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DOC NO	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
1	LETTER	TO M. DEAVER RE ATTACHED DRAFT	2	7/26/1984	B6
2	LETTER	DRAFT LETTER FROM CORRESPONDENT	2	ND	B6
3	REPORT	FROM CORRESPONDENT RE PERSONAL ISSUES	22	ND	B6

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The American Physical Society

335 EAST 45 STREET, NEW YORK, NEW YORK 10017 • (212) 682-7341

PRESIDENT
MILDRED S. DRESSELHAUS
MASSACHUSETTS INSTITUTE OF TECHNOLOGY

PRESIDENT ELECT
ROBERT R. WILSON
COLUMBIA UNIVERSITY

VICE PRESIDENT
SIDNEY D. DRELL
SLAC, STANFORD UNIVERSITY

EXECUTIVE SECRETARY
W. W. HAVENS, JR.
COLUMBIA UNIVERSITY

TREASURER
JOSEPH A. BURTON
BELL LABORATORIES (RETIRED)

EDITOR-IN-CHIEF
DAVID LAZARUS
UNIVERSITY OF ILLINOIS



July 27, 1984

Mr. Michael K. Deaver
Office of the President
1600 Pennsylvania Avenue
Washington, D. C. 20500

Dear Mr. Deaver:

Your assistance in forwarding the enclosed letter and facilitating a timely reply would be very much appreciated. A copy of the letter is also enclosed for your information and files.

Sincerely,



Mildred S. Dresselhaus

Enclosures

The American Physical Society

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July 27, 1984

The President
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear Mr. President:

I am writing on behalf of The American Physical Society, whose members would greatly appreciate knowing your views on the following issues of particular interest to them:

- 1) The scientific leadership of the United States is being challenged by other countries. Moreover, the cost of research at the frontiers of science is rising steeply.

How would your administration ensure that the U.S. retain its scientific leadership? How would you develop international scientific cooperation on projects too large for any single nation to undertake?

- 2) Each year many worthy scientific projects are abandoned or deferred for lack of funds. Each such instance represents a technological risk for the United States. Yet some projects continue to be funded by direct congressional action, avoiding the process of peer review.

How can the federal government ensure that the advice of our leading experts is considered in establishing priorities for the most essential and promising scientific projects?

- 3) The economic and military security of the United States is dependent on our continued technological superiority. In an effort to deny U.S. advances to our adversaries, restrictions have been imposed on scientific communication that threaten the very system that has given us our lead.

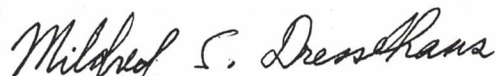
What actions would your administration take to ensure a proper balance between the need for secrecy and the openness essential to the health of science?

- 4) More than a year ago the National Commission on Excellence in Education issued its sober report, "A Nation at Risk: The Imperative for Educational Reform." The report places particular stress on the urgent need for reform in math and science education.

What should be the role of the federal government in ensuring that the vital needs of the nation for scientific and technical manpower are met?

The Society would like permission to publish your reply, along with that of Mr. Mondale, in the October issue of Physics Today. This magazine, with a circulation of 75,000, is read by the majority of American physicists as well as by a large segment of the public which is interested in scientific matters. We therefore ask that your response, which should reach us by 21 August, be limited to 1500 words and be in a format suitable for publication.

Sincerely yours,



Mildred S. Dresselhaus

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Issues

A WOMAN VICE PRESIDENT?



Geraldine Ferraro
Tip's top pick



Dianne Feinstein
An 'attractive candidate'



Martha Layne Collins
Kentucky's governor

Raymond D. Strother
Special to The Washington Post

IS AMERICA ready for a woman vice president? House Speaker Tip O'Neill seems to think so. He has endorsed New York Rep. Geraldine Ferraro as his choice for the Democratic nominee.

Time magazine seems to think so. It put Ferraro and San Francisco Mayor Dianne Feinstein on its cover as attractive candidates.

Walter Mondale's operatives seem to think so. "I think it's building rapidly," a key one said last week of the increased sentiment in that direction.

Maybe even more important, the numbers indicate that America is ready for a woman vice

SEXUAL

POLITICS

But one 0 commercials u you heard the loving something hard decisions.' And those w a woman to us uses a negative campaign." Wh perceived as "a

Martha La advertising bec who most clos Martha Layne. The negativ period, Martha However, they number of peo opponent incre

be no argument about changes in the American attitude.

The problem is that computers don't vote People vote.

What I've learned as a campaign consultant to women candidates is that getting a woman elected to high office is tremendously difficult, no matter what the voters tell the pollsters.

Last year, I was contracted by the women who were running for governor in Mississippi and Kentucky. I heard voter after voter say things like, "She may get elected, but her husband will run the state." That changed me.

The campaigns of Evelyn Gandy in Mississippi and Martha Layne Collins in Kentucky turned me into a frustrated and angered feminist. They forced me to admit that there are different standards for women and men candidates.

It is shameful, but it's true. With few exceptions, women have failed time after time to gain high elected office.

I say "few exceptions," because victory can be achieved — the late Ella Grasso became governor of Connecticut, Jane Byrne mayor of Chicago. But it takes vastly more work than it would for a man. And it takes a fiercely realistic approach.

A few more women are being elected because a few more women are running. All it proves is that if the office is not terribly important, voters will not take it seriously enough to vote their deepest prejudices. It's high office that's the acid test.

Evelyn Gandy is one of the most popular public figures in Mississippi. She was first elected to the state legislature in 1948 and then became commissioner of insurance, treasurer and lieutenant governor.

She is known as intelligent and absolutely honest. She is loved in Mississippi. She can be elected to any state office she wants — except governor. Twice she has been defeated.

HERE were remarkable similarities in the campaigns for the two women, even though Gandy lost in Mississippi and Collins won in Kentucky.

Those campaigns taught me that it is almost impossible to poll gender bias. People in America tend to be polite and socially conditioned to say the expected. The same caution limits the polling of racism.

To ask the question directly about their bias didn't work. In both Mississippi and Kentucky, fewer than 20 percent of those polled admitted they would not vote for a woman.

But when pollsters asked if voters felt their neighbors and friends were ready to elect a woman governor, only a narrow majority thought the answer was yes — 30 points less than the "How would you vote?" question.

These poll responses illustrate the contradictions between people in numbers and real people. Under pressure, in sustained conversations, "real people" would rationalize reasons women could not be elected. The poll numbers recorded snap judgments in a telephone conversation, but could not measure centuries of bias and social conditioning.

After two hours of talking with some voters, the same people who had agreed on the phone they could vote for a woman would express doubts about her ability to lead in a crisis or during a period of family difficulty. And these questions were as often raised by women as by men.

A campaign for a woman cannot be conducted as though there were no gender bias, no matter what well-intentioned feminists insist. Women teachers and black women tend to be the most enthusiastic about women candidates.

In post-polling discussion groups, voters made such comments as:
"I wonder what she'll do about her children if

look good.

"She keeps using the word 'tough, tough, tough.' It makes me think she's not tough enough if she has to always try to prove it."

"I don't think men are as emotional in handling problems."

A woman has to prove she is intellectually tough enough for the job, while male candidates are not questioned.

WHEN there was the problem we faced with the appearance of the candidate. We spent hours discussing dress styles, color and shape. Consideration would be given to the number of buttons open at the throat and the use of ties.

Discussion groups often dwelt on the dress of the woman candidate and never mentioned the men. Commercial tended to wear out because of a dress being overexposed. "If I see that blue suit one more time, I'm going to scream," one woman joked.

When Evelyn Gandy changed her glasses, the press wrote front-page stories about her "new image." A change in hairstyle would always be mentioned in a news story. I have yet to see a male's haircut make news.

When polls found voters felt a woman was not tough enough for the job, Martha Layne Collins wore square-cut suits and open-neck shirts. When they said she was too tough, we dropped back to silk blouses with ties.

While the newspapers discussed the women candidates' style of dress, glasses, hair and language, they discussed the issues of the male candidates. To turn that around, we repeatedly had to talk tougher.

In fact, one reporter accused me of using the word "tough" so often in scripts that my typewriter wrote out the word when I walked by.

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Raymond

Gary Hart's p



AND WHAT DOES ROZIER HAVE IN MIND, THAT WE GO BACK TO FUNDING EUROPE'S DECADENCE AND GAGED,

WE SHOULD TURN TO PACIFIC.
MEMORAE WILL TALK ABOUT WINNING GP 'ALLIES'
APPROVAL'S
WITH TAX FUNDS'S

The Seattle Times

Issues

RECOVERING FROM THE '60S

THE ROUTE

WITH AMERICA

Reigner's view of America: Greatness waiting to be rediscovered

Crozier
To The Washington Post

seasoned traveler landing in
U.S. three years after Ronald
Reagan's inauguration may be

conservative, uninspiring Ford days. Or should he try to bring back the world-as-it-should-be — the Pax Americana of the '50s?

Reagan has not by any means solved the dilemma, but he has led the way out of it. This is the real meaning of his Hollywood style.

One should not be too harshly critical. Soothing may be temporarily the best course. After a nervous breakdown, a lot of rest is necessary. Illusions and dreams may help provide it.

At least two of Reagan's achievements stand out: the eradication of inflation and the assertion of presidential power against special interests. Here, Reagan's success was made possible by his soothing style which, in turn, gave legitimacy to that style. It seems to me there is more skill in Ronald Reagan's behavior than just the nice Hollywood public-relations job he is credited with.

But for that very reason, there is also more danger. Drifting along happily may be indispensable for some few years, but it will finally become a source of embarrassment.

The contradictions, and the problems looming ahead, may not be visible yet. But as soon as one scratches the surface of public conventions, one discovers a strange passivity, a lack of commitment, a cautiousness.

TWENTY, 30 years ago, Americans were genuinely optimistic, open and curious. They believed in the future, their private future as well as the public future. They were expansionists. They built families and businesses as if they were settling new territories. They were proud of their achievements and cared for the public good.

even then only such change as would provide more calm.

The real test is the mood of the young, who, as always and everywhere, exemplify, exaggerate and anticipate the trends of society.

Compared to their European and Japanese counterparts, American youngsters, black and white, learn to take care of themselves earlier in life. But they also learn to care only for their personal affairs, however ignorantly they may conceive them. This may mean for many of them a refusal of learning.

They earn good pocket money at the nearest supermarket or hamburger joint rather than do homework, or read about the world or fight for a cause.

Two-thirds of youths between 14 and 18 earn at least \$100 a week. Since they are living at home, they are much better off than young adults who want to raise a family. How can one expect them to show concern for the rest of the world and for the public good in any but the most emotionally immature way?

The new conservatism of American youth is not a political phenomenon but a cultural one. They reject bureaucracies, big political machines, and trade unions, but they also reject commu-

ties. They have nothing against getting rich quickly. On the contrary! But their rejections of Big-Brother bureaucracy do not redound to the benefit of the entrepreneurial spirit. Traditional, entrepreneurial, basically American values — the respect for effort, the will to succeed by personal achievement, the passion to go beyond one's limits — have at least temporarily declined.

There is no fighting spirit, no drive to conquer and develop the world. Liberals can and may rejoice in the disappearance of the aggressive imper-

The emerging doubting in the aise, nor is it the of the America-be

This is serious ing that may go d because it is putti evident truths. A relaxed America just this question

Recent as the happy days of the come to seem all Like a gigantic s ing continuity w nam War has sw

Photographs I era haven't fade cordial feelings, i pious rhetoric an strike us as belon

Such happy da because the drea about lost innoc nation was blesse dreams so long. World-Old World nocence is as on nations as it is fo

Battered by the stunned by the w the peaceable ro thrown heading of control, Ameri But it still mountr illusions.

Something de a problem it doe yet needs to face The question e responsibility and groups, nor po scapegoats; it se and mechanisms

American wa

make with a happy ending.
Everything is as it should be.
It, the star shows his cool
of humor by cracking
The jokes make the
Dallas tragedy is exor-

should not matter so
y do. TV screens showed
access of aging on the faces
Richard Nixon and
r. These were tormented
by fate, divided
appears unalterable, pro-
against adversity. He is
alm, as sure of himself as
annagurated. He shows no
ambivalence.

at the White House, at
before the TV screen to
American people, he is
ple and natural self. His
rb. He looks quintessen-
specially when his loving
the admiring look that
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o better image of the
ill Americans want for
for their country.
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of the extraordinarily
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d from Kennedy's assas-
in the Vietnam War and
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eper than the earlier
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Antagonistic emotions
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Minds were per-
cherished beliefs shat-
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the process and what
Americans.

n mind still wants to
question left over from
ful years: How come
s always led to failure
course, begins and

merican crisis. But the crisis was
much deeper than Vietnam.
Rationality was to suffer as much in
domestic as in foreign policy during
those years of confusion in Washington.
Lyndon Johnson's war on poverty was
as ill-conceived as his war against the
Viet Cong.

It bore witness to the same incapac-
ity to accept the limits of human
endeavor, and the implied necessity of
making choices.
Was it Johnson's fault alone? Was it
not a collective delusion on the part of
the whole American society?

All the Western world was, to be
sure, caught up in a deep moral crisis.
But the American crisis, more than any
other, took on a sort of metaphysical
dimension that blocked off the sight of
reality and created the desperate feel-
ing of being caught in a blind alley.
The situations of the blacks and the
war in Vietnam were no longer con-
crete problems that had to be worked
on and gradually improved. Instead,
they were Evil Incarnate saturating the
fabric of everyday life.

RICHARD Nixon, too, was the
product of his time and circum-
stances. Watergate was not just
his problem. It expressed some of the
basic problems of American culture.
In short, Vietnam, the crisis of the
blacks and Watergate were part of a
collective failure — a failure that
America still has not fully comprehend-
ed or confronted.

Gerald Ford first, then Jimmy
Carter, could have led the country to a
more moderate, back-to-normal move-
ment. Both tried hard.
Ford came too early or was too
candid in attempting to forgive the sins
of the past. People wanted to forget, not
to forgive.

Carter had bad luck and a Hamlet-
like quality, an indecisiveness, that
cried out for failure. Ford was ready to
settle accounts too easily; Carter was
too utterly uncompromising. His aim of
purity, his lofty ideals, retained the
same megalomaniacal trait that ruined
his predecessors' best intentions.
Ronald Reagan has his own style.

He is not imposing anything on the
American people against their will.
Rather, he succeeds because he has
perceived the people's demands and
answered them as only a good profes-
sional can.

skillful at providing, first of all, calm,
and only secondarily change — and

spanish, lead in small-business entrepre-
neurship. Horatio Alger is no longer an
Anglo-Saxon fairy tale. This part of the
American dream is now, above all, the
preserve of Southeast Asian and Latin
American refugees.

But sure enough, as soon as the
visitor becomes conscious of this over-
whelming trend toward apathy, selfish-
ness and defeatism, he begins to note,
here and there, little signs of dedication
and public-spirited ideas and actions.

The signs are small, but they attract
attention. The media encourage them.
And they seem already to have a vague
impact on people, as if to shame them,
if not yet provoke them.

It is as if a new fashion were slowly
in the making and just preparing to take
shape, or as if the earth were ready for
a rich, new crop after a few fallow
years. It is as if something finally has
been liberated in the American mind
with the return to normalcy.

One can only hope now that it will
gradually dissipate the delusions of
Shangri-la, and that a more sensible,
realistic and public-spirited country will
finally emerge.

It one looks at German
nations — German
Japan — they have
from their failures.
while rediscovering
way to reassert a str
England, which
same traumas, did n
that search, and he
these postwar years
surely to her incapac
into question.

This is the time for
again, to forget its dr
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enough to accept that
to learn from the rest
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But in order to c
must first be ready to
understand its own w
dear Brutus, is not in
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■ Michel Crozier,
sociologist, is author
ing book, "The Trou
ica," from which this i



That old-time liberal religion

David S. Broder/Syndicated Columnist

SAN FRANCISCO — Hard as it may be to believe, there is a kind of wacky internal consistency to what Walter Mondale has been doing the past few days. The choice of Geraldine Ferraro as his running mate, the appointment of Bert Lance as the general chairman of their campaign, and even the early focus on the religious credentials of the Democrats vs. President Reagan fit into a strategy.



Already it has proved to be a high-risk strategy, capable of backfiring. But that is different from saying there is no logic to it at all.

What the Democrats are giving the country is a liberal ticket, ignoring Gary Hart's chic "new ideas" rhetoric and talking the old-time Democratic religion in accents and words that Mondale's strategists hope will sound comfortable and familiar to the core constituencies of the party.

Religion itself is one of the old-time values the Mondale-Ferraro team is trying to regain from the clutches of Reagan and the Republicans.

Ferraro, in her first press conference as a member of the ticket, declared that Reagan's budgetary and social policies made it hard for her to believe he was "a good Christian." Mondale followed by telling *The San Francisco Chronicle* that "my faith unmistakably has taught me that social justice is part of a Christian's responsibility," while Reagan is "out to lunch" on that subject.

A number of Democrats, including Sen. John Glenn of Ohio and San Francisco Mayor Dianne Feinstein, said they wished that religion could be kept out of the campaign, but that is not going to happen. Ferraro argued that the Republicans had brought it in by questioning how she, a Catholic, could be an opponent of anti-abortion legislation. But it's clear that she and Mondale would have found a way to discuss the subject.

Reagan and the Republicans have been having a field day with it. In the 1980 campaign and throughout his term, Reagan has embraced not only the anti-abortion position of many conservative religionists but the cause of restoring organized prayer to public schools.

What was revealing was Mondale's explanation of why he — a liberal minister's son — was talking in religious terms. "What I'm trying to do is let people know who I am, and that's what Gerry (Ferraro) is trying to do," he told *The Chronicle*. "I think the values and beliefs that I have are pretty much what most Americans have, and I want to make that clear."

It has been clear ever since she first spoke as Mondale's choice for vice president that Ferraro was picked not just as a woman but as an ethnic Catholic. Richard Wirthlin, Reagan's pollster, said Ferraro's St. Paul speech last week, dwelling on "family, faith, neighborhood, country, and hard work," was "a page right out of our 1980 play book."

It was also a page from Jimmy Carter's successful 1976 play book. It tends to be forgotten now, but Carter was the "traditional values" candidate in that election, the man who talked about his "born again" experience of religious faith and who dwelled on his Navy service and his family's long attachment to the Georgia land on which they grew their peanut crops.

In picking Lance as the out-front strategist and spokesman for the 1984 Democratic campaign, Mondale was seeking to revive the Carter association and the Carter theme. Lance and his wife are not only longstanding personal and political pals of the Carters but, like Jimmy and Rosalynn, people who display their religion. When Lance was under investigation and standing trial for alleged banking violations, he and his wife have both said, it was religious faith that sustained them until he was acquitted.

REDISTRIBUTI

William Greider
Rolling Stone Magazine

THE best campaign slogan I've ever encountered was the one-sentence platform that an old Kentucky populist ran on years ago: "Put the jam on the lower shelf, where the little man can reach it."



Everyone understood what he meant: government action to redistribute income from the haves to the have-nots. For nearly two generations, that is what most Democrats believed in doing.

This year, when people try to explain what's wrong with the Democrats, they blame the primary schedule or the personal deficiencies of the candidates or even Ronald Reagan and his supposedly magical qualities. Unfortunately, I think the trouble lies much deeper.

The problem is that the Democratic Party no longer knows what to believe about governing the country. It no longer has a coherent view of the citizens it wants to represent, of how they lead their lives and how government might effectively help them in their struggles. Its ideas on how to produce economic growth — the touchstone of American politics, and once the proudest accomplishment of the Democratic Party — are positively schizophrenic.

The core issue in this confusion is a subject so tainted that only the bravest liberals have the nerve to

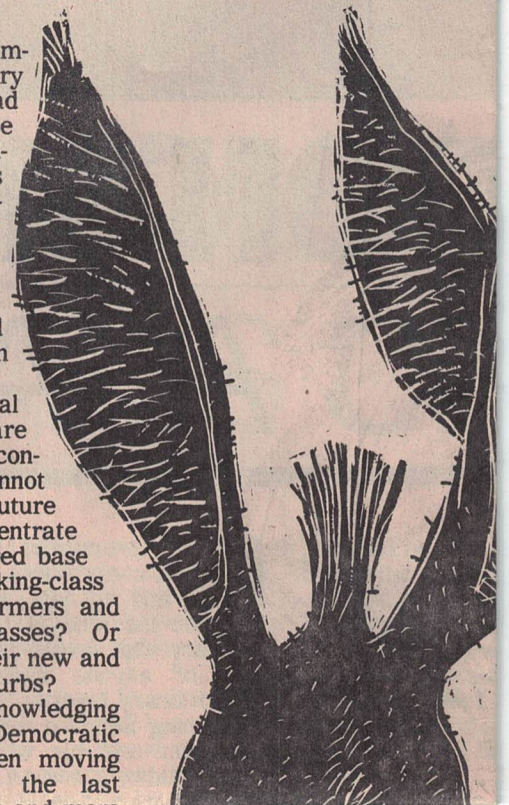
POLITICS OF THE ECONOMY

Party of the poor now split

their outlook on economics, squeezing the very working people who had been their historic base of support and rewarding the affluent. This trend is not widely understood, because Democratic oratory conceals it. Indeed, they attack Reagan for simply taking the trend a giant step further than they have.

In practical political terms, the Democrats are trapped between two constituencies, and they cannot decide where their future lies. Should they concentrate on rebuilding the tattered base of support among working-class families, threatened farmers and the alienated underclasses? Or should they cultivate their new and growing base in the suburbs?

Without ever acknowledging the contradictions, the Democratic Party has actually been moving steadily upscale over the last



speak of it in public: the redistribution of income.

For 40 years, that policy was the yardstick for Democratic tax-and-spending legislation and the unspoken purpose of dozens of programs, from Social Security to food stamps, from regulated ceilings on interest rates to public-works programs that created jobs. Whether through progressive tax rates or government spending or other forms of subsidy, the redistribution policies all produced a similar impact: They moved money around the society, from those who had lots of it to those who had little or none.

Naturally, the recipients promptly went out and spent it. This tangibly improved their lives, but it also had the benefit of stimulating the national economy, creating buyers and consumer demand that, in turn, stimulated production. That meant more jobs and more profit.

When the good times ended in the 1970s, the idea of redistribution collided with the politics of the shrinking pie. Instead of growth, liberal economics produced a series of damaging peaks and valleys — recession followed by inflation, then another recession — and economic growth slowed sharply. Average family income stopped growing and even declined.

In that climate, the conservative critique of redistribution was devastating. It's not right, conservatives said, to take money from someone who's earned it and give it to someone who hasn't. Instead of articulating the economic rationale that justified redistribution, liberals responded limply with lines about "justice" and "fairness."

TODAY, Democrats shun the idea of redistribution as if it were an alcoholic uncle whose presence is too embarrassing to acknowledge.

For 15 years, despite their campaign rhetoric, the Democrats have been drifting rightward in

decade, depending more and more on affluent voters to win congressional races.

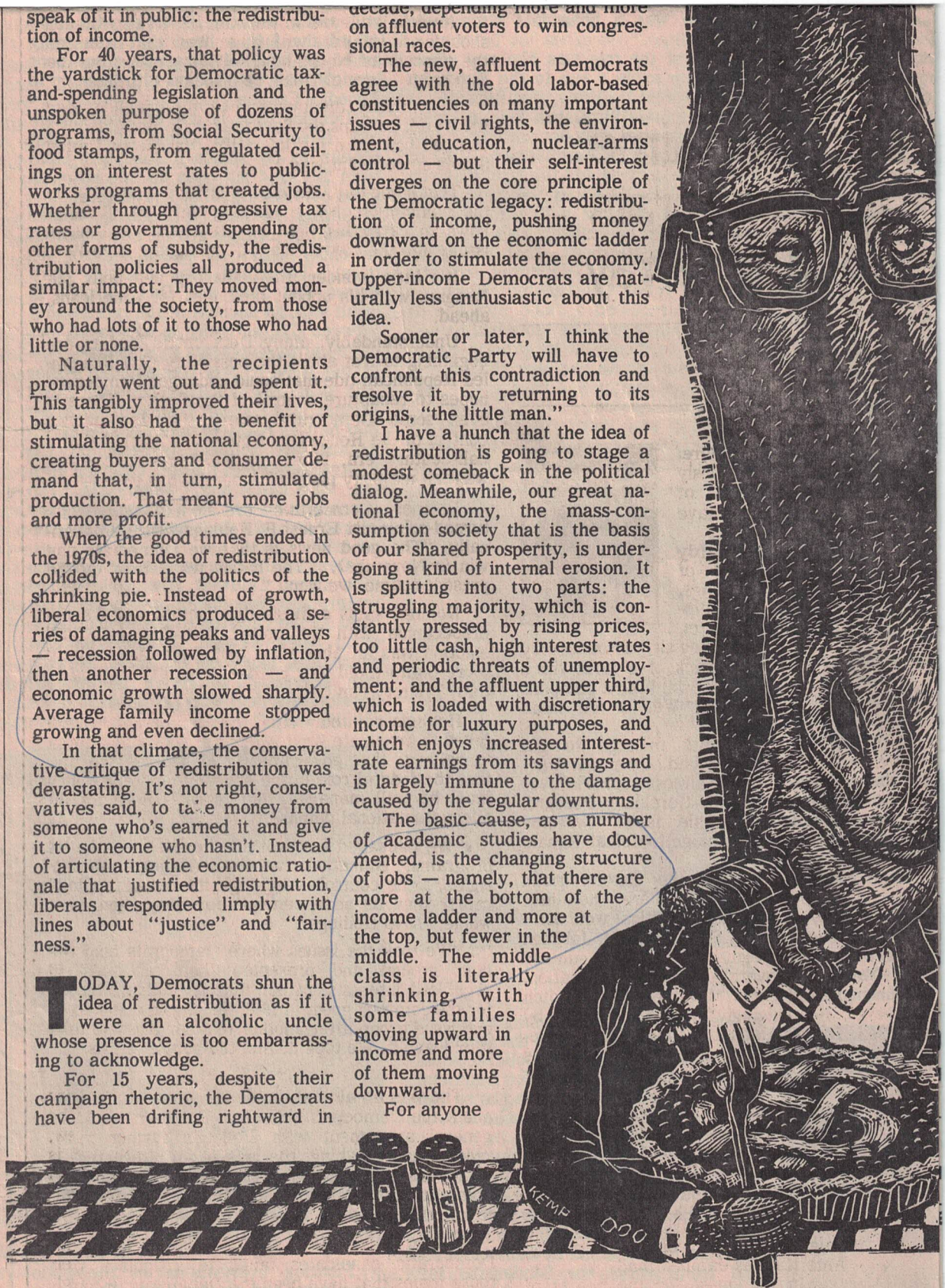
The new, affluent Democrats agree with the old labor-based constituencies on many important issues — civil rights, the environment, education, nuclear-arms control — but their self-interest diverges on the core principle of the Democratic legacy: redistribution of income, pushing money downward on the economic ladder in order to stimulate the economy. Upper-income Democrats are naturally less enthusiastic about this idea.

Sooner or later, I think the Democratic Party will have to confront this contradiction and resolve it by returning to its origins, "the little man."

I have a hunch that the idea of redistribution is going to stage a modest comeback in the political dialog. Meanwhile, our great national economy, the mass-consumption society that is the basis of our shared prosperity, is undergoing a kind of internal erosion. It is splitting into two parts: the struggling majority, which is constantly pressed by rising prices, too little cash, high interest rates and periodic threats of unemployment; and the affluent upper third, which is loaded with discretionary income for luxury purposes, and which enjoys increased interest-rate earnings from its savings and is largely immune to the damage caused by the regular downturns.

The basic cause, as a number of academic studies have documented, is the changing structure of jobs — namely, that there are more at the bottom of the income ladder and more at the top, but fewer in the middle. The middle class is literally shrinking, with some families moving upward in income and more of them moving downward.

For anyone





between the haves and have-nots to widen will, in time, undermine the basic strength of our economy — the mass market for consumer goods. We will wind up with a two-tiered economy: one for the affluent and another for the mass of stragglers.

VERY few economists, liberal or conservative, worry about this, largely because they look at overall economic activity and don't care much about internal shifts of income and consumption. In theory, they will tell you, it doesn't matter in economic terms whether rich people buy boats or poor people buy used cars. A handful of old liberal stalwarts believes, however, that we are already experiencing the decline of the mass-consumption society and will someday have to redistribute income.

The upscale economy flourishes, meanwhile. Personal spending on luxury items like boats and airplanes, jewelry and foreign travel has soared. This is what's driving the current economic recovery. Economists agree that it is a lopsided one, dominated by consumer spending among the well-to-do, while the bottom half scrapes to make ends meet.

Like most problems, it's easier to say what's wrong than to fix it. If the Democratic Party were in a coherent frame of mind, its leading candidates would at least be discussing these problems. Instead, what we get is a lot of abstract mumbling about "industrial policy" as the way to rebuild America.

Surely the failure of that approach over the last 15 years ought to convince the Democrats that it doesn't produce the intended results — specifically, the capital formation that creates jobs and rising income for aver-

private employers, especially small businesses, to encourage higher wages through tax breaks. This would cost tens of billions, but would directly stimulate employment and consumer demand at the income level that's squeezed the hardest — the working poor.

■ Develop a coherent strategy for forcing down interest rates. The Democrats effectively repealed interest-rate ceilings in 1980, and experts believe that deregulation has added at least 2 percent to the cost of borrowing. While it would be extremely difficult to reimpose the old ceilings, the government regulators could adopt a limited version of credit allocation, using tax incentives to push money toward the housing and consumer-goods markets, where it is needed.

■ Develop the government's role in redistributing income and wealth. This is a forbidden idea in American politics, but it's not as controversial as it sounds.

The government has dozens of available levers it never uses that could push corporations toward employee ownership. With workers as stockholders, a company's productivity and profits improve and, more important, the workers acquire another source of income over time: dividends from their accumulated assets. It would take a generation or longer for employee ownership to become the norm, but it would ultimately reduce the government's burden of redistributing income through other channels.

These ideas and many others would restore equity while improving the economy, but they have no popular constituency at present. That's what an alert and vital political party would set about building. That's what the Democratic Party used to do.

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Rob Kemp / Seattle Times

Japanese have no yen to modernize their 'army'

by Jim Abrams
Associated Press

OF COURSE NOT, THEY SPEND ALL THEIR MONEY SUBSIDIZING EXPORTS

TOKYO — At age 30, Japan's Self-Defense Force is one of the major military establishments in the world. Yet it avoids calling itself an army, a navy or an air force for fear of reflection by the pacifist-minded people it is designed to protect.

Celebrations to mark the anniversary of the Defense Force's founding in 1954 were low key, as are most activities of the military force in this nation where "war potential" is constitutionally banned.

As it enters middle age, balancing the Defense Force's needs and functions is a major problem for the government. Prime Minister Yasuhiro Nakasone must respect popular sentiment for limiting defense spending and at the same time respond to United States pressure on Japan to assume a bigger defense burden.

The United States maintains 45,000 military personnel in Japan and is committed to help defend it against attack, but wants the country to increase military outlays to expanding its ability to protect its shores and vital Pacific sea lanes.

After Japan's defeat in World War II, U.S. occupation forces dismantled the Imperial Army and drew up a constitution stating that "land, sea and air forces, as well as other war potential, will never be maintained."

But with the dispatch of U.S. troops to Korea in

the 1950-53 Korean War, the occupation forces commander, Gen. Douglas MacArthur, ordered creation of a 75,000-member paramilitary organization to keep public order. It was euphemistically called the National Police Reserve.

In 1952, the last year of the occupation, the organization became the National Safety Forces, and two years later, under a new law setting up the new Japan Defense Agency, it became the Ground, Air and Maritime Self-Defense Forces.

According to a recent poll by the national daily Asahi Shimbun, more than 80 percent of Japanese now accept the Defense Force's existence, but 75 percent oppose increased defense spending and 21 percent want it reduced or abolished.

Even that's an improvement. "In the early days, the children of officers were abused and men in uniform were spat on in the streets," recalled Masamichi Inoki, former president of the National Defense Academy and now head of the Research Institute for Peace and Security, a private think tank.

Kazuo Fujii, whose title is director of the Defense Division of the Defense Bureau of the Japan Defense Agency, said in another interview that some resistance to the Defense Force remains because of the suffering caused by the wartime military government. "But it's changed considerably from the past when we were called 'tax robbers,'" he said.

Fujii, one of the agency's top planners, said the Japanese have become "more realistic" toward

defense in the face of increasing world tension and the Soviet military buildup in the Far East.

Yet even today, he said, the word "guntai," or "military," is shunned when referring to the Defense Force because of the negative connotations.

In the 1960s and 1970s several centrist parties joined the governing Liberal Democratic Party in saying the Defense Force is constitutional. And this year even the Japan Socialist Party, the military's most virulent critic, muddled its position by saying the Defense Force is "unconstitutional but legal."

Originally, the government said the Defense Force was constitutional because it lacked the capacity to wage modern warfare. In 1990 it took a stronger stand, saying Japan's constitution "does not forbid maintaining the minimum level of military power necessary for the nation's self-defense."

The Defense Force still lacks that capability, experts say. The defense budget for this year is the equivalent of \$12.5 billion, eighth-highest in the world. But half of that goes for personnel costs for the 240,000-member forces, and the Defense Force has serious equipment problems.

Modernization is a top priority, Fujii said, noting that many of the anti-tank weapons are Korean War vintage. Asahi said half of the artillery consists of World War II equipment from the United States and Japan's equipment is second class or below on a world level.

Richard Armitage, American assistant secretary of defense, recently estimated that the Defense Force's ammunition would last three days in an all-out attack. Asahi said Japan's 156,000 ground-troop strength ranks 26th in the world behind Britain and 12th in Asia behind Thailand.

"Logistics are terrible, and the force has no sustainability or survivability," said Inoki, who noted that among the problems are a lack of training space in crowded Japan and the "menace of old age."

Pension costs for retiring senior Defense Force members are rising and at the same time new equipment expenses are cutting into the budget for recruiting new members.

The all-volunteer Defense Force can pride itself on well-educated, highly motivated personnel. Along with the United States, Israel and Saudi Arabia, Japan has deployed the advanced F-15 fighter, and has a growing force of sophisticated P-3C reconnaissance aircraft.

Inoki said the military could easily become a highly effective defense force if it made the most of Japan's high-tech wizardry.

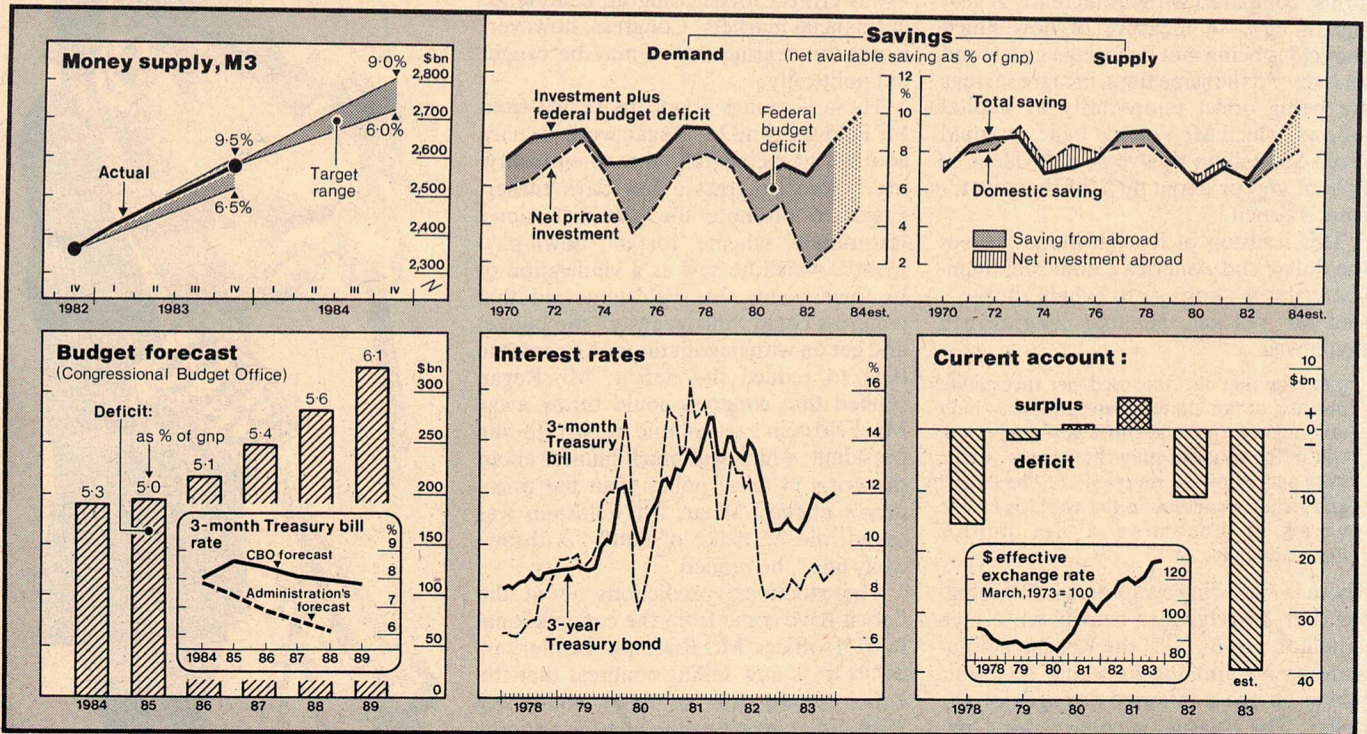
Fujii explained that under the national defense program now being drawn up, combat aircraft will increase from 354 to about 430, while submarines will go from 14 to 16 and anti-submarine surface ships from 56 to 60.

He said that once this buildup is realized — ideally by 1990 — Japan will be able to defend its sea lanes out to 1,000 miles, as the United States has proposed.

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DEATLE TIM

AMERICAN SURVEY



Sources: Federal Reserve Board; Congressional Budget Office; Office of Management and Budget

Volcker joins the chorus—and the markets hear him

WASHINGTON, DC

Through clouds of political blah from congressmen and smoke from his own cigar, Mr Paul Volcker, chairman of the Federal Reserve Board, told one congressional committee after another this week that American interest rates could not come down unless the federal government's budget deficit was brought under control. Few of his inquisitors felt like a fight over high interest rates and the tight money-supply targets announced by the Fed on February 6th. "We all know what we need to do", said one congressman of the tax increases and spending cuts which President Reagan and congress have refused to grant each other for the past year, "but none of us have the guts to do it."

Mr Volcker's testimony was full of warnings about the risks of running up high deficits. Since fiscal policy had gone by default because of the deadlock between the Reagan administration and congress over public spending, "monetary policy must carry more of the burden". Large budget deficits of \$180 billion a year in 1985-87, projected in Mr Reagan's budget message to congress on

February 1st, have gobbled up credit and prevented interest rates from falling (see chart). Mr Volcker claimed that the budget deficit absorbed three quarters of America's net new savings in 1983.

So far, the economy has grown fast without pushing up inflation—gnp rose by 3.6% and consumer prices a mere 3.2% in 1983—because demand for credit for investment is usually weak when recovery gets under way. Productivity growth spurts, lowering costs as it does so, since the best machinery and people are put back to work first. But Mr Volcker asserted that the second year of recovery will be a much tougher test of the central bank's resolve to keep down inflation. Demand for credit from companies is growing strongly, while the government, which usually borrows less as the economy and private loan demand recover, needs to borrow almost as much in 1984 as it did last year to finance its deficit. To make things worse, personal savings seem to be falling. So most private forecasters expect inflation and interest rates to end the year a little higher. Wall Street has come down with a bump.

To cope with this threat to stable prices, the Fed has left almost unchanged the money-supply targets for 1984 which it first published last summer. It assumes that nominal gnp will grow by 9-10% this year, real gnp by 4-4½%. M1, the narrowest gauge of the money supply, is to be allowed to expand by 4-8% this year and the wider measures of money supply, M2 and M3, by 6-9%.

Stronger demand for credit is sure to upset the delicate balance that has been struck in the Fed's monetary policy in recent months. The Fed has tried to keep interest rates stable by merely "monitoring" money supply instead of tugging at interest rates to keep the measures of money supply exactly on target. At the same time, it has kept a tight enough rein on bank reserves to prevent a fall in interest rates. The minutes of the Fed's December policy meeting, just released, show that the central bank is determined to tighten up credit unless the pace of economic growth slows down soon. By ensuring that interest rates are high but stable, the Fed has managed so far to maintain the momentum of recovery while keeping at bay the market's fears that fast growth and heavy spending by government and business alike will revive inflation.

Mr Volcker warned congress, however, that the appreciation of the dollar, high interest rates and huge deficits in the federal budget and America's trade could soon cause trouble. Industry is already

FEBRUARY 11, 1984

The Economist



There goes Lebanon

Q. "Are you saying that they [the marines] will remain there [in Lebanon] until all foreign forces are withdrawn?"

A. "Yes, because I think that's going to come rapidly."

—Mr Reagan on September 28, 1982.

"There are two ways in which [the marines] could be withdrawn. One of them would be if we achieve our goal; the second, of course, would be if there was such a collapse of order that it was absolutely certain that there was no solution to the problem."

—Mr Reagan on December 14, 1983.

"I do believe that, yes, that while there's a hope for peace, we have to remain."

—Mr Reagan on December 27, 1983.

Hope, muddle, growing doubt, acquiescence in failure: the ingredients of Mr Reagan's Lebanese venture. It has been a chapter of the presidency he will want to forget. Yet his sayings recited above are less damning than his detractors would insist.

The first betrays an optimism that struck Lebanese pundits as naive at the time, but which can partly be put down to that old American vice of clumping-footed idealism. The marines, after all, went into Lebanon to save lives—first, by overseeing the evacuation of the Palestine Liberation Organisation from Beirut, then in worry about the refugee camps. It was only later that the administration blurred the orders, so that the marines eventually found themselves propping up a government that could not in the end stay upright. The second statement reveals a laudable if simple clarity. If it were to become evident beyond doubt—as it now has—that there is no longer a visible Lebanese ring for the marines to hold, they should go home. The third merely spells out the most reasonable and courageous of Mr Reagan's Lebanese sentiments. While there was even the slimmest chance of President Gemayel accomplishing "national reconciliation", the marines should and did stay to help the beleaguered Lebanese leader.

Once there was virtually no hope of Mr Gemayel unifying Lebanon, Mr Reagan was right to cut his losses and plan to get out. The United States, and the west, have been hurt. The question is, how badly?

Of course the withdrawal from Beirut is a defeat for American policy in the Middle East. In so far as the Syrians and their Lebanese protégés prove to be the beneficiaries of American failure, it is also a defeat for the forces of caution in the region. The newly emergent axis of Egypt, Jordan, Iraq and perhaps Saudi Arabia will be discomfited by an increase of Syrian power: It is a defeat, too, for the Israelis, who besieged Beirut in

the summer of 1982 to eject the PLO, which they did, but also in the false hope of creating a pro-Israeli Lebanon. Lastly, the retreat from Beirut will be seen as an American defeat by many people in many parts of the world, precisely because Reaganite rhetoric has given American foreign policy its most combative global flavour for years. And yet, all in all, it is a defeat that may turn out to be much less damaging than the first cries of horror and glee suggest.

For Mr Reagan facing an election nine months from now, the timing may have been providential. The Shia Moslem militiamen have removed one election problem: no more dithering about when to get out. He may get the boys home in time for the American voter to stop wondering whether it was Mr Reagan's fault that 265 of them have died for a cause that cannot easily be explained in Washington, let alone in Oklahoma.

Survivable, except by Lebanon?

For Lebanon itself, there is not that calculating consolation. The only hope is that this bout of Lebanon's civil war is short, sharp and more or less conclusive, so that a new balance of power can be enshrined in some new and fairer political compact. That now depends in large part on Syria, whose intentions are as murky as ever.

As in 1976, when President Assad stepped in to save the Lebanese Christians from total eclipse, it is possible that he will allow a cut-down presidency to stay in Christian hands so long as the Moslems get more power in other ways. The Maronite Christians are still strong. The Christian rump of the national army retains much of its new American equipment. Mr Assad will think twice before trying to squash the Christians. The American navy is still hovering, and shooting, offshore. The Israelis, however reluctant to remain in the Lebanese snakepit, are none the less ready to bite the Syrians if they too brazenly mark Lebanon down as an exclusive fief of Damascus.

But is Lebanon preservable? Brave is the man who swears it is. A de facto partition, even with the ghost of formal unity, now seems inevitable. However tiresome it is for the Israelis to stay, it will be hard for them to clear out of their southern Lebanese buffer zone (see page 34). The Syrians will be more heavily embedded than ever, however indirect their influence on the new government in Beirut. The Maronites will entrench

themselves in their hilly homeland north of Beirut. The Druzes may win a strip of coastline south of Beirut, giving them a semblance of mini-statehood. A weak and disjointed Lebanon is the failure of an old hope, but it does not touch any central issue.

It would be a wild misjudgment for America's friends or foes to presume that the Beirut retreat means a Mr Reagan who has lost his global nerve. True, the Americans were undone partly because they exaggerated the east-west dimension of the Lebanese mess; if the marines' undignified departure is rated a success for the Russians, that is largely Mr Reagan's own fault for portraying the problem in too lurid a shade of super-power picture-book rivalry.

But for Mr Reagan, for America and for the west as a whole there are interests far more direct and important than the rather quixotic sally into Lebanon. Ayatollah Khomeini need have no doubt about American determination, by force of arms if need be, to keep the oil flowing through the Strait of Hormuz. In America's backyard, in Central America, the Sandinists can draw no comforting moral from Beirut. The adventure of the marines was, in the end, an American mistake. But the mistake was marginal, and it at least had the merit of showing that Mr Reagan can stick to a desirable aim so long as it has any chance of working. Its cancellation will probably not cause him permanent injury at home or abroad.

Will Russia vote for Reagan?

Reagan	Da
Mondale	Nyet

Why it might

Rumours that peace is breaking out between Russia and America are exaggerated; but there are hints of thaw in the late-winter air. The Russians are coming back to the east-west armies-cutting talks in Vienna. Mr Andropov has slightly softened his opposition to resuming the nuclear missile negotiations in Geneva. Now, on February 4th, comes a message from party headquarters in Moscow: the military dangers in Europe should not be "over-dramatised".

This slow deflation of Russian huff could mean two things. After months of furious anti-American propaganda—poor Mr Reagan even got himself compared to Hitler—Mr Andropov may have realised that he is in danger of losing his audience in western Europe's anti-nuclear movement. He may also, looking at the United States, be preparing himself for the worst: a Reagan second term.

To be sure, Mr Andropov would prefer almost any Democrat to win the presidential race in November rather than see Mr Reagan re-elected. A Mondale America or a Glenn America would still be the power-centre of the non-communist world. But it would be better, for Soviet purposes, than another four years of Reagan America. It is not just that the Russians have been infuriated by Mr Reagan's anti-communist rhetoric. He has obliged them to accept what they said they never would accept—the deployment of American missiles in Europe to face their own SS-20s. He is readier than any Democrat to go on spending large amounts of American money (and piling up American budget deficits) to rebuild America's military strength. The Russians are not yet willing to do anything to aid Mr Reagan's re-election. The question is, can they stop it?

Not, if they have learnt their lesson, by expressing their distaste for him. The Russians ought to understand the mood in America well enough to know that a good word from them for any of Mr Reagan's opponents would amount to a kiss of death. When their Mr Gromyko popped up in Bonn just before last year's

West German election, to say which side Russia preferred, he helped to get the other side elected. The Americans' reaction to a Russian intervention in their election would be even more explosive.

That leaves the possibility of doing something outside America to damage Mr Reagan's re-election prospects. But Russia's chances of tossing a foreign-policy grenade into the Reagan campaign are limited by the fact that there are not many places in the world where both grenade and opportunity are available.

Lebanon? The Russians have very likely encouraged Syria's President Assad to encourage Syria's protégés in Lebanon to make life difficult for the American marines. But events in Lebanon this week gave Mr Reagan his excuse to start pulling the marines out with something less than election-losing embarrassment. The Gulf? A flare-up in the Iran-Iraq war could, in theory, tempt the Russians to poke a Reagan-damaging finger into that confusion—for instance, by declaring their support for an Iranian move against one of Iraq's Arab friends in the Gulf. The problem is that this could be tantamount to challenging the west's oil supplies from the Gulf, and Mr Andropov knows that would be an enormously bigger risk with world peace than any amount of pin-pricking in Lebanon.

About face, or lose face?

If the Russians cannot find a way of hurting Mr Reagan very much, and if the opinion polls in America go on suggesting he is the likely winner in November, Mr Andropov (or his successor) will have a decision to make. In the late spring or early summer, Russia may have to come to terms with the thought previously too unpalatable to think about: another Reagan four years.

It would then be in the Russians' interest to do an about-face. To keep their backs turned on Mr Reagan, and on the Geneva missile talks, would by that stage be doing them no good. It would hand Mr Reagan the peace ticket; American voters and west European anti-

ianship over such great public issues as detente, disarmament and world order. They cannot have it both ways. The foreign office keeps its ministers abroad as much as possible, publishes little and shields its ambassadors and senior officials from public and parliamentary exposure. The old gibe that it treats Britain as a hostile power is often too near the truth. Though occasionally the foreign office strikes lucky with a leader of inspirational salesmanship—Bevin, Eden,

Lord Carrington (had he only been in the house of commons)—by and large it pulls its ministers inside and slams the door behind them.

Sometimes, as last week, the foreign office is forced by circumstances to sally forth into the market place. There it is cheated—often most unfairly—robbed and left bleeding in the political gutter. That is the price it must pay for its security and its style. It cannot complain when it gets a little of the rough with its smooth.

The recipe for small business



Fewer hand-outs, more opportunities

Once it was the church, then it was motherhood, today it is small business: the institution that all politicians have to love and that few know anything about. Nowhere is this truer than in Britain. The Conservative party has quarrelled with the church, it has lately found motherhood an embarrassment, but its love for small business flows deep and true, from budget unto budget, and between them: at recent count, Mrs Thatcher's two administrations had brought in 108 separate measures to make life easier for small firms, and there are probably more that slipped by uncounted. Nor are the Conservatives alone. The alliance parties think much the same. So even does the Labour party (except on the far left, which has noticed that even small firms are capitalist firms and generally non-unionised at that). Yet amid all this goodwill, how much rests on solid understanding of what makes small business tick?

Some of the aid is wrong

The question is important because the money and the manpower involved are important. The general aim is sound: small business is indeed worth encouraging, if not the miracle growth hormone that its warmest admirers make out. But if the government, for example, is shortly to be guaranteeing some £600m in small-business loans; if in 1984-85 the manpower services commission is to put £37m into helping 35,000 unemployed set up in business on their own; if the industry department's small firms service is to spend thousands of manhours spreading advice; if a few very rich men are to be subsidised £30,000 a year, and a lot of less rich men lesser amounts, to buy shares under the business expansion scheme—then the nation had better ask if its goodies are well spent.

In some cases, plainly they are not. The business expansion scheme has helped start some ventures that might otherwise not have started. But the scheme is being stretched beyond a desirable limit when it is used to transfer a farm from one owner to another. There are obvious problems in trying to define what business is virtuous and what is not. But when, as at this moment, money is washing around in some business expansion funds looking desperately for a home by April 5th, it is a sign that the hand-out has gone too far.

That example raises a broader point. A Labour government might well say that there should be no hand-out at all: if the state is going, in effect, to pay for most of the investment, let it take the corresponding equity as well. A Conservative government, and not just for doctrinaire reasons, cannot agree. But it has all the more duty to ask whether the results it wants could not be achieved at lower public cost; as they are, for example, in Scotland through the Scottish Development Agency and (if that sounds too interventionist) might perhaps be, there and elsewhere, through the local enterprise agencies which the government is seeking to encourage. As the changes at the SDA over the past five years have shown, money on its own is a great deal less effective than less money better applied.

And here lies the lesson that practical experience of business might have taught politicians, even Tory ones, who do not have to be told that economic problems are not solved simply by hurling public funds at them: nice as it is, money matters less than the opportunity to use it effectively. What small business needs first from government is not tax subsidies for its financiers nor even for itself (not even special protection from local rates, though this case is stronger and many businessmen would love the 10-year holiday in enterprise zones, the 50% derating for manufacturing—but not commerce—north of the border, the complete exemption enjoyed by farm businesses nationwide). It should not need government funds, except to the extent they unlock private ones—and still better if that can be done (granted there are defects in the scheme) by government guarantees. The Thatcher governments have already gone far enough in these directions. This year's priorities should be things that only government can do: genuinely opening its own public markets to small suppliers; greasing the wheels for the entrepreneur in the (not many) ways that the private sector cannot; further easing the burdens of law and bureaucracy that it, sometimes necessarily, imposes on business, but which weigh on small business far more than on large.

Of course, if the government could ensure a healthy economy, that would be far the most welcome step of all. Let small business earn profits and it won't need hand-outs.

Bank. But nothing will improve unless the policies are adopted by African governments. They are more likely to do so if the rich world gets tougher—by, for instance, saying that from now on it will decide every year whether the weather justifies food aid: no drought, no aid.

Two other improvements could be pushed more directly. Agricultural R&D needs to be boosted in Africa, to raise crop yields and strengthen resistance to disease and erratic rainfall. Africa has yet to have its own Green Revolution—those new seeds that, mixed with the right amount of water and fertiliser, have transformed farming in Asia and Latin America. It is much harder to green the farming in drier parts of the world, of course, but that is a bad reason for not trying.

The big agricultural advances in Asia and Latin America came in the 1960s and 1970s; Africa has lagged behind. Take the example of Zimbabwe which, until this year, has never had to import maize. Its basic breed of maize was developed in 1952, and has hardly changed

since then.

Africa and its well-wishers cannot rely on the international research centres to upgrade its farming: their work bears fatter fruit when it is adapted to local conditions. As a proportion of their farming output, African countries spend less than half what industrial countries do on agricultural R&D; given farming's much bigger weight in their economies, they ought to be spending about twice the industrial world's average.

The other area for international action is to help Africa finance stocks of food that it builds up itself. At a time of empty shelves this may sound academic; but agricultural progress springs from the right long-term incentives. The International Monetary Fund already helps countries in balance-of-payments difficulties to finance buffer stocks that are part of international commodity agreements. The IMF or the African Development Bank could do the same for countries holding their own food stocks, giving a new and more lasting meaning to the notion of food aid.

Britain, the hostile power



For Sir Geoffrey Howe's foreign office?

Britain's foreign secretary and his department have had another horrid week. There have been demands for Sir Geoffrey's resignation. One popular newspaper prints his face upside down, headlines deride his every utterance. The reason is a fumbling mistake in the handling of industrial relations at the government's communications headquarters at Cheltenham for which Sir Geoffrey is answerable in parliament. This has been a bungled affair, but ministers and ministries make worse decisions than Sir Geoffrey's every day: for instance, Mr Norman Fowler's shambolic changes in housing benefit which his social services department deftly backed away from this week. The foreign office's problem is that it lacks any skill in the precision-tuning of political decisions and appears incapable of correcting its own mistakes (see page 49). The banana skins it slips on therefore produce disproportionate and accelerating glee among politicians, press and public.

Nobody could describe Sir Geoffrey Howe as the world's most gifted publicist. Yet he should not lose office over the Cheltenham affair. He is still the intellectual backbone of Mrs Thatcher's cabinet. In a team long on acolytes, he is independent of mind and sane of judgment. The Cheltenham affair will blow over, as will Grenada, the Lebanon and the countless woes of the world which parliament loves to lay at the foreign office's door. But Sir Geoffrey needs to awake. More to the point, the foreign office needs to look to its procedures and its images.

The British foreign office shares its Aunt Sally status with foreign ministries the world over. Like them, it has to be cosmopolitan and so is characterised as aloof, its staff more at home with foreigners than with the rough

and tumble of domestic politics. British diplomats are custodians of that ethereal continuum, international relations, and enjoy the status to match. Unlike home civil servants, they do not wrestle daily with the treasury, with pressure groups, or with parliament. Rarely for them the mind-bending problems of matching political manifesto to government reality. In return they are expected to use their skills to disguise for the public the reality of Britain's drastic loss of world power. Only occasionally, as over the Falklands and Grenada, does the disguise slip. Then the foreign office is savaged and reacts with a pained defensiveness.

A sheltered life

Britain's diplomats do not know how lucky they are. Their influence over the foreign policy process is still almost total. The American state department, even France's Quai d'Orsay, are too frequently left out in the cold by presidential foreign-policy-making ever to feel at ease with their jobs. In Mrs Thatcher and Sir Geoffrey, Britain's foreign servants have a dual leadership, experienced and used to working together without resort to an "alternative" foreign policy bureaucracy such as the National Security Council apparatus in Washington. The tight hierarchy of cabinet decision-taking in Britain may have its critics and is inflexible to a fault. But it absolves the foreign office from much of the battling and politicking which dominates the work of foreign ministries abroad.

Which is really Sir Geoffrey's problem. He and his officials lead a sheltered life. They revel in arcane procedures and nomenclature. They work in a climate of intense, obscurantist secrecy, while claiming guard-

Cuffed by the Fed



Wall Street learns why Mr Volcker will not—and should not—print money to finance America's budget deficits

When Wall Street starts an election year by falling out of bed, President Reagan should take heed. Share prices have slipped in eight of the past 10 weeks; bond yields have been rising since mid-January; the dollar, which barely paused in its rise last year, has now been flat for two months (see page 73). The markets are starting to say what Mr Martin Feldstein, chairman of the president's council of economic advisers, has been saying for months—that present policies will damage American industry and cut the recovery short.

The same message came this week from the most influential of critics, Mr Paul Volcker, chairman of the Federal Reserve. He said America's "twin deficits", on its budget and external current account:

pose a clear and present danger to the sustainability of growth and the stability of markets, domestic and international. We still have time to act—but in my judgment, not much time.

Mr Volcker tightened the Fed's monetary targets (see page 23), repeating that "the Federal Reserve is not prepared to accommodate a new inflationary surge".

Neither Mr Feldstein nor Mr Volcker was saying anything new. When economic historians come to review the Reagan experiment, they will never accuse Washington's two senior economists of shyness or silence. Yet the mood has changed in the marketplace,

and that has bigger implications for America and the rest of the world than anything that anybody might say.

For the past year Mr Reagan has found it easy to justify his economic policies. As inflation fell, Mr Reagan promised, growth would rise. So they did, moving so sharply that they hogged the headlines. Other indicators—like interest rates, budget deficits and the exchange rate—were made to seem peripheral. Now the miracle phase is over. Inflation is rising a bit, growth slowing down; the periphery is moving inwards. All the pieces are starting to link up, allowing people to make a broader judgment of the Reagan policies.

The results look rather ordinary. The United States has not made a productivity breakthrough: output per hour rose less in 1983 than in the first year of any previous recovery in the past 40 years, and by only ¼% in October-December. That in turn contributed to a probable fall in corporate profits in the fourth quarter.

Now the awkward questions begin. If profits are falling, why buy Wall Street? If Wall Street is falling, why buy the dollar? If foreigners stop putting their savings into dollars, America will not be able to finance its overspending at today's interest rates. And as rates rise to encourage domestic saving and curb borrowing—private borrowing, as nothing is being done to cut the federal deficit—they could brake Mr Reagan's boom.

Africa's empty belly

Help southern Africa with unconditional food aid now—but with conditional food aid later

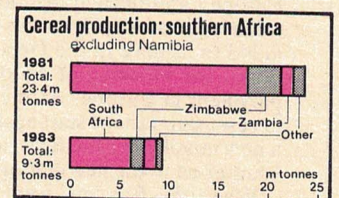
Drought grips southern Africa for the third year in a row. Crops are failing. Stocks of food are largely exhausted. Unless the well-fed part of the world moves quickly, many millions of Africans will go hungry this year and babies will be stunted for the rest of their lives. Without some cooler and longer-term actions as well, Africa in the twenty-first century will still be showing the skeletal arms and overblown bellies that are a fading memory from the Asia of 20 years ago.

The quick response should be the easiest part. Every country in southern Africa will have to import food this year. Only South Africa—where the maize crop will be ruined unless heavy rains come within 10 days—has the foreign exchange to buy what it needs. The others will either be given food as aid or go short. The United States announced last week that it is providing an extra \$600m of food over five years to the whole of Africa.

That is a start. But it will cost at least \$145m this year alone to provide the food that southern Africa can

neither grow nor afford to import (see pages 70-71). Speed is essential: the United Nations Food and Agriculture Organisation (FAO) believes that the biggest failing of emergency food aid is that it is announced too late, so that drought-struck countries have no time to prepare transport and distribution.

A prompt response from the world's rich countries will stop people going hungry this year. But food aid can help only in natural disasters; at other times, it weakens Africa's ability and determination to feed itself. Given reasonable weather, what African countries need are better policies—not only for growing more food but for distributing it as well. These policies include higher prices for farmers, competitive exchange rates, more emphasis on agricultural advice, ending the monopoly of inefficient para-statal bodies for supplying farmers with seeds and fertiliser and for marketing their crops. Other countries can press for these changes through international bodies like FAO and the World



nuclear people alike would see an America steadily offering to negotiate, a Russia steadily refusing. And if the anti-nuclear movement flags in its campaign against the deployment of more cruise and Pershing missiles in Europe, Russia could have lost its last chance to keep the number of those missiles below Nato's originally planned 572 (see box).

There is another reason why it would be better for Russia to move back to the negotiating table before the American election than afterwards. The Russians would like to see Mr Reagan transformed from a radical anti-communist of the right into a Nixon-style conservative of *Realpolitik*, prepared to deal with Russia as an unpleasant but unavoidable fact of international life. The more polite way the president has been talking about Russia in the past four weeks is not enough to prove that the transformation has already taken place. It is partly just good election-year politics. But the Russians know that the change of tone also owes something to pressure from Mr Reagan's European allies, and to the defence-budget statistics piling up in his White House in-tray. A Reagan re-elected in this mellower mood is likelier to stay the new Reagan. A

Reagan re-elected in the face of a barrage of Russian hostility is likelier to revert to the old Russia-bashing Reagan.

The difficulty is to get the Russians off the won't-talk-to-Reagan hook they impaled themselves on last year. They are adamant that they will not return to the Euromissile negotiation in Geneva. The danger is that, being Russian, they will sit on their hurt pride so long that they will lose any chance of getting unstuck.

A Russia looking after its own interests this American election year would avoid that danger by quietly dropping its demand for the removal of the handful of new missiles Nato put into Europe last November. That could open the way to an American offer to blend the Euromissile negotiations with the Start talks on longer-range nuclear weapons; which could in turn lead to a deal that cut Russia's SS-20s but also kept Nato's new missiles well below the planned 572 total. This change of line would not in itself be enough to get Mr Reagan re-elected. But the Russians would not have damaged their ability to deal with a Democratic president next year; and they would be much better placed than they are now to cope with Reagan redivivus.

When cross-over point comes

In arms control, as in other forms of politics, a week is a long time. So how can it be that nothing has happened in the 11-odd weeks since the Russians walked out of both of the Geneva nuclear talks? Answer: something important is indeed happening.

Russia is playing a neat game of international poker. It is waiting to see if Europe's anti-nuclear demonstrators can achieve what the Russians themselves failed to achieve in the Geneva negotiations—the blocking of Nato missile deployment in Europe. At the same time, in case negotiations start again, it has put a new missile into the field, and so a new counter on to the negotiating table.

When the Russians went home from Geneva in November, the general feeling was that Nato had won the first round of the Euromissile fight. It was able to start deploying missiles in West Germany, Britain and Italy, over the passionate but ineffectual protests of the anti-nuclear demonstrators. The fact that the Russians had refused to countenance a single American missile in Europe, while continuing to deploy their own SS-20s, and had then stalked out of Geneva, did nothing to strengthen the anti-missile lobby in the west.

As the weeks roll by, though, memories fade. Soon warmer weather will return to Europe, and protesters will return to the streets to demand that Nato's new missiles be taken away, whether Russia cuts its own arsenal or not. The Russians will therefore sit tight for a time, not only until they have seen which way the American election wind is blowing, but also to find out whether the

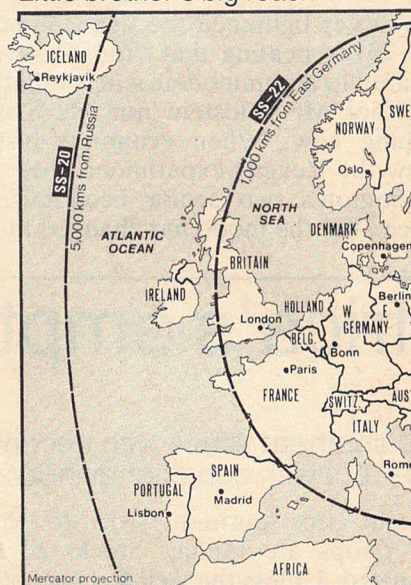
demonstrators can force the west European governments to un-deploy the missiles.

But Russia cannot afford to keep up this waiting game too long. It already has enough SS-20 missiles in place to hit every worthwhile target in western Europe. Nato Europe, on the other hand, so far has only a handful of the new American missiles aimed at the Soviet Union. More cruise and Pershing missiles are on the way, though, and each new arrival puts the balance of fear a bit nearer equality.

To deploy even more Russian missiles does not solve the problem, the Russians having already passed the point where enough is enough. A deal at Geneva that put a lid on Nato deployment would be much more useful. So as time passes the Russians will feel the pressure to go for a settlement. At some point the line of rising Russian interest in negotiations and the line of falling Russian confidence in the anti-nuclear movement should cross. If they see where things are heading, the Russians will then go back to the talking table.

When they get there, however, there will be a new Russian missile on the table which complicates the negotiation but also, just possibly, unties one particular knot. In January the Russians began to deploy some of their 1,000-kilometre SS-22 missiles in East Germany—the first time missiles of such range have been stationed outside the Soviet Union. From East Germany the SS-22s can hit most of the European targets now assigned to the SS-20s (see map). The Russians presumably calculate that they

Little brother's big reach



are now in a position to offer a big cut in the SS-20s, in return for a maximum concession on the western side, knowing that little-brother SS-22 can do much the same job.

But the SS-22 may also offer the west an opportunity. One of the sticking-points in the Geneva negotiations has been Russia's insistence that the British and French nuclear forces be included in the calculations: indeed, that these should be the only forces allowed on the western side, although they provide no real protection for any country except Britain and France. Might it be suggested to Russia that the British and French forces should be counted—against the SS-22s?

INTERNATIONAL

The programming of disaster in Lebanon

FROM OUR LEVANT CORRESPONDENT

The dreadful is not new in Lebanon. Today's crisis, which has brought the government teetering to the point of collapse, is not necessarily all that different from what happened in mid-1976 or in mid-1958, two earlier climaxes in Lebanon's endemic civil war. Then, too, Lebanon had a divided capital, a flagging army, a president with very little authority, an opposition calling for his head. Yet Lebanon did not fall apart in 1958 or 1976. The country and the government may, just, hold together again now.

They will probably not survive if the main opposition leaders, the Shias' Mr Nabih Berri (see next page) and the Druzes' Mr Walid Jumblatt, insist on President Gemayel's resignation. The president's Phalange party, and his Maronite Christians, would dearly like to avoid the humiliation of his dismissal. Mr Gemayel has never yet shown much will to stand up to the Phalange, so he could refuse to go. So if the outcome is to be peaceful, the opposition leaders, now riding high, may have to back away from their resignation demand. That sounds unlikely, but there are reasons why they might do so.

Pushing things to the bitter end is not the usual Lebanese way of doing things. If the Maronites are shoved too hard, they could retreat into the hills of their heartland north of Beirut, where they are probably strong enough to defend themselves against virtually all comers. That could set off a chain of cantonisations, which Mr Berri and Mr Jumblatt do not want. A dangerous precedent would be set if one group of Lebanon's many factions expelled a president by virtual coup d'état. The other communities would not like that, especially the conservative Sunni Moslems of Beirut and Tripoli. And, after all, President Gemayel conceded most of the opposition's demands in his speech on February 5th: the basis for an accommodation still exists.

For years there has been talk in Lebanon of the emergence of "the Shia giant". After this week's fighting the Shia giant has decisively lumbered on to the scene.

The day after fighting broke out in



Humpty Gemayel had a great . . .

southern Beirut at the start of February between Shia militiamen on one side and Maronite militiamen plus units of the Lebanese army on the other, the Shias' Mr Berri called on the Moslem members of the cabinet to resign, which they did. It was Mr Berri again who, a day later, called on Moslem soldiers in the army to stop fighting, which they did. It was mostly the militiamen of the Shias' Amal movement who erupted on to the streets of west Beirut at midday on Monday, February 6th, and controlled them by the next day. It was Mr Berri who announced on radio and television that it had been a famous victory, and called for calm. It may be a good thing for Lebanon that Mr Berri rather than his better-known but erratic Druze ally, Mr Jumblatt, has taken control of events.

Why did things break up when they did, and the way they did? Because, in the three months between November 4th and February 5th, President Gemayel made four mistakes of judgment and

assorted other people—Syrians, Americans and Lebanese—did three things that compounded his misjudgments.

On November 4th the Lebanese national reconciliation conference in Geneva unexpectedly seemed to have actually reconciled the country's leaders. Working together, they defined the sort of nation they wanted Lebanon to be. They also agreed that the May 17th agreement between Lebanon and Israel could be neither ratified (as Israel wanted) nor abrogated (as Syria wanted), and asked Mr Gemayel to go to Washington to work out with President Reagan some sort of verbal detour around it. Mr Gemayel's first error was not to go to Washington at once. The Reagan administration had given indications that it would consider "revising" the May 17th deal. With the friendly consensus of Geneva carrying him forward, Mr Gemayel might have got concessions from America and used them as a lever against Syria. Mistakenly, he decided to try to crack the tougher Syrian nut first.

The Syrian contribution to the slide downhill was then to reject the Lebanese consensus on the May 17th business. All through November, Syria kept Mr Gemayel waiting for his meeting with President Assad, partly from pique that the Lebanese had ignored Syria's wishes, partly because Mr Assad was ill. Mr Gemayel never did meet Mr Assad.

When Mr Gemayel eventually got together with Mr Reagan, on December 5th, a full month after Geneva, the Americans had concluded their strategic agreement with the Israelis, who still wanted May 17th to be ratified. Mr Reagan disappointed Mr Gemayel by also asking for ratification: the American twist to the growing knot. Mr Gemayel then committed his second mistake, by not immediately reconvening the Geneva conference, reporting his failure to the assembled leaders and asking them to join him in finding an alternative solution to the May 17th problem.

He had solid reasons to hope that the consensus of Geneva One would survive into a Geneva Two. The technicians the leaders had left behind in Geneva after November had produced a memorandum of 22 points covering the whole range of political reform for Lebanon. They had disagreed on some important issues, but had nevertheless found much common ground; and, most important, Christians,

Moslems and Druzes had not agreed or disagreed as blocks: confessional dividing lines were frequently crossed. Unfortunately, the minutes of these encouraging discussions were not released until January 4th.

All through December, Mr Gemayel was making his third mistake. He got involved in a sterile debate about whether a plan to separate the warring parties should precede political reform, or the other way round. Because of this, the ceasefire which had come into effect last September was gradually breaking down. Saudi Arabia led a rather desperate attempt, in the second half of December, to reinforce the ceasefire. But when this seemed on the point of being accepted, in the first days of the new year, Mr Jumblatt and the Syrians sabotaged it by suddenly upping their demands. That was the third spanner in Mr Gemayel's works.

Even then, all was not quite lost. On January 4th the Phalange party published a 20-point memorandum in which the Maronites conceded some of the points

they had rejected in November—notably, the creation of a senate, one of the Druzes' main demands. On January 16th the spiritual head of the Druze community, Sheikh Mohamed Abu Shakra, announced: "I approve of the working paper presented by the Phalange. It contains a lot of what we are asking for". President Gemayel's last and perhaps biggest mistake was not to call Geneva Two into session right there and then.

On January 21st, Mr Jumblatt, exasperated with Mr Gemayel's unwillingness or inability to start reforms, or to form a national unity government, or to get back to Geneva, called for his resignation. The disintegration had begun, and an eleventh-hour attempt by Mr Gemayel to rescue things came too late. On February 5th, three days after the decisive bout of fighting had broken out, Mr Gemayel made a speech which met almost all the demands of the opposition—but, typically, his proposed reconvening of the Geneva conference was to take place after a leisurely three weeks, at the end of

February.

Everybody involved has made miscalculations, or otherwise obstructed the hope of reconciliation; but Mr Gemayel's dithering and delaying were a central cause of the crisis that came to a climax this week. Why did he so conduct himself? Partly because that seems to be his character. Partly because he did not or could not resist the Phalangist extremists who refused to make concessions. Lebanon has been led, too long, by a Hamlet.

Decision in Washington

If it won't work, scrap it

FROM OUR WASHINGTON CORRESPONDENT

President Ronald Reagan, unlike his unfortunate predecessor President Jimmy Carter, has the means to extricate American hostages caught in the Middle East; and on February 7th he announced that

The rather unLebanese Mr Berri

FROM OUR LEVANT CORRESPONDENT

As the main leader of Lebanon's biggest single community, the Shia Moslems, Mr Nabih Berri, head of the Amal (Hope) movement, could be emerging as the key to the crumbling country's future—if it has one. Unlike most of Lebanon's flamboyant politicians, he is quiet and rather reserved. He is also, unlike most of his counterparts, neither the scion of a prominent family nor a graduate of one of Beirut's two politician-producing universities. He has a tidy lawyer's mind, and he rose to the top of Amal chiefly because nobody had anything much against him.

Amal tries not to be a Shias-only movement. Mr Berri has sought to impress upon his followers that their loyalty should be to Lebanon as a whole. He himself is a devout, even fervent, Moslem but he believes that the Shia variant of Islam should have a modern face; this distinguishes him sharply from the backward-looking Shia divines who run Ayatollah Khomeini's Iran. Mr Berri does not pander to the powerful Shia clergy in Lebanon, and he was estranged from the two leading Shia sheikhs for a year until they were reconciled last December.

The 45-year-old Amal leader has the ear of almost all the main figures in the Lebanese crisis, both inside and outside Lebanon. The Americans can talk to him. So can the Syrians. But if the Lebanese fire roars out of control, he will find it hard to control the more militant of his armed disciples.

The Shias are three times as numerous in Lebanon as the more orthodox Sunni

Moslems, and militarily far stronger. They have three separate power bases in Lebanon, each of which is producing its own brand of politics: in the Israeli-occupied south, in the Syrian-occupied Bekaa valley, and in Beirut. The poor southern suburbs of Beirut are the largest single Shia enclave and it was here, in 1976, that Amal was founded.

Amal's coolness towards the mullahs' Iran has led to the breakaway of a pro-Iranian "Islamic Amal" faction, under Mr Hussein Mussawi. Its base is in the Shia community in the Bekaa valley, and its headquarters lie next to the small force of Iranian revolutionary guards now based at Baalbek. Islamic Jihad, which provides the Shia suicide squads operating out of Beirut, is drawn from Islamic Amal and some even bloodier-minded splinter groups in the Bekaa valley.

Despite these divisions, the Shia clergy give some degree of cohesion to the Shia community as a whole. According to Shia custom, the obligatory alms, or *zakat*, are paid to the village sheikh, who gains promotion by acquiring respect among his parishioners. The most powerful Shia religious leaders are the mufti, Sheikh Adel Amir Kabalan, and his deputy, Sheikh Majid Shamseddin. Both are moderates who keep their distance from the Islamic revolution in Iran and oppose acts of terror; their politics centre on a fairer share of Lebanon's prosperity—such as it now is—for their community, long the poorest part of the population.



Berri has tidy mind, high hopes

It was communal loyalty that prompted the defection of Shia troops in the Lebanese army this week, once their religious and political leaders had given the order. Even the Shia militia groups set up by the Israelis in south Lebanon are now liable to turn against their creators.

If the Maronite Christian ascendancy in Beirut is broken, the Shias, who once deferred to the Sunnis, could demand the best jobs. Mr Berri is first in the queue. He has delicately hinted that the prime ministership, always until now in the gift of the Sunnis, should pass to the Shias—in other words, to himself.

the extrication was about to begin. As the president arrived in California for a planned five-day holiday, he declared that the "redeployment" of the American marines in Beirut to ships offshore would "begin shortly and proceed in stages". Defence department officials have suggested that moving 500 of the men out may take a month; others speculate that the process might be much swifter.

The withdrawal is an abrupt reversal of the president's policy. Both the White House and the state department have said, repeatedly, that the administration was determined not "to cut and run" from Lebanon. Mr Reagan used these words himself in his regular Saturday radio broadcast on February 4th—three days after he is reported to have approved, in principle, an evacuation plan.

Mr Reagan's second main announcement on Tuesday was that "to enhance the safety of American and other multinational force personnel in Lebanon" he had authorised the American navy to strike at anybody firing into Beirut from areas of Lebanon controlled by Syria. On Wednesday the vast 16-inch guns of the battleship *New Jersey* lobbed some 300 one-ton shells into Lebanon's hills. The ground rule, until now, has been that sea and air support should be called in only against units that were attacking or threatening the marines; the rule, already stretched, may now be broken.

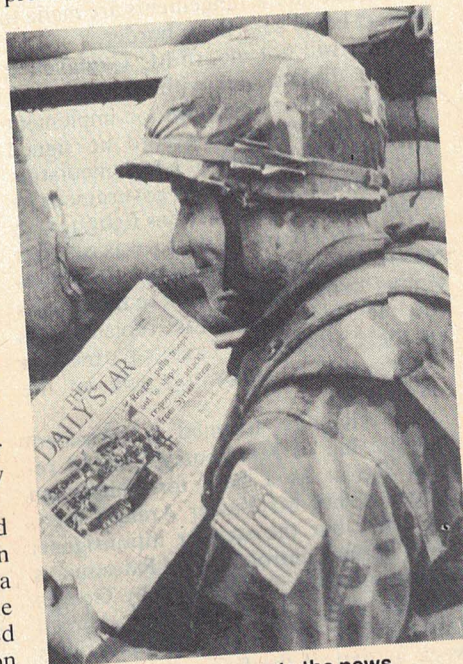
The question is whether the threat and use of naval power is designed to cover, in both the political and the military sense, a dangerous withdrawal, or whether the American administration has deepened its involvement in Lebanon's conflict on the side of President Amin Gemayel's government. Are the marines to continue to have their "safety enhanced" once they have been whisked off the ground into the relative safety of the task force?

It is being argued that when American ground troops are no longer a target for retaliation, the American navy can fire with less restraint at Mr Gemayel's enemies (with the memory of the two aircraft shot down in December, and the difficulties in obtaining Lieutenant Goodman's release from Syrian custody, air strikes are less probable). By the time the marines have been evacuated, Mr Gemayel may not need protecting, or may no longer be there to protect. But the threat of intensified bombardment and, presumably, reprisal gave America's partners in the multinational force (who were "consulted", but only the day before Mr Reagan made his announcement) every incentive to pull out too.

On Tuesday and Wednesday, the Americans evacuated "non-essential" diplomats and servicemen to the *Guam*, leaving 1,220 soldiers on the ground in

Beirut. The British, without a backward look, airlifted their token force of 115 men to the *Reliant* on Wednesday. Italy's 1,500 men will follow suit, though the Italians say they will continue to provide limited police protection and medical aid around the Palestinian refugee camps in south Beirut. The Italians are urging the United Nations force in southern Lebanon to step into their shoes.

So are the French, who are still dithering about whether and when to pull out. Withdrawal of the 1,240 French troops from Beirut will be politically painful for President Mitterrand because the French presence in Lebanon has been a major



One relieved marine gets the news

element in his activist foreign policy. As always, France is anxious to be seen to be taking decisions on its own, rather than appearing to move in Mr Reagan's slipstream.

The events of the past few days have highlighted how irrelevant the multinational force was and is to much of what happens in Beirut. The 1,200 marines, "hunkered and bunkered", as their officers say, have had no job for several weeks beyond keeping themselves, behind barbed wire and sandbags, as safe as they could. In all, 265 American servicemen have died in Lebanon, 241 of them in the truck-bomb attack last October. The argument for keeping them on the ground has been that, though they were not doing anything, their removal would make everything worse. This will now be proved, one way or the other.

The marines went to Beirut in August, 1982, to see the Palestine Liberation Organisation out of Beirut. They then left, returning a month later after the

massacre in the Palestinian camps. Their mission was enlarged to seeing all foreign forces—meaning the Israeli and Syrian armies—out of Lebanon, and restoring control and independence to the Lebanese government. This was not, as it turned out, within their power.

President Reagan assured congress, when the marines went in for the second time, that "combat responsibilities" were ruled out. As the frustration intensified, the interpretation of justified self-defence grew with it. Supporting Mr Gemayel's government developed, by natural process, into fighting for him. The importance of the American mission in Lebanon expanded in Mr Reagan's mind to the point where he said, and no doubt believed, that the stability of the Middle East depended on its success. Yet, just before the announcement that a part, at least, of the mission was soon to be over, Mr Lawrence Eagleburger, the under secretary of state, had separated the possible from the improbable: the immediate aim, he told the house of representatives' foreign affairs committee on February 2nd, was to give Mr Gemayel a breathing spell to try to regain control. Few Americans believe that the bunkered marines could have achieved even this.

Price of a symbol

The defence department and the joint chiefs of staff had always been unhappy at keeping an American armed force in a dangerous position with so ill-defined a mission. The message was loud: Americans had stopped believing that a "symbolic" presence in Lebanon was worth a marine's life. Congress had agreed last September that the marines should stay in Beirut for 18 months. There was no legal way round this, short of stopping appropriations, which nobody wanted to do. So Democrats in the house of representatives set about fashioning a resolution that would be non-binding on the president, but would convey the sense of a very unhappy congress.

Some knock-about stuff followed. Mr Reagan said he wouldn't pay any attention to such a resolution. The house foreign affairs committee drafted a rather rude resolution calling for an undated but prompt and orderly withdrawal; then settled down to make it more acceptable to Republicans in both house and senate. The Republicans, though more loyal, were equally unhappy, since keeping the marines in Beirut risked a tragedy that could cost their party the November election. The administration scolded congress, implying that it was aiding and abetting the enemy. Mr Reagan, in an interview with the *Wall Street Journal* published on February 3rd, said that Tip O'Neill, the speaker of the house

INTERNATIONAL

"may be ready to surrender but I am not".

The general reaction to Mr Reagan's decision, including Mr O'Neill's, was relief. Most of the presidential candidates tempered their approval with cool comments about its belatedness. Mr Walter Mondale unkindly reminded the president that a week ago he had said that things were getting better: "All of this is further evidence that they don't know what they're doing". Others expressed their disquiet at the possibility that America will continue to fight Mr Gemayel's war from the sea.

Mr Jesse Jackson, a black leader who is campaigning for the Democratic nomination, said that "he's withdrawing the boys but escalating the bombing". Mr Jackson may find that the bombing, unlike the boys, does not arouse widespread concern in an electorate more likely than not to agree with Mr Reagan in finding Syria and/or Iran to blame for the unpleasant things that happen in the Middle East.

Israel and Lebanon Stranded

FROM OUR ISRAEL CORRESPONDENT

The Israeli government is aghast at the prospect of being left alone in Lebanon with a cock-a-hoop Syria and its victorious proxies. It now has to decide whether to keep its troops where they are in south Lebanon, pull back to a more defensible line, or pull out completely—accepting that the vacuum would then be filled by angry Shia Moslems.

The Israeli army is stranded in south and central Lebanon, bang up against the Druzes and the Shias, and in the southern Bekaa valley, face to face with the Syrian army. In the areas it holds, it has lately been given a hard time by the Shias, many of whom welcomed Israeli troops in 1982

as liberators from the Palestine Liberation Organisation. Israel's stalwart ally, Major Saad Haddad, is dead; his little private army is weakened; and Israel has not succeeded in organising another militia force to serve as a buffer against the hostile forces farther north.

On February 5th Mr Shamir's government let it be known that any offensive action against Israeli-held positions in the Bekaa valley or south Lebanon would be met by Israeli counter-action. On February 8th the cabinet was called into emergency session, but adjourned without reaching any decision except to reaffirm that the army will stay in southern Lebanon until other arrangements are made to protect Israel's northern border.

Israel will not mourn Mr Gemayel. It became disillusioned with him last year, when he refused to ratify or implement the troop-withdrawal accord he signed with Israel on May 17th. Israeli mediators urged him to broaden his government by bringing in the very factions fighting him today. His failure to do so was another reason for Israeli frustration. Last September Israel began to look to the Druzes and the Shias as potential replacements for the Christians as Israel's partners in Lebanon. That policy has now hit the rocks.

It is gloomily assumed in Jerusalem that the fall of Mr Gemayel would reopen Beirut as a base for Palestinian guerrillas: not Mr Yasser Arafat's men, this time, but the steelier intransigents under Syrian control. Armed Palestinians belonging to the factions led by George Habash, Naif Hawatmeh and Ahmed Jabril fought their way into Beirut this week as part of the Syrian-backed Shia-Druze advance. And this, in Israeli eyes, further reduces the hope that King Hussein of Jordan will now take the plunge of negotiating with Israel about the West Bank and Gaza, even with Mr Arafat's blessing.

Some Israelis want out from Lebanon too



Germany and Saudi Arabia

Tanks? Don't mention it

Is West Germany doing its biggest-ever arms deal with Saudi Arabia, or is it not? During a difficult visit to Israel on January 24th-29th, the West German chancellor, Mr Helmut Kohl, said that the details of his country's "defence co-operation" with the Saudis had yet to be worked out. The Israelis claim that Saudi Arabia presented a \$5 billion shopping list in October, when Saudi brass toured West German arms factories, and that the details were worked out in December.

There is also a question mark over what is on the Saudi list. Gepard mobile anti-aircraft guns and Marder armoured personnel carriers have been mentioned. These are, reasonably, regarded as defensive weapons. But what of the Leopard, one of the best tanks in the world? Mr Kohl says the Saudis have been told they can't have it. Israeli sources say some 300 have been ordered.

Since 1964 it has been West German policy not to deliver arms to areas of tension. This principle, which has cost the Germans a lot of business, was adopted after President Nasser of Egypt found out that, under a secret agreement in 1960, West Germany had been supplying Israel with tanks, aircraft and other military equipment. But the recent Social Democratic chancellor, Mr Helmut Schmidt, wanted to move to a more relaxed policy; his Christian Democratic successor, Mr Kohl, who has no left-wing rebels to worry about, concurs.

West Germany has good reason to remain a friend of the Saudis. Not only is Saudi Arabia a major oil supplier; it has over several years (under an agreement concluded by the Schmidt government) lent the Germans about \$7.5 billion. The alleged \$5 billion deal with the Saudis, say the Germans, is nothing more than an extension of this credit line, and nothing to do with arms. The credit comes from the same wonderful over-spenders who are buying \$4 billion worth of arms from France.

India

Turbaned terror

FROM OUR INDIA CORRESPONDENT

Security forces were rushed to violence-ridden Punjab this week to keep order during a general strike on February 8th. The strike was called by the less militant of two rival bands of Sikhs which have

DEMOCRATS

DEMO CONVENTION RAN THEIR CODE WORDS INTO THE GROUND?

WHAT IF REPUBLICANS PLAY IT BACK, ONCE? I.E. IF GEORGE BUSH, SAY, GAVE A RECORDED "TRADITION, FLAG, MOTHER HOOD" SPEECH? WOULD THOSE IMPRESSED BY DEMOCRATS SAY "FRAUD" AND THINK TWICE?

FOR WHAT IT'S WORTH, I CAN'T STAND MISS GOODY TWO SHOES, LIBERAL STYLE, SHE'S A PHONEY, A HYPOCRITE, THE WAY THE MEDIA STARTED OUT, FERRARO IS NOT GOING TO NEED COVERAGE; SHE WILL BE OVER EXPOSED. BUSH MAY NEED COVERAGE, PROBLEM; REPUBLICANS CAN NOT BEAT HER BY BEING CHIVARLOUS, SHE IS NOT QUALIFIED, THE HOUSE? WHAT WILL BE THE IMPACT OF CUTTING HER UP? MOTHER, APPLE PIE, FLAG MUST NOT BE DESICRATED?

I HATE TO SAY THIS, BUT, MUST, WITH THE PRESIDENT BEING 74 AND MONDALE WITH HIGH BLOOD PRESSURE, MAYBE VICE PRESIDENTS ARE IMPORTANT THIS YEAR,

HOW ABOUT IF REPUBLICANS ARE VERY KIND TO FERRARO, TREAT HER LIKE FRAGILE GLASS, THEN, AT THE LAST, BEAR DOWN HARD, NOT NASTILY BUT BY INSISTING THAT HER RECORD BE EXAMINED AND THAT SHE BE SPECIFIC ABOUT FOREIGN POLICY, DEFENSE?

SHE'S BEING BRIEFED ON FOREIGN POLICY, BY WHOM?

THE PERFECT RESPONSE TO FERRARO IS NANCY REAGAN THE WOMAN WHO IS TRULY LIBERATED BY A SUCCESSFUL MARRIAGE, SHE CAN SHOW THAT WOMEN CONTRIBUTE EVEN THO THEY DON'T NEED CENTER STAGE.

FOR HART BACKERS, ROOSEVELT AND TRUMAN DO NOT REDPRESENT "NEW" SOLUTIONS,

FACT: DEMOCRATS DO NOT HAVE NEW POLICY AND WITH THE ECONOMY CHANGING, CHANGES IN POLICY ARE REQUIRED. EVEN ROLLING STONES KNOW THAT,

IN A DEBATE, THE PRESIDENT CAN ASK MONDALE WHAT HE DID ABOUT NIXON'S GUARANTEED INCOME ~~THE~~ PLAN.

INTERESTING THAT "OLD TIME RELIGION" WAS THE PRECISE THOUGHT I HAD AT DEMO RHETORIC.

BLACKS

BLACKS GOT NOTHING FROM DEMOCRATS, THEY WERE SOLD OUT.

I WOULD BET THAT SOME OF THE PERCENTAGE SPREAD
AFTER THE DEMO CONVENTION WAS ACCOUNTED FOR
BY JACKSON SPEECH. AMERICANS LIKE FAIR PLAY.

ALL THOSE WEARY WORN FACES, DEFEATED, STILL HOPING,
HAD ME IN TEARS.

REPUBLICANS HAVE AN OPPORTUNITY TO WIN BLACKS,
WE MUST SOLVE RACE PROBLEMS.

THE SOLUTION HAS TO BEGIN WITH INDIVIDUALS OF GOOD
WILL, WE MUST TRY, BOTH BLACK AND WHITE, AND WHEN
WE FAIL, TRY AGAIN.

FOREIGN POLICY

ENCLOSE A MORE BALANCED VIEW OF LEBANON,

WHILE THE PRESIDENT CAN NOT SAY THAT WE DID NOT PAY TOO HIGH A PRICE IN LEBANON, HE CAN SAY REFER MONDALE TO "MORE BALANCED VIEW" - THERE ARE THOSE WHO DO NOT ECHO DEMO VIEW AND THAT PATIENCE, RESTRAINT ARE REQUIRED IN MID-EAST.

BARBARA TUCHMAN IN "MARCH OF FOLLY" / KNOPF REFERS TO THE TROJANS WHO MOST CERTAINLY SHOULD HAVE EXAMINED THE HORSE AND SAYS THAT, FOR THEIR SINS, TROJANS WANTED DEFEAT.

SHE ALSO COMMENTS ON MONTEZUMA WHO COULD EASILY HAVE WIPED OUT A HANDFUL OF SPANISH ADVENTURERS, HE DIDN'T BECAUSE HE BELIEVED THE SPANISH TO BE THE PARTY OF ~~MONTEZUMA~~ QUETZALCOATL DESTINED TO DESTROY THE AZTEC EMPIRE AS, TODAY, SOME BELIEVE COMMUNISM AND/OR NUCLEAR HOLOCAUST INEVITABLE, MONTEZUMA'S PEOPLE STONED HIM TO DEATH AS A COWARD AND DENIED HIM FUNERAL RIGHTS.

ON VIETNAM, HAVE NOT YET READ TUCHMAN, WILL BELIEVE THAT, IN THIS RECENT FOLLY, SHE WILL FALL PREY TO THE HISTORIAN'S FLAW; BE SUBJECT TO POPULAR MISCONCEPTIONS.

MY REACTION TO BRADEN "SPECIAL TO THE TIMES" WAS 1.) IRRITATION, 2.) RECOGNITION THAT THESE WERE SOVIET TYPE QUESTIONS, 3.) A SENSE OF, A "MESSAGE" OF FEAR; SOVIET FEAR.

RECENT BROADCAST COMMENTED ON SOVIET COVERAGE OF U.S. ELECTIONS; ANTI-MONDALE, ANTI-REAGAN, ASKED IF SOVIETS WERE COVERING ALL BASES SO THAT, REGARDLESS OF WHO WON, SOVIETS WERE ON RIGHT SIDE.

I'D SAY THEY WERE TELLING SOVIET CITIZENS THAT DEMOCRACY WAS A MESS.

AS IN POLAND
THIS, WITH SOME SOFTENING, SUGGESTS TO ME THAT SOVIETS ARE READY FOR A THAW.

I DO NOT KNOW THAT ANY THING I SAID IN LETTER TO BRADEN WILL GET THROUGH TO SOVIETS. I ASSUME SHE HAS CONTACTS. SCHOOL MAY NOT BE IN SESSION, SHE MAY NOT GET LETTER
SORRY NOT TO HAVE MADE EXACT COPY. SHOULD HAVE

A.B.C. "NITELINE" CARRIED BRADEN THEME A NOTCH FURTHER. "WE ARE TOLD THAT UNDERSTANDING IS REQUIRED" FOR GETTING ALONG WITH SOVIETS.

CERTAINLY, PROBLEM IS, HOW TO GET SOVIETS TO UNDERSTAND.

SOPS TO THEIR FEAR ARE NOT ADEQUATE, NIXON TRIED THAT.

I HOLD, AND I HAVE MUCH EXPERIENCE, THAT EVEN THE SICK UNDERSTAND, VERY WELL, WHAT THE WORD "NO" MEANS, THOSE UNACCOUSTOMED TO HEARING "NO", WILL NOT LIKE IT.

MONDALES " IN TANDUM WITH SOVIETS"; HOW MUCH WE CAN ACCOMPLISH ?
THAT'S WHAT KOSYGH TOLD JOHNSON.

EXACTLY WHAT CAN WE ACCOMPLISH ? FEED COMMUNISTS ?

HOW DOES MONDALE EXPECT TO COPE WITH SOVIET BARRAGE ? GIVE IN
TO IT ? THAT WILL RE-INFORCE IT.

HART'S UNIV. OF THE WORLD; WHO PAYS FOR IT ?

SHOULDN'T WE EDUCATE AND TRAIN OUR OWN ?

NOT ALL MANY IRAQIS, RUSSIANS, OTHER FOREIGN NATIONALS LIKE IT
HERE; THEY CAN NOT COPE, WHY EDUCATE THEM TO RETURN AND
DISPARAGE SELF-GOVERNMENT. SOME OF THESE PEOPLE ARE NOT
COMFORTABLE WITH FREEDOM.

THESE GIMMICKS AREN'T GOING TO WORK.

THE WHITE HOUSE
WASHINGTON

July 20, 1984

MEMORANDUM FOR JAMES A. BAKER, III
MICHAEL K. DEEVER ✓
RICHARD G. DARMAN

FROM: MARGARET TUTWILER ^{MOT}

SUBJECT: LETTER FOR TED STIVERS

Attached for your information is a copy of the letter to
Ted Stivers which the President personally signed this morning.

The original letter is being hand-delivered to the campaign for
forwarding to Mr. Stivers.

cc: Edward Rollins
Lee Atwater

Beel
Handed to
Pat Jacobson.
sent
7/23/84

REAGAN-BUSH '84

The President's Authorized Campaign Committee

July 20, 1984

Dear Ted:

I'm terribly sorry that you never received a response to your heartfelt letter of December 16. I had understood from the campaign way back then that Paul Laxalt and Ed Rollins were in touch with you in regard to your concerns.

Now I realize that somehow your message got misplaced. I wish I could just tell you that "these things happen," but your support means too much to me for a mere shrug. I'll never forget that you stood by me and our shared ideals when things went well and when they didn't. You deserve the utmost consideration from this campaign.

I hope that we can always keep our lines of communication open.

Please accept my sincerest apology.

Sincerely,

A handwritten signature in cursive script that reads "Ron".

Mr. T. E. Stivers
Post Office Box 608
Decatur, Georgia 30031