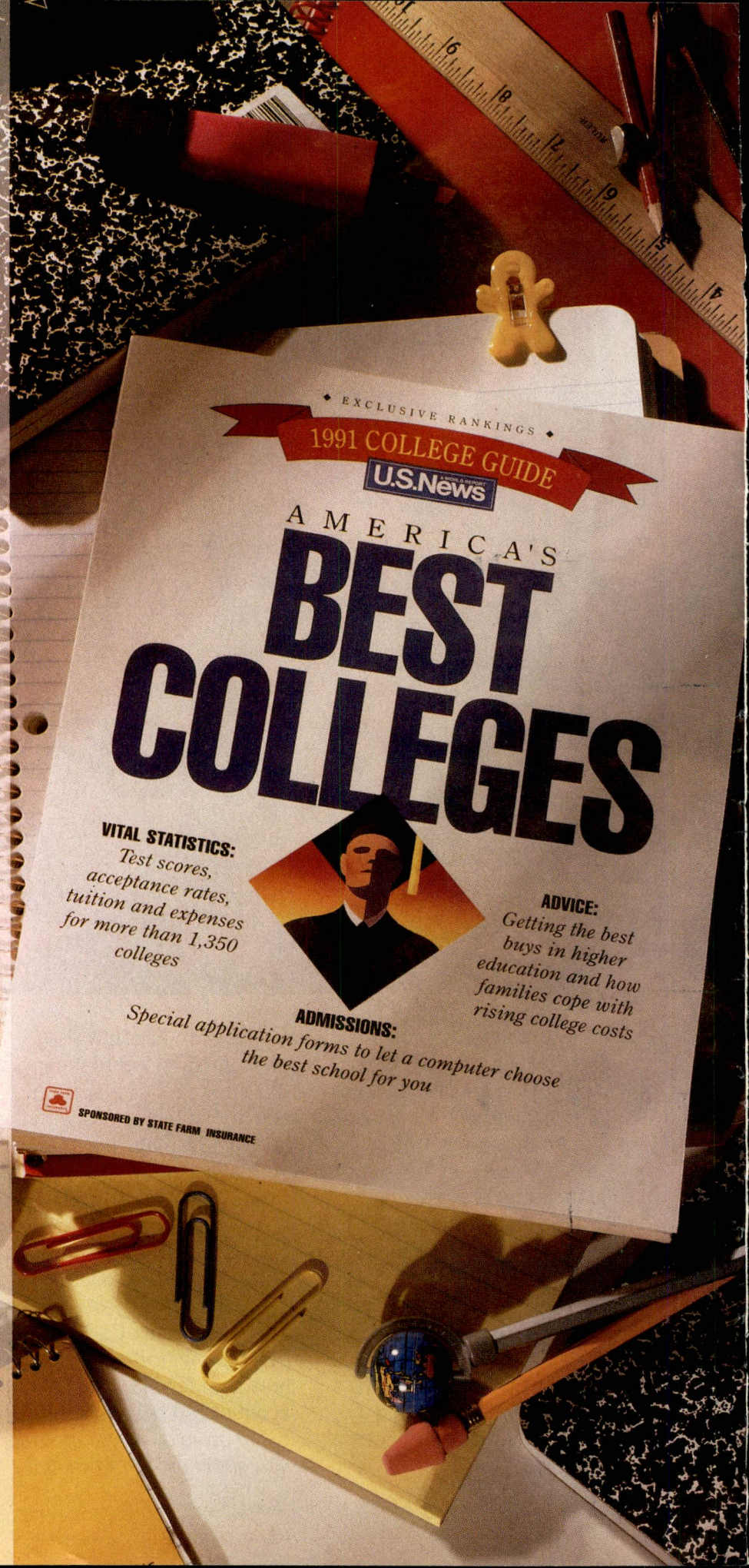


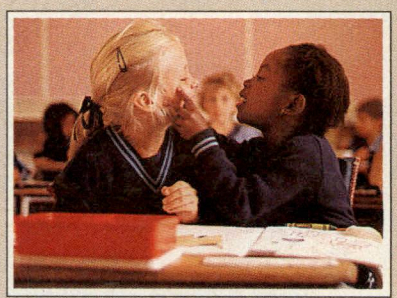
Educational equality. *South African boys eat lunch together on the first day of integrated classes in Johannesburg last month.*

Post-apartheid economics

The cost of reform in South Africa will be staggering

One year ago last week, the hopes of black South Africans rose with the fist of Nelson Mandela, as the newly freed prisoner brandished a black-power salute to his cheering supporters. This year, expectations have been elevated again, as President F. W. de Klerk boldly proposed to scrap the laws that have racially classified each South African and assigned each race its own place to live. And compromises made last week by both Mandela and de Klerk should speed negotiations toward giving all South Africans the vote.

But just as dreams deferred helped make 1990 South Africa's most violent year since unrest broke out in 1976, new freedoms may frustrate their beneficiaries. Soon, blacks will be permitted to buy land, but few can afford property.



Together but unequal

As barriers to equality fall in South Africa, the economic divide between whites and blacks becomes more apparent.

	Whites	Blacks
Unemployment	1%	11%
Estimated housing shortage (units)	104,000	2,107,000
Pupils per teacher	17:1	39:1
Annual per capita government health-care spending	$120	$61

Even those with jobs earn 10 percent of white incomes on average. The time approaches when black gardeners will cast their ballots beside white bankers, but few blacks can ever aspire to such a profession. Only 36 percent of black high-school seniors passed their final exams in December. Clearly, erasing the economic legacies of apartheid will prove much more difficult than wiping its laws from the books.

After 43 years of segregation and three centuries of economic development skewed in favor of white interests, South Africa is one of the most unequal societies on earth. Some 7 million to 8 million blacks (roughly one quarter of the total) live in shacks. A majority of black households exist below the poverty line. Whites own all industry and 83 percent of the land. And, despite recent changes, state spending on education, health care and pensions remains strongly biased in favor of the white minority.

Correcting such inequality is bound to be a major priority of any post-

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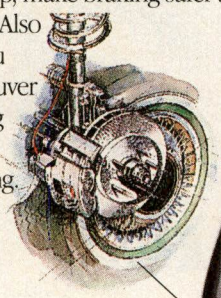

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The next step was a foregone conclusion...Chrysler is first with minivan air bags. And when Ford, GM and the imports get around to putting drivers' air bags in their minivans, we'll be the first to offer them congratulations.

For the past seven years the competition has been trying to catch us. Match our success. Our innovations. And always ended up a poor second†

And this year, with our new aerodynamic styling and redesigned interiors...it's true again. Especially in new

*The minivan air bag does not qualify as a passenger car passive restraint system. For added safety you must wear your seat belt. **Excludes vehicles built for Chrysler: Imports, Laser, Talon, Premier, Monaco, Summit. †Based on total sales.

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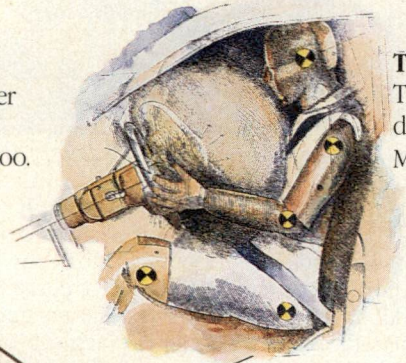

The First Driver's Air Bag ever in a Minivan. The minivan air bag used with a lap/shoulder belt is the best driver safety system available today.* Together they save lives. Make sure your new minivan has one.

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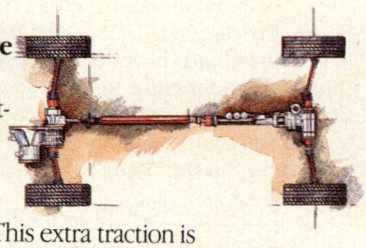

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safety features. Not only have we added air bags to Dodge Caravan and Plymouth Voyager, we've also made available...four-wheel anti-lock brakes, four-wheel drive and more V-6 power.

Dodge Caravan and Plymouth Voyager. The original. And still the leader. Beware of imitations.

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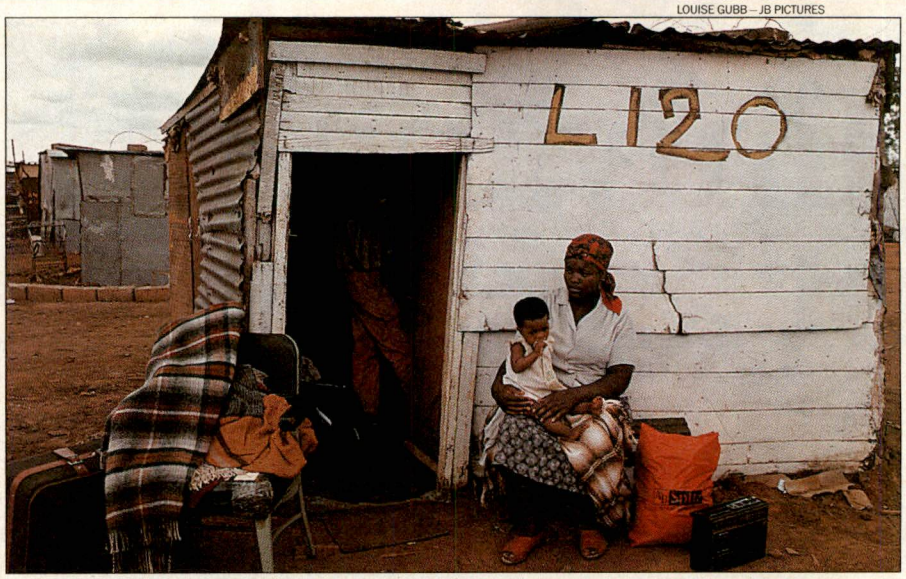
apartheid government in South Africa. But the costs of change will be staggering—and perhaps unaffordable. Estimates put the ultimate price tag at anywhere from $20 billion to $120 billion.

Inflated expectations. According to the African National Congress (ANC), future black rule will mean "houses, security and comfort" for all. Yet the South African reality is that black-white parity will take decades to achieve if current living standards are to be sustained. "The greatest problem at the moment is black expectations," says Stellenbosch University's Servaas van der Berg. "Apartheid has set levels of privilege for whites far in excess of what our Third World economy can afford. Growth is impossible without redistribution [of wealth], and redistribution is impossible without growth."

Educational inequality is likely to be the major challenge facing the new South Africa. Since 1976, a generation of blacks has had little or no schooling thanks to politically motivated disruption of the white-imposed education system. Producing equality of education appears to be impossible. One reason is cost: At least $8 billion a year in extra expenditures will be needed to even out standards. Another obstacle is population growth. According to current projections, South Africa's population (now nearly 40 million) will swell to 60 million by the year 2010, doubling the number of school places needed for blacks.

LOUISE GUBB—JB PICTURES



Housing hardship. *Roughly one quarter of all South African blacks live in shacks.*

South Africa's black-white gap intrudes in a number of other ways. Pensions for those whites who qualify are 84 percent larger than for blacks. Pension spending would have to balloon to achieve racial parity. Property ownership in a country with relatively little arable land favors whites; 40,000 white farmers account for 80 percent of farm output while 4 million rural blacks are landless and jobless. And while most whites enjoy adequate housing, providing enough homes for blacks means building more than 1,000 units a day until the end of the century—at an estimated extra cost of $4 billion a year.

Looking outside their borders, South African economists believe that the lifting of sanctions could boost growth by 2 percent a year and lure badly needed foreign capital back to the country. German Chancellor Helmut Kohl and British Prime Minister John Major agreed last week to lift sanctions within months, as soon as Parliament in Cape Town has followed de Klerk's lead by abolishing the last remnants of apartheid legislation.

One way or another, apartheid's economic legacy will be central to policy making in South Africa long after the last white supremacist has lost power. A redistribution of wealth and resources appears certain. But if the process of reform ends up weakening the free market, deterring foreign investment and driving out skilled white labor, South Africa—with its great potential to become Africa's engine for growth in the coming decades—will not be the only one to suffer. ■

BY ROBIN KNIGHT WITH DON L. BOROUGHS AND JIM JONES IN SOUTH AFRICA

(Advertisement)

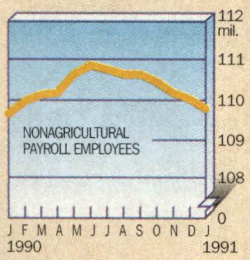
Sentimental Stevedore—If you're looking for a guy with that impossible combination of qualities, your ship has come in. I'm romantic and vulnerable, yet junk yard dogs run the other way. If a man with poetry in his soul, and a certain ineffable grittiness, sounds right for you, I could be the one. I'm 5'6", 190 lbs. I'm open-minded about your looks—it's your inner qualities that count. Like being faithful to gas water heating. Gas heats water for 1/2 the cost of electricity.

ECONOMIC OUTLOOK

HIGHER INTEREST RATES ARE ON THE WAY

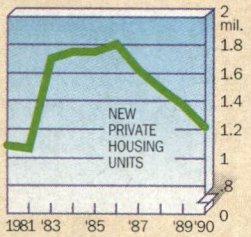
BY JOHN RUTLEDGE

PAYROLL PAIN



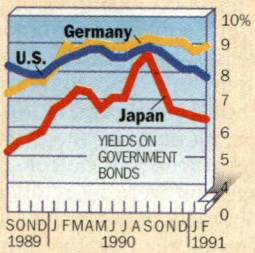
■ To trim labor costs and expand profit margins, firms began laying off employees last summer.

SLOW STARTS



■ Fading consumer confidence and sluggish income growth have plunged housing into a deep recession.

RISING RATES



■ Reunification of Germany is pushing up its bond yields. This surge will force other capital-hungry nations to increase rates.

Note: February bond yields reflect latest quotes.

USN&WR–Basic data: U.S. Depts. of Commerce and Labor, International Monetary Fund, Salomon Bros.

■ A SYMPHONY OF BAD ECONOMIC NEWS. The stock market has been overrun by the bullish herds, but the economic reports of the past two weeks have been downright grim. January car and light-truck sales, for example, plunged 27.8 percent. U.S. auto makers announced 15 plant closings and 40,000 layoffs. January nonfarm payroll employment fell by a whopping 232,000 jobs, its fourth large monthly decline in a row, and the unemployment rate inched up to 6.2 percent. As this symphony of bad news plays on, people are asking how long it will take for the economy to return to normal once the war is over. What they are forgetting is that the economy was already in bad shape last summer before most Americans had ever heard of Saddam Hussein. And a worldwide capital shortage in the 1990s is going to keep us from going back to the good old days of 2 million housing starts and 10 million car sales per year.

Washington is currently scrambling to resuscitate the comatose economy. The Federal Reserve has pushed the discount rate, the rate that the Fed charges banks for loans, down again by another half percentage point, to 6 percent. But we can't buy our way back to prosperity with low interest rates.

■ THE GLOBAL CAPITAL SHORTAGE. Rates are falling in the United States now, but rising capital costs in other nations tell us that cheap money won't be available for long in this country. A world capital crunch caused by a massive increase in demand for credit and new capital goods in Germany and Eastern Europe will soon push real interest rates higher all over the world.

The burdensome task of rebuilding eastern Germany is going to cost the German government more than 5 percent of GDP in 1991. To raise the funds, the government will have to borrow huge sums. As a result, the legendary German trade surplus will be pushed into deficit this year. All of this spending will increase domestic demand. To blunt inflation and to attract capital, the Bundesbank recently raised interest rates again.

The estimated cost of bringing productivity and living standards in Eastern Europe up to Western European levels is somewhere between $1 trillion and $2 trillion. This is an effort of Marshall Plan proportions that is going to increase the demand for capital goods for decades. Growing credit demands will not be limited to Eastern Europe. Market reforms in Western Europe mean higher growth and increased capital spending by firms that seek a presence in Europe after 1992. Rapid growth in the Far East and Japan will lead to heavy capital spending there, too. Add to these needs the war damage. Rebuilding Kuwait will cost more than $30 billion once the fighting stops. And the White House is already discussing the cost of helping to repair a damaged Iraq. Looking ahead, it's easy to envision multitrillion-dollar capital spending needs in the 1990s.

Japan and Germany will pay for their war participation in cash. And Kuwait will make a $23 billion contribution. To raise this money, these nations will have to issue new debt offerings, which will push bond prices down and interest rates up. The overall result will be higher real interest rates in the 1990s than those we learned to live with in the 1980s.

■ HOW EXPENSIVE CAPITAL WILL HURT BUSINESS. These high real interest rates are going to have a major impact on U.S. business in the coming decade. Higher rates mean the United States won't be able to consume its way out of its economic difficulties by jump-starting housing starts and auto sales. There will have to be significant restructuring as capital goods and export industries grow at the expense of consumer-durable producers. And the rising cost of capital will increase pressure on managers to divest low-return assets in order to improve shareholder value. These pressures will be especially strong in capital-intensive industries like banking, insurance and utilities. It also means that government policy is going to have to switch from pushing interest rates lower to helping the economy gradually adapt to the high cost of money.

JOHN RUTLEDGE IS CHAIRMAN OF CLAREMONT ECONOMICS INSTITUTE, A CALIFORNIA-BASED MANAGEMENT CONSULTING AND INVESTMENT ADVISORY FIRM.

SITE PROJECTS INC.

Green Manhattan. *James Wines's vision of the naked city*

Designing in hues of green

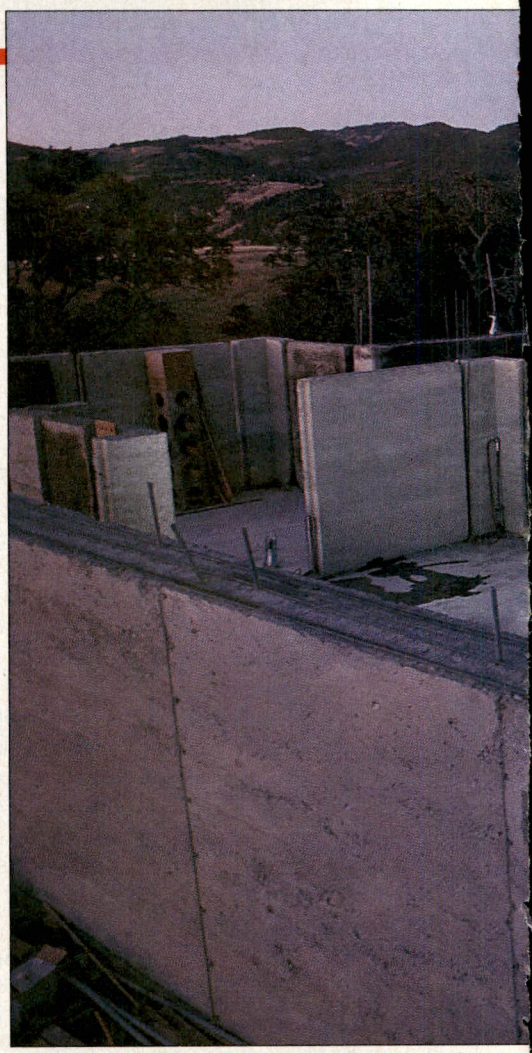
A new breed of architect is creating homes and offices with the environment foremost in mind

A house is a machine for living in," said French architect Le Corbusier in 1923. And for most of the 20th century, architects have carried on a love affair with technology, paying progressively less heed to the natural environment. Nearly lost was Frank Lloyd Wright's dictum that, "No house should ever be *on* any hill. . . . It should be *of* the hill, belonging to it, so hill and house could live together each the happier for the other."

Now, Wright's organic approach to architecture is once again ascendant, embraced by architects and designers inspired by the global green movement and eager to lend their skills to protecting and preserving the environment. They are seeking out recycled and renewable materials, devising low-energy heating and cooling systems, addressing the high levels of indoor air pollution and bringing wind, water and trees back into urban environments. In the process, they are redefining notions of architectural chic, replacing the opulence of the '80s with a simpler and less gilded style.

What's more, they are again integrating architecture with landscape, to both aesthetic and pragmatic ends. Architects who were once marginalized as "regional" and relegated to the outskirts of the New York-centered architectural establishment are now celebrated for their regionalism and sensitivity to the local environment. Albuquerque architect Antoine Predock, for example, has garnered a host of international awards and prestigious commissions because, as *New York Times* architecture critic Paul Goldberger put it, "He designs buildings deeply ingrained in the traditions and spirit of a place yet unlike anything we have seen before."

Predock's buildings are at once beautiful and supremely functional, both qualities that grow out of his intimate understanding of the desert Southwest. In Albuquerque, his La Luz luxury housing development rises like an abstract version of the mesas that surround it. The houses, clustered along the ridgetop, leave undisturbed the fragile riverside habitat and permit open space to be preserved in a single broad expanse. Made of sun-dried adobe, some of it made of sand excavated on the site, they are linked to both the pueblos of the area's indigenous peoples and the geologic history of the valley the houses overlook.

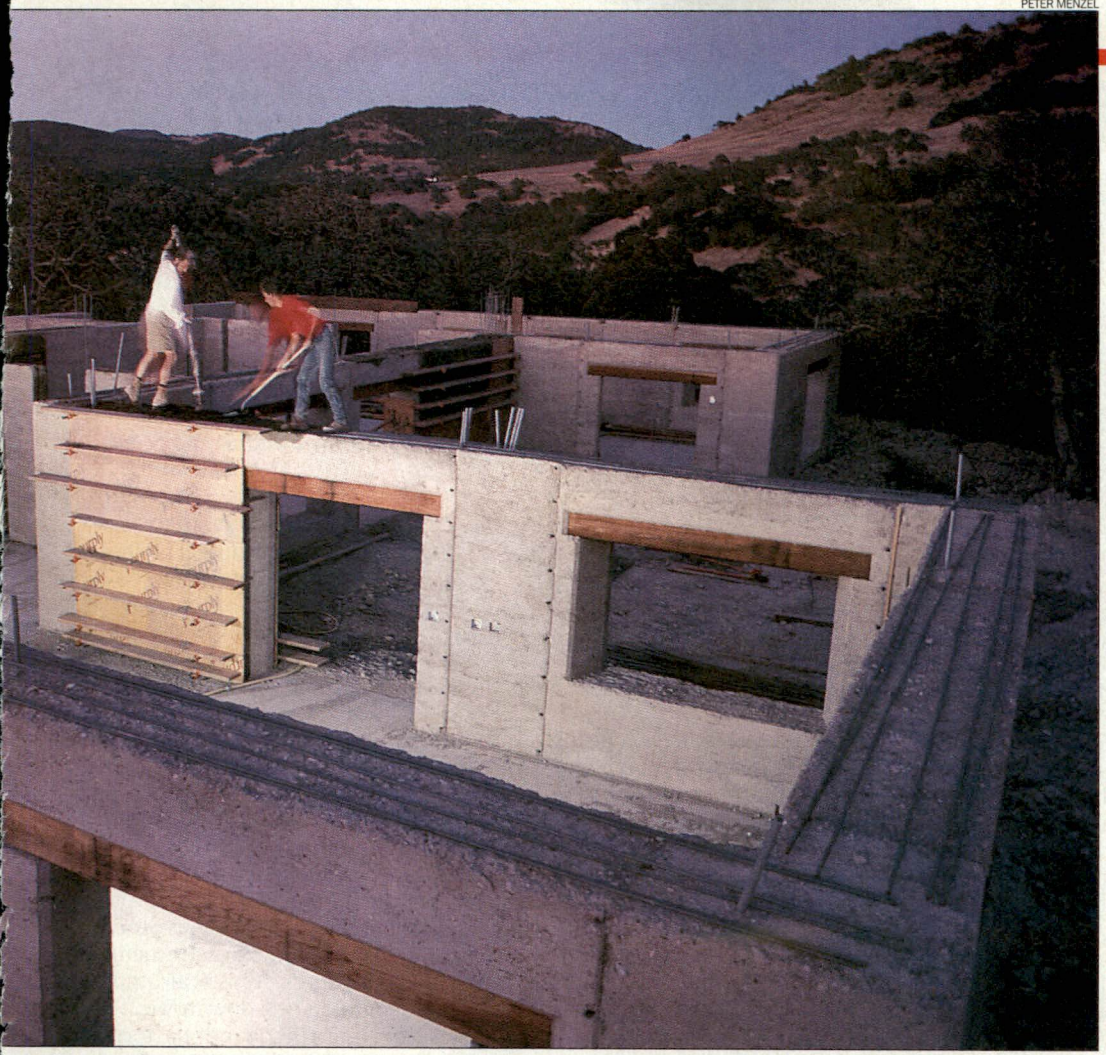


Ancient technology. *Housing constructed of*

Giving them shelter. But Predock's creations are also deft examples of passive heating and cooling, technologies that are increasingly capturing the attention of the architectural community. The La Luz houses are remarkably effective shelters, moderating the extreme desert temperatures far better than could buildings that were more alien to the site. Adobe acts as a thermal storage system. During the day, the 16-inch-thick walls absorb heat slowly enough that the interior remains cool. Only at night, when the temperature drops precipitously, does the stored heat reach the interior. To defend against dust storms and the late afternoon summer sun, Predock left the western walls windowless, while to the east he opened the buildings to views of the Rio Grande and the mountains beyond.

Predock's use of passive heating and cooling methods contrasts with the high-tech energy-conservation strategies of the 1970s, which often created as many problems as they solved. When

PETER MENZEL



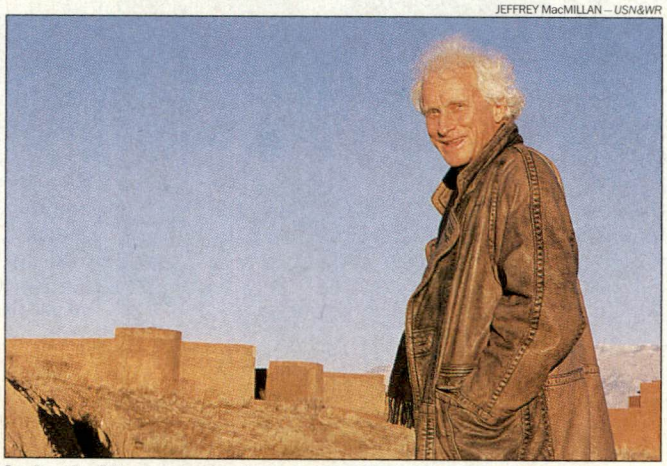
"rammed earth," in which local soil is compacted with cement, dates back to the third century B.C.

architects sealed new buildings and did away with operable windows, they also sealed in the highly toxic gases and fibers emitted by paints, finishes, glues, insulation, fungicides and wood preservatives. As a result, according to the Environmental Protection Agency, indoor spaces are now five times more polluted on average than the outdoors.

Unfortunately, architects today have only fragmentary information on the toxicity of many common building materials; and although a few highly toxic materials like asbestos are now regulated, most still are not. To remedy that deficiency, the American Institute of Architects recently began work on an Environmental Resources Guide, which will provide chemical analyses of commonly used materials and list less toxic alternatives. Though the project will require years to complete, several architects have already made progress in improving the quality of indoor air.

New York architect William McDonough's Manhattan headquarters for the Environmental Defense Fund is a model of nontoxic design. McDonough replaced plywood and particle board, both of which are known to emit formaldehyde, with solid wood, had carpets tacked rather than glued, substituted beeswax for polyurethane on office floors and installed windows that open.

JEFFREY MacMILLAN—*USN&WR*



La Luz in Albuquerque. *Antoine Predock's "abstract landscape"*

Similarly, California architect Sim Van Der Ryn shuns forced-air heating systems, which blast dust and bacteria into the air supply, in favor of passive solar and radiant heat, which is not only cleaner but also uses substantially less energy. He advocates installing insulation on the outside rather than the inside of air ducts to prevent the shedding of toxic fibers; sealing water pipes to prevent leaching of lead and other toxins into the water supply; keeping humidity levels low to discourage microbial growth, and incorporating design features that protect against rodents, termites and water rot, minimizing the need for pesticides, fungicides or preservatives.

Green-backed dollars. Admittedly, there is a cost to all this. McDonough estimates the nontoxic "surcharge" at about 25 percent. But environmental planning can also save money: New York architect Randolph Croxton's renovation of the Natural Resources Defense Council headquarters in Manhattan, for example, cost $68 per square foot, $14 higher than the going rate. The NRDC says it hopes to recoup some of its investment in lowered energy bills and reduced incidence of employee illness.

As the demand for nontoxic materials increases, more manufacturers are moving into the market and the cost of materials is gradually dropping. Until recently, Connecticut architect Paul Bierman-Lytle had to import many of his materials from Germany, often paying a third more than he would for a domestic product. But next fall, Bierman-Lytle plans to open what he calls a "21st century lumberyard" in Los Angeles. There he will sell more than 5,000 environmentally sound American-made building products to architects and contractors around the country, including insulation derived from a seawater mineral and wood finishes made of such ingredients as citrus peel and juniper berries. In fact, cost calculations may shift dramatically in favor of nontoxic builders in the coming months, as class-action suits in the hundreds

of billions of dollars are filed against paint manufacturers, architects and developers for the public health hazard posed by toxic building practices.

For buildings already standing, green plants may help safeguard air quality. A recent study by the National Aeronautics and Space Administration and the Associated Landscape Contractors of America found that common houseplants can remove as much as 70 percent of the pollutants in indoor air. Different plants "scrub" different chemicals: Gerbera daisies and English ivy, for instance, absorb large quantities of formaldehyde and greatly reduce benzene levels. Researchers recommend using one plant per 100 square feet in offices and homes.

Designer marshes. Researchers are now developing a hydroponic system, with plants rooted in liquid nutrients, which enhances their capacity to clean air. They are also exploring the possibility of constructing artificial marshes to help purify water within large building complexes. Some have still more radical ambitions. New York architect James Wines proposes planting Manhattan's rooftops, preferably with edible plants and fruit-bearing trees. "Each tree," he points out, referring to its oxygen production, "lets four people breathe."

Green-minded architects are equally concerned with the environmental costs of mining, processing, manufacturing and disposing of building materials. For its resources guide, the AIA will analyze the entire "life cycle" of materials, as will the European Community in awarding its newly devised "green" label for environmentally sound goods. Aluminum, for instance, is anything but green at the outset: Bauxite mining, most of which takes place in the Third World, is extremely destructive to the environment, and huge amounts of electricity are required for purification. But aluminum is redeemed at the end of its cycle, to some degree, by being so easy to recycle.

Assessing the environmental costs of the use of tropical woods is equally complex. Concern about the destruction of the rain forests has led a number of architects to shun luxurious woods like mahogany and propose a blanket ban on importation. But in the view of Earth Access, a Boston-based group established to help architects navigate this moral maze, such a ban would be a bad idea. Eliminating the market for these woods, they argue, would simply depress their value and diminish the local incentive to conserve and manage the forests. Instead, they urge architects to specify wood produced in sustainable plantations, difficult as it is at present to verify the origins of lumber.

PETER AARON – ESTO

Berkeley Hills. *Solar-heated house by Steve Badanes and Jim Adamson*

In a further effort to minimize their impact on endangered resources, some architects are exploring the use of recycled materials or composites made from such waste products as wood pulp, discarded plastic and chopped foam. The most ambitious use of such materials will be William McDonough's skyscraper for Warsaw, soon to be the tallest building in Eastern Europe. Literally rising from the ashes of history, the building will have a concrete base incorporating chunks of rubble from World War II, and its shimmering skin will be made of recycled aluminum.

JEFFREY MacMILLAN – *USN&WR*

Out of rubble. *McDonough and model*

Architects are also looking beyond individual buildings to the reshaping of urban and suburban environments, as well as the transportation that links them. A recent study of the Los Angeles river basin at the Southern California Institute of Architecture (SCIARC) makes clear just how much damage urban planners have done. With the miles of paving in Los Angeles, rainwater can no longer seep into the ground. Instead, it floods the river basin, washing heavy metals off buildings and streets directly into the sea. At the same time, the aquifer continues to be depleted, bad news in a state now suffering from the worst drought in history.

Developers should be required to use permeable paving and leave some percentage of space unpaved, argues Steven Flusty, a graduate student instrumental in the SCIARC study. Flusty also condemns the builders of downtown Los Angeles for ignoring wind patterns. Clustered high-rises, he argues, block westerly winds that might otherwise help clear the heavily polluted air in the poor neighborhoods of East Los Angeles. Planners are pursuing a so-called village model for new suburbs, recovering a small-town mix of houses and shops built around public transportation. "Nature mixes," says Wines. "Ecology is not isolation but integration."

Though "green" architecture may seem a leap into the future, it draws upon the most ancient of principles. The bedouin tent, after all, has for centuries tamed the searing desert heat, casting a dark, cool shadow and creating cooling breezes by generating its own convection currents. Similarly, the straw roof on a desert mud hut deflects the summer sun and seals in heat in the winter, when the mud walls soak up the warmth of the low-lying sun. These age-old structures succeed as shelters because they are "of the desert," as Wright might put it. Says Predock: "Good architecture has always had these values. You can't build well without thinking about site and climate and the essence of place." ■

BY MIRIAM HORN

The biological roots of good mothering

Studies of man's closest evolutionary cousins may offer lessons on how to prevent child abuse

On most counts, humans outdo apes. But no matter how much men and women pride themselves on the table manners and heavenly symphonies that raise them above the animal world, the "inferior" primates may still have lessons to teach their evolutionary betters about one of the most troublesome social issues of the 1990s: child abuse.

The provocative notion that parents could learn from aping the apes is based on a series of recent studies of captive primates. In zoos and research centers across the country, primatologists and zoo keepers are discovering that they can dramatically reduce mothers' maltreatment of their infants through a few simple strategies: by providing more livable quarters, by allowing other female primates—the equivalent of aunts and cousins—to help out and reduce the stress of parenting, and by exposing inexperienced mothers to good mothers in action. These examples from the animal world are beginning to catch the attention of pediatricians, some of whom are calling for similar reforms in human child abuse prevention programs.

MICHAEL DICK—ANIMALS ANIMALS

Ape lessons. *Many animals need to learn good parenting.*

Finding the culprit. Primatologists only began reducing neglect and abuse among apes when they discovered that their efforts to protect primate infants often had the paradoxical effect of endangering them. Due largely to now outmoded ideas on how to protect newborn primates from disease and assault, zoo keepers used to remove new mothers and their infants from the simian community, or remove the infants from the mothers and raise them in a "nursery."

But scientists began to notice that primates born and raised in this manner often grew up to be lousy parents. Roughly 3 out of 4 of the so-called motherless mothers rebuffed the approaches of their own infants, sometimes beating—and in extreme cases fatally injuring—their own babies. The researchers subsequently identified the unnatural social isolation imposed on the primates in captivity as the leading culprit in abuse. And faced with declining primate populations and international limits on animal imports, many researchers realized they had to alter the primates' environment if the animals were to thrive. They made sure biological mothers reared infants in more spacious group settings, comparable to what they would experience in the wild. They similarly exposed the previously motherless primates to play with infants and peers, and introduced older mothers to help with the new mothers' caretaking. They found that inexperienced and even abusive mothers, once given examples of good mothering and a chance to play with infants, became competent parents themselves. Today, as few as 2 percent of primate mothers abuse or neglect their babies, compared to an incidence of about 75 percent in the 1970s.

Animal research findings don't often translate easily into solutions to human problems, and the ape work is no exception. But at least one existing social service program that exploited very similar principles suggests that zoo keepers and social workers ought to talk. In a University of Rochester-run program, nurses cultivated warm relationships with new mothers by regularly visiting them in their homes, from near the onset of pregnancy until the children's second birthday. The nurses showed the new mothers how to play and talk to a child, much as older primates demonstrate mothering skills. Just as researchers have learned the value of keeping new monkey mothers with the pack, the nurses encouraged close friends and relatives to assist new mothers. Perhaps equally as crucial, they reduced stress in ways comparable to the measures used with apes and monkeys: Where the primatologists sought to ease stress caused by cramped or barren housing, the Rochester nurses reduced family tensions by helping the impoverished mothers find jobs and obtain benefits. In the end, only 4 percent of the low-income teen mothers who received nurse visits neglected or abused their children, compared with 19 percent of those who did not. They even succeeded with the equivalent of motherless mothers, teaching parents who were themselves abused as children how to trust in their abilities as nurturant parents.

There is one important difference, however, between abusive humans and animals: Primates apparently learn much more quickly. National Institutes of Health primatologist Stephen Suomi says just two days of contact with newborn infants made primate females more likely to hug and feed their own infants. By contrast, researchers such as David Olds, designer of the Rochester program, have found that the only programs that really reduce abuse are intensive and long-lasting.

Innovative researchers learned how to reduce abuse among monkeys and apes because they couldn't tolerate seeing their animals maltreated. But that sense of necessity is not yet so evident to man. Just recently, pediatrician Ray Helfer, co-author of "The Battered Child," discharged a teenage mother from the hospital to a cramped two-room apartment in a cocaine-infested neighborhood; Helfer says he couldn't have legally sent a chimp to such a place. "The animals are telling us children's lives can be turned around," says Helfer, "but we have to put our minds to it." ■

BY ART LEVINE

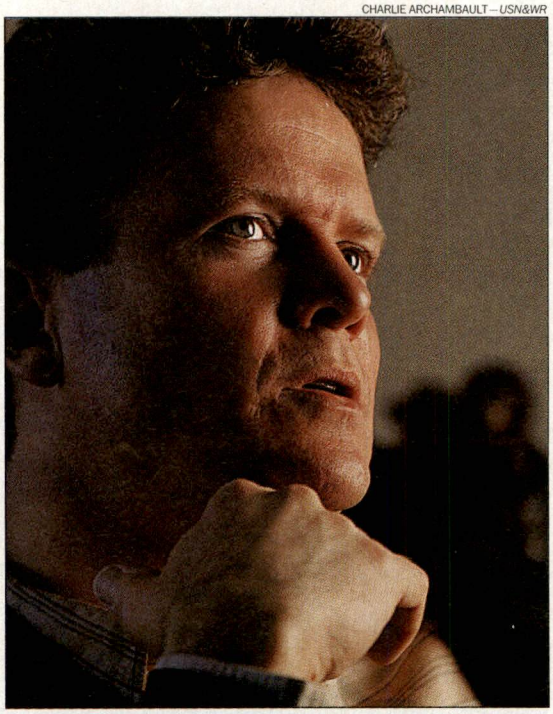
War novels from a man who knows

James Webb has done his share of battling, both as a grunt and as a Washington bureaucrat

From his eighth-floor office in Arlington, Va., James Webb has a breathtaking vantage point from which to contemplate the use and abuse of power in the city that lies before him. As he looks out at the Potomac River, Webb can see symbols of both what he loves and what he loathes about Washington. In the distance looms the dome of the Capitol, where Webb once worked as a congressional aide. To the right sits the Pentagon, where Webb served as an assistant secretary of defense and, later, as secretary of the Navy in the Reagan administration. Down below, the Iwo Jima Memorial salutes the valor of American Marines like Webb, a Vietnam hero who has gone on to become a noted novelist.

Webb, a graduate of the Naval Academy, is descended from a long line of fighting men dating back before the American Revolution, and his books serve as testimony to the heroism of troops in battle. "There is one consistency in my novels," says Webb, "and that is a great respect for the people who have to implement U.S. military policy." But the much decorated war veteran—winner of the Navy Cross, the Silver Star, two Bronze Stars and two Purple Hearts—shows no such respect for civilians who order troops into battle for the wrong reasons. In his new novel, "Something To Die For" (Morrow, $19.95), Webb tells of a brave Marine officer sent by ambitious and cowardly leaders to fight, and ultimately to perish, in a faraway place. "It's a worst-case scenario that happened to come true on a grand scale," argues CIA-agent-turned-novelist Charles McCarry, who is a friend of the author's. Webb, who has opposed the commitment of U.S. troops to the Persian Gulf, describes the book as "a deliberate allegory on where the nation is in the post-cold-war world." But he takes great pains to distance the novel, much of which is set in Eritrea, from real events and people. The book, completed more than a year ago, is not about the current conflict, he contends, and the characters are not based on members of the Bush administration. "What I tried to do," he explains, "is put a human face on major issues," including the readiness of political leaders to send troops to fight without having clear goals and their unwillingness to come to grips with America's growing loss of economic independence.

CHARLIE ARCHAMBAULT—*USN&WR*



Webb of intrigue. *A cynical view of the Pentagon*

Leaks, schemes, lies. The book's harsh view of political power will likely make it the talk of Washington. The capital, says Webb, is a place "where an unelected aristocracy wields so much influence behind the scenes." In the novel, they leak to the press, scheme against one another and lie to the public. The city's dynamics are summed up by the ill-fated hero: "God save me from the manipulative bureaucrats in polyester-wool suits, button-down collars and power ties and the kiss-ass officers who let them get away with it. I don't need to see my men die because somebody cares more about helping the careers of their fellow madrigal singers over in the White House or State Department than they do about the troops they compromise and misuse in places like Beirut and the Persian Gulf."

In his life as well as in his writing, the former Naval Academy boxer pulls no punches. In 1988, Webb quit as Navy secretary rather than go along with budget cuts that he thought would be harmful. While in office, he fought a losing battle against the U.S. tilt to Iraq during the 1987-88 Persian Gulf crisis and opposed deployment of the Navy to the gulf. He also found himself in the minority when he wrote a controversial 1979 magazine article opposing admission of women to the service academies, a stance he has since softened. "Jim is not a go-along guy," says Norman Qualtrough, a former Webb aide. At Annapolis, Webb learned a motto that still guides him: "When principle is involved, be deaf to expediency." It is a philosophy that others in his family have also followed. His maternal grandfather was ostracized in rural Arkansas because he helped blacks to read. "He stood up for what he believed in and lost everything," says Webb.

It was at Georgetown Law School, which he entered after wounds suffered in Vietnam ended his Marine service, that Webb transformed himself from warrior to wordsmith. Writing was his way of responding to a professor's hostile comments about Vietnam veterans. What began as a catharsis became a career.

Despite his writing success, Webb will not close the door on the possibility of reentering public life some day, only this time as a political candidate. In 1988, he turned down a chance to be the Republican candidate for a U.S. Senate seat from Virginia because he did not want people to think that his decision to quit as Navy secretary resulted from ulterior motives. Charles McCarry sees in Webb the potential to be a modern Lincoln or Churchill. Says McCarry: "There is no limit to what he can become in American life."

Wherever his ambitions lead him, Webb will stay close to his military roots. His office is filled with reminders of Marine history: some sand from Iwo Jima, a glass bottle from Saipan and rocks from Corregidor. James Webb remains a marine at heart. He would have it no other way. ■

BY ALVIN P. SANOFF

BY TOM CALLAHAN

Basketball's big gamble

Coach Jerry Tarkanian, who might be called the leading rebounder in college basketball, collected Greg Anthony from the University of Portland in Oregon, Elmore Spencer from Connors State Junior College in Oklahoma, Larry Johnson from Odessa College in Texas and George Ackles from Garden City Community Junior College in Kansas. He brought them, together with two of the least celebrated high-school recruits in the country, Stacey Augmon from Pasadena, Calif., and Anderson Hunt from Detroit, to the University of Nevada at Las Vegas. They are being called the best team of all time.

For Las Vegas to have a team, let alone the best one—the defending national champions, undefeated and virtually unchallenged this season—is either a horror or a delight. Collegiate basketball operates the most pervasive sewer in sports. But its historic worry, beyond the normal academic shams, recruiting frauds and drug crimes, is gambling. Suddenly the nation's casino has a college basketball team no one will bet against.

Some weathered coaches, like Lou Carnesecca of St. John's University in Jamaica, N.Y., pull out a yellowed scrapbook every year so today's players are aware of the industry's 1951 sorrow, of the shoe box full of money Ed Warner of the City College of New York hid in his aunt's basement, of Long Island University's Sherman White and 30 other confessed point shavers of lore.

"All scandals are ugly," Arthur Daley wrote at the time in *The New York Times,* "but this college basketball scandal is a particularly vicious one because it touches the presumably untouched." Nobody would use that phrase today.

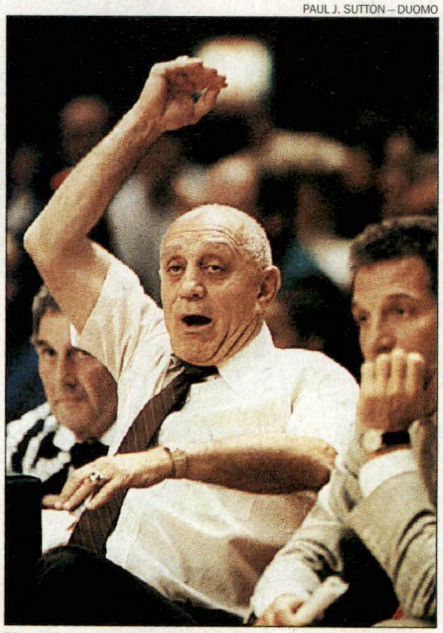
Foul shots. The hit movie "GoodFellas," which recounts the bloody adventures of mob informer Henry Hill and his main informee, Jimmy "The Gent" Burke, neglects their sporting life. Only a passing reference mentions the games they rigged at Boston College in 1979. Turning state's evidence in New York's fabled Lufthansa robbery, Hill provided a calendar of his daily whereabouts to federal officers, who were surprised by his devotion to the Eagles. Oh yeah, Hill explained brightly, those games were fixed.

An extra count against Burke, already well sentenced for extortion, represented the prosecution's sole interest in BC forward Rick Kuhn, a young man with old eyes who accepted both cash and cocaine in return for manipulating the scores. He got 10 years.

Almost nobody believed Kuhn was the only touchable player in the nation, or that the Boston College–Princeton game was the solitary kind worth dumping. Sure enough, before long, Tulane was making similar headlines. "If a kid can be paid to hit a shot," said old star Bob Cousy, referring to all the booster club cash and illicit automobiles that pop up regularly in the news, "then he can be paid to miss one."

To this cynicism add the understated elegance of Las Vegas, where Runnin' Rebels who fall short of the National Basketball Association routinely embrace what the city euphemistically terms the "gaming" business. "It's not a hard profession to break into," said a former forward who worked his way up from blackjack dealer to pit boss. "All you have to do is count to 21."

PAUL J. SUTTON – DUOMO



Howling rebel. *Tarkanian of Las Vegas*

Next, calculate the presence of Coach Tarkanian, "Tark the Shark," the National Collegiate Athletic Association's premier adversary, who once joked that he preferred transfer students because "their cars are already paid for." Finally this season, following a 13-year battle all the way to the Supreme Court, Tarkanian had to submit to NCAA justice for recruiting violations. Strangely, the two-year suspension they had been wrestling over for all that time was put aside, and UNLV was offered a multiple-choice penalty for stale sins. Either forgo the tournament this year or lose the tournament and regular-season television fees next year. The NCAA knew Tarkanian had a wonderful team. He elected the latter.

Enough of the horror; now consider the theory of delight.

Although indoor fireworks precede the games and international headliners sometimes sing the national anthem, many citizens regard going to see the Runnin' Rebels as the closest thing to a normal activity in town. Betting on UNLV not only is illegal, it is described by locals as immoral, that rarest concept of all. A player who wandered onto the Strip would be reported to Tarkanian in a drum roll. "We don't get the McDonald's or *Parade* All-Americas," he says, "but no program in the country has better kids."

While he may look like an outlaw—actually, he looks like an all-night poker game—Tarkanian is held in open esteem by fellow coaches. Even the rules sticklers, such as Indiana's Bobby Knight, speak of him warmly and with respect. "He belongs up there with the best coaches," says retired UCLA wizard John Wooden, 81, the usual benchmark.

Knight's 1976 team was the last to go undefeated (32-0). Wooden had four unbeaten teams in the course of 10 championships. "If they win two years in a row," Wooden says with a twinkle, "that will be quite an accomplishment." UCLA won seven in a row.

Nolan Richardson, the Arkansas coach, was less restrained last week when his second-ranked Razorbacks were throttled in their own gym by UNLV. "We played the second-best team in the NBA today," he said. He has an exaggerated opinion of the Portland Trail Blazers. ■

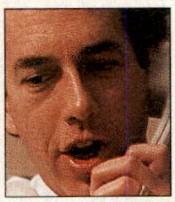
Is the Bull Back?

The Dow's breath-stopping 400-point climb began January 16, the day the war in the Persian Gulf broke out. It is hard to find a bear on Wall Street these days; most gurus think the run-up is no one-month fling. Here is a sampling of opinions and strategies from four bulls and a bear.

STEVEN EINHORN

Chief portfolio strategist

GOLDMAN SACHS



Steven Einhorn's epiphany came at the beginning of February, two weeks after the market began its phenomenal rise. The sharp drop in interest rates engineered by the Federal Reserve Board in the weeks before convinced him that the central bank really would do anything to rev up the economy. "This is a stock market responding to a sudden extreme easing of monetary policy," he declares.

That doesn't mean Einhorn sees a line pointing straight up. He expects a correction, but thinks it will amount to no more than 5 to 7 percent, or 200 Dow points at most, and should be seen as a correction within a major new bull market. "The single most attractive place to put money now is in the stock market," says Einhorn. He advises long-term investors to have 60 to 65 percent of their portfolio assets in stocks, up from 40 to 45 percent a month ago. Thirty to 35 percent should be in bonds, and any remainder should be in cash.

Einhorn also doesn't see the economy resuming its growth until midsummer, and the bounce-back won't necessarily be robust. So he favors stocks that can deliver strong earnings gains even in a slow recovery, and he continues to spurn shares of cyclical companies like automobile, paper and chemical firms, which depend on a snappier rebound. "Large, medium and small-company growth stocks will be the favorite theme for this bull market," he asserts.

Drug stocks, while pricey, remain attractive to Einhorn, who names Merck, Bristol-Myers Squibb and Abbott Laboratories. In the tobacco, food and consumer category, he picks Philip Morris, Tambrands, Colgate-Palmolive and Gillette. Specialty retailers include Wal-Mart, the Gap, the Limited and Albertson's. In computers, he likes fast growing Compaq, Microsoft, Sun Microsystems and Automatic Data Processing. And in the financial areas, he selects Fannie Mae, Freddie Mac, Sallie Mae and insurer American International Group.

PHOTO BY ALEX QUESADA – MATRIX FOR *USN&WR*

ILLUSTRATION BY ROB KEMP FOR *USN&WR*

PETER CANELO

Chief investment strategist

COUNTY NATWEST

Investors who haven't participated in the recent runup should "jump into stocks with both feet," declares Peter Canelo, who just moved to County NatWest, an English-owned brokerage based in New York, from Bear Stearns. He would avoid the pacesetters like computer and biotechnology stocks. And he feels that many blue-chip growth stocks are overpriced and have less room to move higher. "Having missed this initial move up, investors have no choice but to look for laggards," he asserts.

Canelo parts company with Einhorn on cyclical stocks. Car makers and their suppliers, capital-goods producers and brokerages are among the groups still catching up to the market and represent good value, Canelo believes. The car company to buy, he says, is General Motors: Its tough cost cutting has positioned it for big profits when the auto business recovers. Dana Corp. and Echlin are auto-parts suppliers he likes. Chemicals producer Monsanto and paper makers Scott and Kimberly-Clark are favorites because they will benefit from a recovery but be reasonably priced compared with other cyclicals. Big construction companies that he says should benefit when Kuwait—and perhaps Iraq—are rebuilt are Fluor, Foster Wheeler and Morrison Knudsen, as well as oil-drilling-service companies Dresser and Halliburton. A continuing slump in the dollar to near-record lows should favor future export sales by U.S. capital-goods companies, says Canelo. His selections: Caterpillar, Ingersoll-Rand and Cooper Industries.

Canelo says he saw the advance coming last November, when short- and long-term interest rates fell. "With the Dow then under 2500, stocks began to look like such bargains," he says. The market has just passed the halfway point in its move up, he believes. Further gains will come harder, but Canelo predicts the Dow Jones industrial average will reach 3200 in the next six to 12 months.

SEIYU NAKAO

Chief strategist

NOMURA

Deterred by the continued fall in the dollar against the yen, Japanese stock investors have largely avoided U.S. shares during the recent bull run; a weakening dollar cuts down on their gains here. But Seiyu Nakao of Nomura, the Japanese securities giant, has been very bullish on U.S. stocks and feels the American market will outperform most others in 1991 and perhaps over the next several years. Moreover, once the dollar bottoms, funds from Japan and from other foreign countries could again move forcefully into U.S. equities, providing more fuel for the current stock market advance.

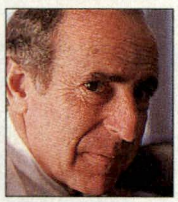
A new research report from Nomura underlies Nakao's optimism. The report concludes that Japanese industry no longer is indomitable. U.S. manufacturers, according to the report, now compete in world markets more effectively than their Japanese counterparts and no longer lag in research and development efforts that pump innovative products into those markets. Based on these findings, the survey strongly urges Japanese financial institutions to increase their holdings of U.S. stocks over the next five years. "Many Japanese institutional investors are actively reconsidering their portfolio strategies due to this analysis," Nakao says.

In the near term, Nakao sees the Dow Jones industrials climbing as high as 3300 within three months, falling back along the way no more than 5 percent, or about 150 points. "We are definitely not going to see the Dow drop back to the 2300s," he states confidently. His current picks include many of the market's recent top performers, well-known names that typically appeal to Japanese investors. After an expected correction for the high-flying technology and biotechnology shares, Nakao recommends purchase of Compaq Computer, Intel, Novell, and Chiron in the biotechnology category. Among cyclical stocks, he picks Alcoa, International Paper and Dow Chemical.

ALFRED GOLDMAN

Chief portfolio strategist

A. G. EDWARDS



"It's a mistake for investors to say, 'I missed the rally' " and leave it at that, says Alfred Goldman of A. G. Edwards, a St. Louis-based retail brokerage. After a 500-point gain in the Dow since last October, investors reentering the market may need to be more cautious, he concedes, "but they should nonetheless err on the buy side." Waiting for lower prices before buying may prove frustrating, says Goldman, since prices rise in a bull market and stocks can stay overbought for quite a while. But as some backtracking invariably occurs, many of this year's biggest movers may become available at lower prices. Investors should be poised to buy shares they like at the first sign of price weakness. Goldman recommends three financial stocks—BankAmerica, Fannie Mae and Freddie Mac—as well as Philip Morris, General Electric, Waste Management and Toys 'R' Us among the blue-chip growth stocks.

Even at current levels, says Goldman, some stocks remain good buys. He cites utilities, which just recently broke out of a 15-month downtrend. Investors who buy utility stocks, which because of their high yields tend to go up in price as competing bond yields decline, can expect price appreciation of at least 8 percent over the coming year on top of annual dividends. Goldman suggests Wisconsin Energy, currently yielding 5.4 percent, and Commonwealth Edison at 7.8 percent. Other stocks that have been overlooked until recently and are still good deals, in his view, are United Technologies, a diversified aerospace company;

CANELO AND NAKAO PHOTOS BY ALEX QUESADA—MATRIX FOR *USN&WR*, GOLDMAN PHOTO BY KEVIN HORAN FOR *USN&WR*

Is this your idea

If you're relying on another set of wheels to get around, maybe it's time to place your trust in the Honda Civic 4-Door Sedan.

People have been counting on the Civic for years. It's one of the reasons Honda has been first in Import Owner Loyalty for 13 consecutive years:

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An easy-shifting five-speed manual transmission puts you in touch with the engine. Or if you prefer, a four-speed automatic is available that does the job just as well.

While you can't see the four-wheel double wishbone suspension system, you can certainly feel it. The Civic Sedan's ride is smooth. The handling, responsive and stable.

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# of a second car?

The Civic 4-Door is as spacious as it is reliable. Room for five adults to stretch out. With large contoured front and rear seats, plush carpeting and rich cloth upholstery, this sedan is a very comfortable way to travel.

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It's the careful attention to all the details that makes the Civic 4-Door a car as dependable as it is. And isn't that the whole idea?

HONDA

The Civic 4Door

NEWS YOU CAN USE

Melville Corp., a specialty retailing chain; Time Warner, a media conglomerate; Bob Evans Farms, a restaurant chain that trades over the counter, and Commerce Bancshares, a Kansas City-based bank holding company.

MARC PERKINS

Chairman

PERKINS, SMITH

Marc Perkins is anything but persuaded that the recent surge in stock prices is a sign of a nascent bull market. What investors have witnessed instead, he says, is a temporary rally in a sticky bear market. The chairman of the Tampa brokerage Perkins, Smith, who doubles as a principal at Private Capital Management, an investment concern managing about $135 million for wealthy clients, Perkins doesn't figure on a complete recovery for stocks until the economy regains some pep. "The market believes that the war is the major cause of the economic downturn and [that] the resolution of hostilities will cause an upturn. I don't buy that."

In fact, Perkins figures the economy could get worse before it gets better, meaning stocks could plummet by 600 or 700 points. "We're still paying the bill for the 1980s," he says. "You can't buy a new car until you've corrected the debt on the old one."

"The thinking man's stock picker," as *Barron's* crowned him, is generally advising clients to sit this one out. "Right now we like liquidity," he says. Perkins is steering investors away from big "favorite 50" stocks like Coca-Cola or Philip Morris and is urging clients to be wary of war-related "story stocks." One example: Thermedics, a maker of bomb detectors, whose stock price jumped from $6 to $13 despite paltry earnings.

He does pick a few plums. Natural-gas stocks like Plains Petroleum and Wainoco Oil offer good value, Perkins says, since the stocks aren't directly tied to the economy and because more folks are expected to switch to the cheaper fuel during the '90s. Perkins also sees opportunities among thrifts, particularly Bankers Corp and Harmonia Bancorp, a pair of New Jersey companies. Another potential gem is Universal Health Realty Income Trust, a health-care real-estate investment trust. Universal owns and leases out hospital properties. The specialized REIT sells for about $12 and offers a $1.48 dividend. But caution remains the order of business. "Our theory is that you don't have to be invested all the time," says Perkins. "Sometimes not losing money is a pretty good strategy." ■

BY JACK EGAN AND EDWARD C. BAIG

THE FEAR FACTOR

A runaway market

The stock market's theme song these days is "Don't Worry, Be Happy." And why not? With the Dow Jones industrial average up more than 400 points in a month and broader indexes like the Standard & Poor's 500 hitting all-time highs last week, Wall Street is naturally jubilant. Investors are racing for a pot of gold.

But where's the rainbow? Too many of these new bull converts refuse to face up to some genuine concerns. Not the least of these is the steep slope of the market's upward curve. Needle-nose climbs not only are hard to sustain but often come a cropper—in 1973, for example, stocks fell, briefly spiked higher and soon swooned again.

More disturbing is the fragility of two assumptions behind the surge: that the end of the Persian Gulf war will restore consumer confidence and that the economy is poised to snap back from the downturn. Even if fighting ends soon, consumers probably won't resume their free-spending ways. And little hard evidence supports a view that the economy is close to bottoming out. Retail, auto and home sales continue to slump. And daily announcements of new large layoffs, added to the already large rolls of unemployed, have yet to ripple through the economy. Meanwhile, the Fed's attempt to restart the economy through lower interest rates has had no impact.

Nevertheless, the decline in interest rates has helped fuel the rally, as have large amounts of cash sitting on the sidelines and a buying panic by big-time portfolio managers who worry they will look bad if they finish the quarter underinvested in stocks. "The prime motivation driving this market right now is fear," states Robert Nurock, editor of the *Advisory,* a newsletter published in Paoli, Pa. "Given such tremendous pressure and emotion, this rally could last longer, but that does not necessarily mean, as many analysts are forecasting, that the market is heading for the stratosphere."

So if you haven't gone back into the market or you feel underinvested in stocks, what do you do? You can join the buying blitz out of fear. Or you can be patient and wait for a future opportunity to purchase stocks when prices are lower. Nurock favors the latter: "Now is the time to stand aside and say, 'Prove it to me.' " By waiting, you can better assess the economic outlook. "The market has not yet discounted the possibility that any recovery could prove to be subnormal," notes economist Henry Kaufman, the asset allocator for the new National Global Allocation Fund.

For investors who insist on purchasing stocks now, buying in increments over the next few months is a good compromise. Given the highly uncertain prospects for the economy, Kaufman suggests sticking to stocks of financially strong companies that are likely to report improved earnings in the second half of 1991, such as Philip Morris and American Express.

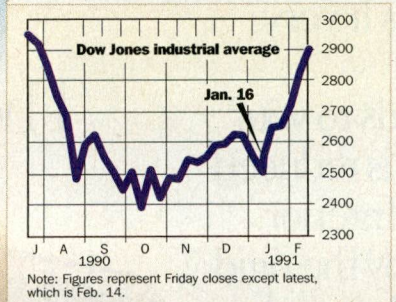
There are risks in all of these approaches. But the biggest risk is acting too hastily by jumping on a recklessly speeding bandwagon.

BY JACK EGAN

USN&WR

Snappy rebound

The Dow has climbed back nearly to last summer's high, and it's no fluke: Trading volume has remained strong.



Note: Figures represent Friday closes except latest, which is Feb. 14.

PHOTO BY CLIFF McBRIDE COURTESY OF THE *TAMPA TRIBUNE*

When breadwinners go off to fight

Congress is mulling over a stack of bills to ease the financial burden on military families

Many reservists accustomed to civilian salaries are sending home considerably leaner military pay from the Middle East these days. Pile on new costs, like suddenly heavier child-care expenses, and many military families can no longer keep the household balance sheet in balance. Chief Warrant Officer Harry Lee of Ventura, Calif., for example, earned $3,800 a month as a federal public-affairs officer before he answered the call. Now he earns $3,400, and his wife, Dorothy, is working longer hours at a second job. Even career soldiers, whose basic pay remains steady in war and peace, are being hit by added expenses, including phone bills that often top $500 a month.

The pinch has been duly noted in Washington. Enlisted men and women needn't pay federal income tax on wages earned since January 17, the day after the war started; officers are exempt for the first $500 of each month's salary. And all service people in the gulf can divert up to $10,000 from their pay to special military savings plans that pay 10 percent interest, about four points higher than most money-market accounts. That is just the beginning of a wave of relief legislation. More than 50 bills are pending in Congress that could shift even more money and benefits directly to soldiers and their families. Some could be passed as early as March, others will trickle along. Congress watchers say the following proposals are the most likely to succeed.

Compensation

■ Soldiers in combat zones would receive an increase in "imminent danger" pay from $110 to $150 a month. Saudi Arabia is a combat zone; Germany, where many troops are serving, is not.

■ The payment if a military person dies in the gulf would double to $6,000.

■ Life-insurance benefits would double to $100,000.

Medical and child-care benefits

■ The federal government would pay all or part of the expense of private insurance for families who choose not to join the military health plan.

■ A proposal now on the table to triple military health-insurance deductibles, currently at $50 per person and $100 per family each year, would be postponed until the war ends.

PETER MORGAN—AP

Long goodbye. *Besides the personal anguish, many military families must face financial problems.*

■ The government would pay a portion of child-care costs.

Prewar debts

The Soldiers and Sailors Civil Relief Act of 1940 already affords some protection against financial obligations left behind by those sent to the Persian Gulf. For example, military personnel who can prove financial hardship related to the war may be eligible for a reduced interest rate of 6 percent annually on all pre-combat outstanding loans, including credit-card balances and mortgages. The law also allows them to postpone scheduled court proceedings, terminate leases early, postpone monthly payments on installment loans under certain circumstances and be protected against foreclosure if they fail to make mortgage payments. Detailed information on the law is available from state and local bar associations, who also can provide free or low-cost legal help to military families who are battling creditors. New provisions might include:

■ Families whose monthly rent is $1,200 or less would be protected against eviction or harassment. The current cap, established after World War II, is $150 a month. The government will not pay the rent for families in arrears, but it will see to it that they are not evicted.

■ Soldiers paying off student loans could suspend payments until after the war; reservists who left classes in midsemester would be refunded their tuition.

Some states have been more zealous than the federal government in coming to reservists' defense. Pennsylvania, for example, recently passed a law requiring employers to cover all health-insurance costs for reservists and National Guard members for 30 days after they are called to duty. This eliminates gaps in medical coverage while reservists are waiting for military health plans to kick in. The governor's office in each state can tell questioners where to get information on state-specific laws.

Because the military typically alerts soldiers to new laws and provisions through announcements in their pay envelopes, many families may have trouble keeping abreast of changes. Several service organizations issue bulletins and newsletters that track new laws. Membership costs about $20 annually per group. They include: Reserve Officers Association, One Constitution Avenue, N.E., Washington, DC 20002, (202) 479-2200; Non-Commissioned Officers Association, 225 N. Washington Street, Alexandria, VA 22314, (703) 549-0311, and the National Military Family Association, 6000 Stevenson Avenue, Suite 304, Alexandria, VA 22304-3526, (703) 823-6632.

Sometimes help comes without waiting and red tape. When Dorothy Lee's bankers heard her husband had been sent to the Persian Gulf, they wrapped her car loan in a yellow ribbon—and eliminated her interest payments. ■

BY FRANCESCA LUNZER KRITZ

TAX TIPS

Laid off and taxed to boot

The IRS has some nasty surprises in store for unsuspecting job hunters

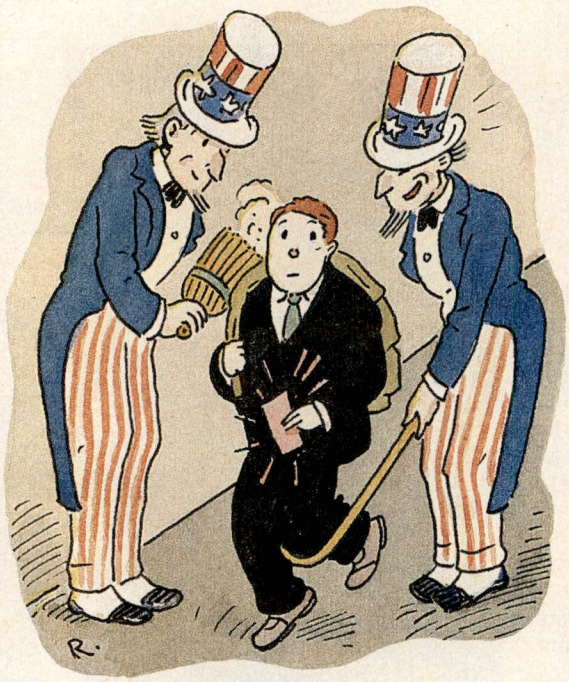
Job hunting in a recession is stressful enough without adding a tax headache—yet that is what laid-off employees often face. You might figure, for example, that a check from a profit-sharing plan would be the perfect salve for a pink slip. But it might instead mean a huge tax bill at a time when you can least afford it. Even people who voluntarily quit their jobs to take better ones can run into tax demons. Here are areas to watch for and moves to help you sidestep a tax ordeal.

Outplacement assistance. Employers often give laid-off workers counseling and other help in finding new jobs. Leave it to the IRS to see that as a chance to collect tax: A 1989 IRS ruling held the value of outplacement aid as taxable income. Now the government is reconsidering. A new ruling later this year is expected to generally make employment assistance taxable only if it replaces other income—for instance, if part of a severance payment is traded for job counseling. For now, it is up to employers to decide whether to count the value of outplacement help in a worker's taxable pay.

A taxpayer who must include the value of job counseling in total income does have one recourse: to deduct it at the same time, as a job-hunting expense. That's permitted as long as the help is geared to finding a new job in your present career. But the deduction is limited. Job-hunting expenses fall under miscellaneous itemized deductions, and only the portion of total miscellaneous expenses that exceeds 2 percent of adjusted gross income is deductible.

Retirement accounts. When you leave a job, a big check representing your balance in a firm's retirement plan can seem a godsend—at first. The payment is generally taxable, and people under 55 face an extra 10 percent tax penalty for early withdrawal. Escaping a surprise tax isn't difficult, however. Within 60 days, you need to roll over taxable cash into another retirement plan, like an individual retirement account at a bank or mutual fund or a 401(k) plan offered by your new employer. In some cases, part of a payout may be free of tax or penalty because you contributed your own money to a plan but got no tax deductions. Before 401(k) plans became popular, starting in the early 1980s, many people made such after-tax contributions. This part of a payout cannot be rolled over.

You can be sure of meeting the 60-day deadline by setting up a temporary IRA to hold your payout until you find a new job. Then you can transfer the money into the new employer's plan, assuming the new plan allows such deposits. IRS rules require that the "conduit" IRA hold only the deposit from the first firm's payout. One strong reason for moving funds from one employer plan to another is that balances in company-sponsored plans often get more favorable tax treatment at retirement than do amounts held in IRAs.



Loans. The right to borrow from a company retirement plan, using your account balance as collateral, is a popular feature of many programs. But borrowers who turn into ex-employees can face a financial squeeze. Take someone who has borrowed $40,000 against the $100,000 in benefits vested in her 401(k) plan. If she leaves her job, her employer will pay her the remaining $60,000 and cancel the debt. She rolls the $60,000 over into an IRA or into another plan. But as far as the IRS is concerned, she has withdrawn the outstanding $40,000 from her retirement account. Unless she comes up with it within 60 days, she will owe tax—and a possible penalty—on it. One solution: Borrowing the shortfall from a bank through a home-equity loan or short-term advance. Once you have redeposited the whole bundle in a new employer's retirement plan, the bank loan can be repaid with a loan against the retirement funds.

Job-hunting bills. Whether you are laid off or just looking for a change, outlays for résumés, travel and other job-hunting expenses are deductible, so long as you stay in the same line of work. Making a switch from law to landscaping won't qualify. You can deduct 27.5 cents a mile for driving to interviews or add up the actual costs, including depreciation on your car. Provided that a job search is the main reason for an out-of-town trip, you can deduct transportation expenses, even if you do some sightseeing or stop in to visit a relative. Lodging and meals on the job-hunting portion of the trip are deductible. But write-offs for these miscellaneous deductions are limited by your adjusted gross income.

Moving. When a new job takes you to another city, it pays to keep detailed records of deductible expenses such as moving bills and house-hunting trips. If a new employer pays the bills, you must report such reimbursements as taxable income. But all or most of this can be offset by claiming deductions for the expenses. There's no limit on the deduction for hiring a mover or for travel to your new home; for other items, you cannot claim more than $3,000. People who use the standard deduction instead of itemizing get no job-move break from the IRS. But why expect the government to make things easy for you? ■

BY LEONARD WIENER

ILLUSTRATION BY MARC ROSENTHAL FOR *USN&WR*

NEWS YOU CAN USE

ADVICE FOR TRAVELERS ▪ CAR BARGAINS ▪ ORAL TYPHOID VACCINE

VITAL STATISTICS

RICHARD GAGE–*USN&WR*

YOUR VERY OWN HOUSE

▲ *The percentage of U.S. households that own rather than rent slipped to 64 percent in 1989, down from a 66 percent peak in 1980. Here's the range:*

Highest	Ownership rate
West Virginia	**75%**
Maine	**74%**
Michigan	**73%**
Pennsylvania	**73%**
Mississippi	**72%**
Lowest	
District of Columbia	**39%**
New York	**52%**
California	**54%**
Nevada	**54%**
Hawaii	**55%**

USN&WR—Basic data: U.S. Dept. of Commerce

WAKE UP, BOSS

▲ *Of 140 executives surveyed, 18 percent doze in dull meetings. The main tactics used to stay awake:*

Write notes	**61%**
Daydream	**47%**
Doodle	**41%**
Read	**19%**
Talk to a neighbor	**11%**

USN&WR—Basic data: Strategic Communications

Compiled by Margaret Mannix

■ **CONTENDING WITH TIGHTER SECURITY.** The advent of antiterrorism measures has complicated travel plans, but some of the inconvenience can be finessed or skirted. Hotel guests, for example, might rethink their arrival time. At Sheraton hotels, patrons who come hours before check-in can no longer leave luggage with a bellhop, though guests who check out early still can stow their belongings. Like airports, hotels are quick to impound unattended bags and may destroy them if no owner can be located promptly. Prominent identification on suitcases, handbags and parcels will help security staff track you down if your bag is accidentally left in the lobby.

Air travelers will save time by keeping calculators, electric razors and other electronic gadgets in carry-on luggage. That way, they can easily be fished out if a security officer asks you to demonstrate them or dump out the batteries. If the items are in a suitcase you intend to check, you can declare them to the ticket agent, who will arrange for any inspection deemed necessary. An X-ray machine might otherwise spot the objects later, and you might be delayed by a request to unpack the bag.

Various privileges of air travel have vanished. Only ticketed passengers, for example, can now enter the boarding area. You will need to ask permission from the airline—preferably when you make the reservation—to escort onto the plane a child or disabled relative flying solo. Some carriers may issue a pass; others may opt to assign a staffer to assist instead. Train passengers with a long layover should travel light. Many Amtrak stations have eliminated their storage lockers and check-in rooms, and you can no longer send suitcases ahead on an earlier train.

■ **PUMPED-UP CAR REBATES.** With sales plummeting nearly 30 percent last month compared with January 1990, car makers' plans to halt customer rebates have reversed course. Chrysler has doubled its rebates—to $1,000 until March 31—on its 1991 Chrysler Imperials, Plymouth Acclaims, Dodge Spirits and New Yorker Fifth Avenues. Rebates on remaining 1989 and 1990 Chrysler minivans jumped from $1,000 to $1,500, and Chrysler is offering a free airbag or a $500 cash rebate on 1991 minivans. But minivan buyers should note the February *Consumer Reports,* which concluded that the electronically controlled automatic transmission on the minivans is "a lemon." Chrysler says the transmission, also used in its other vehicles, was redesigned for 1991 to fix the glitch. The car maker is offering to diagnose troublesome transmissions, even waiving the $100 deductible if warranty work is required.

Other car companies are rolling out rebates. Analysts predict that Ford will announce new money-back deals to replace those that expire February 28. General Motors is offering rebates through April 7 from $300 to $1,500 on selected Chevrolets, $250 to $2,000 on some Buicks, $400 to $1,000 on some Pontiacs, $500 to $1,250 on some Oldsmobiles and $1,200 to $1,500 on certain Cadillacs. Honda and Toyota offer rebates only to dealers. Some pass the savings on, but it may take hard bargaining; in the current slump, dealers may be more inclined to use the money to pay their bills.

■ **BAD NEWS FOR TYPHOID MARY.** A recently introduced oral vaccine for typhoid, which plagues parts of Africa, Asia and South America, eliminates the nausea, fever and painful swelling that often follow the usual shot. But doctors have been slow to switch. To call attention to the vaccine, which was approved by the Food and Drug Administration a year ago, the February 13 issue of the *Journal of the American Medical Association* published an article noting the vaccine's minimal side effects and its 51 to 77 percent effectiveness rate—the same as that of the injection. The vaccine, Ty21a, distributed by Berna Products of Coral Gables, Fla., comes as capsules that are taken every other day for seven days before the trip. The Centers for Disease Control International Travelers Hotline at (404) 332-4559 has information on typhoid-plagued locales. Because neither vaccine is fully effective, travelers at risk should avoid milk products, water, and fresh fruits and vegetables.

BY MARC SILVER, SUSAN LINDAUER AND FRANCESCA LUNZER KRITZ

BY MORTIMER B. ZUCKERMAN
EDITOR-IN-CHIEF

THE PUBLIC OUTSMARTS TV

Weren't you dazzled by the front-row seat in the gulf war provided by TV? Symbolically, the very outbreak of the war was first revealed not by an official announcement but rather by live TV from Baghdad. The spectacular visual fireworks of attacking missiles and planes subjected to antiaircraft fire drew the whole nation into war. Since then, the detail and speed with which the news is transmitted, the sheer technical virtuosity of the networks, as they skipped from Baghdad to Washington and from the White House to Saudi Arabia, have mesmerized the nation.

Through TV, we have learned strange new concepts like precision bombing, destruction of command centers and suppression of air defenses. TV has let us connect with the people suffering from Saddam Hussein's terror—not only innocent civilians in Tel Aviv rushing to put on gas masks against incoming Scud missiles, but his own civilians whom he is increasingly placing in harm's way.

Yet if television has triumphed for its images, it is also resented and even distrusted for its ideology and self-absorption. The vast majority of Americans disapproved of the media pressure on the military in the early days for more information to feed 24-hour news coverage that seemed to demand a new story every hour. Americans felt, correctly, that they were receiving more information than in any other military engagement in our history and were comfortable with the notion that military briefings had to be sketchy to avoid helping the enemy. They understood that in an air war, direct physical access by the media—network TV in the cockpit of a single-seat Stealth fighter?—is virtually impossible so information is difficult to acquire and more difficult to confirm.

'Americans have reacted as the media have long asserted—by deciding on their own whom to trust, what to believe'

More recently, CNN's Peter Arnett has been attacked for reporting from Baghdad by politicians like Sen. Alan Simpson. This is especially cynical given the way Simpson and four other senators cozied up to Saddam Hussein last year. Incredibly, Simpson told him that his problems were not with America, but with its "haughty and pampered press." CNN is right to report from Baghdad, but there is more to it. Its editors have a responsibility, too. They do not have to air every minute from Baghdad, given that the limitations imposed on their reporter by Iraq make the material he submits only a partial picture. CNN is in danger of serving as an unedited platform for Iraqi propaganda, especially in the Arab world. It is open to criticism here, as the former executive editor of *The New York Times* has pointed out.

Yet the fears of many that TV and the media would overwhelm American public opinion have proved groundless. Americans are not dummies and can make judgments fully independent of the media. Remember how much press coverage, especially on TV, turned hostile to the president's policies in the gulf in the two months before the war? Many negative pieces viewed America as divided, unready for battle, ready to collapse at the sight of body bags, some even suggesting that the volunteer Army's fighting spirit was suspect because soldiers signed up for educational benefits and not for war.

Most Americans didn't buy it. Fully 75 percent remained rock solid behind the president and his policies. Any erosion from this level came not from opposition to him but from those who felt he wasn't being tough enough. More than 80 percent supported the air attack, and the timing of the attack. Nor was the American public naive about the time the war would take and the casualties that might ensue. Americans, it turned out, understood all too well the menace posed by Saddam Hussein.

The president's demeanor proved much more effective than media pundits (including this one) appreciated. His stable manner, his calm sincerity, helped to persuade the country to support his diplomatic goals. Americans see the gulf policy being carried out intelligently and resolutely, with superb planning and execution, and with disciplined concern for casualties. Paradoxically, the military, through TV, developed a real alliance with the public, whose confidence in the war has soared.

Americans have reacted as the media have long asserted—by deciding on their own whom to trust and what to believe. The media deserve kudos for extraordinary coverage of the gulf war, but it is the American public, demonstrating sophistication and independence, that is the real star. ■

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