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Policy Review

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Policy Review

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Controversy

New Entrepreneurs

Dear Sir:

First I accept Norman Macrae's ("The New Entrepreneurial Revolution," Spring 1980) quasi-apology for being rude.

Second, I am in support of his idea of the devolution of certain tasks of large corporations to subcontractors of "new entrepreneurs." This notion is a key one in the trend towards economic democracy.

Third, Mr. Macrae's argument seems flawed and imbalanced by an obsession with his particular theory at the expense of other problems.

There are still large concentrations of economic power who, cloaked in a curtain of privacy, operate beyond either the laws of supply and demand or governmental regulation. Their existence affects everything from workers' lungs to world peace. They are private multinational entities in a world of public national ones.

I reject the idea that these large corporate bodies will benignly devolve. I also reject the idea that a governmental takeover of these private monoliths will bring a good society.

What is needed is a new debate in America – on the level of the Federalist Papers – about the ways to democratize these private giants from within, an alternative to both corporate and governmental bureaucracy. Mr. Macrae's proposal is good, but only one element of a large solution we are searching for.

Those interested in this issue can reach me at the Campaign for Economic Democracy, 409 Santa Monica Blvd., Room 214, Santa Monica, California 90401.

Tom Hayden
Campaign for
Economic Democracy
Santa Monica, California

Dear Sir:

Mr. Macrae's suggestions for policy in his article ("The New Entrepreneurial Revolution," Spring 1980) envisage new forms of corporations. He does not seek to impose them on society but he looks forward to an age with an extended use of licenses and subcontractors. It may well be that his forecast trends will actually be experienced, although I, for one, with much less authority based on practical experience, do not interpret current trends as Mr. Macrae does.

But the major opposition he must expect is from critics like the Naders, the Haydens and the Fondas, whose complaint is essentially that labor is denied the right to participate in management and profits. Actually, the form of such complaints can be shown to be absurd, although most spokesmen for "big business" do not appear to realize it. Under the institutions of capitalism there has never been any legal obstacle to the workers sharing in direction and profits *in proportion to the value of the productive services they are prepared to risk in the enterprise*. Indeed, in the extreme

case, they (the workers) could pay interest on the capital value of all assets employed and regard the balance (from sales of the product) as their earnings (i.e., as wages minus losses plus profits). They could then make all the decisions needed concerning prices, costs and outputs. Labor has never had to fight for the right to exercise such entrepreneurial powers. But it is, perhaps, significant that no major experiment along these lines has ever actually been tried. A system exists in Yugoslavia under which representatives of labor make all the entrepreneurial decisions; and the workers have real but limited rights in the property of the undertaking. Yet hybrid systems could certainly be arranged for "shared entrepreneurship", under which both labor and capital put at risk an agreed capital sum and share in "control" (as well as in losses or profits) in proportion of the sum risked. Such alternatives remain an option and always have been an option. If the leaders of the workers had perceived the prospective profitability of cooperating with the providers of the assets which magnify the workers' productivity, such an experiment *could* have been educative and directly fruitful.

As things are, the most effective argument employed against the corporation has been that, although essentially a form of government, only stockholders are entitled to vote for the directorate. The employees of such a concern are, it is charged, denied all democratic rights. To dispassionate students of representative government, the reality is again exactly the opposite. Only stockholders risk their property. The workers have the right to contractual income.

Of course, good personnel relations can be rationally sought through demonstration of the justice of the firm's arrangements. That can be achieved through courage and candor in administrative discretion rather than through "tact," strategies, and gimmicks. It seems to me that the required conditions can be achieved by winning the workers' recognition that managerial or entrepreneurial discretion is (a) responsible, and *not arbitrary*, and (b) that it is purely interpretative of what I first called (in the early 1930's) "consumers sovereignty." The prices which it pays different entrepreneurs to bid for the services of capital and labor, and the price it pays them to ask for the outputs they sell, are both beyond their power to influence. If they offer too much or too little for inputs, or ask too much or too little for outputs, they will be penalized by a diminution of prospective yields. Because both production and marketing are continuous, at each new contract entrepreneurs are, in a free society, able to offer either more or less for inputs — services — and to ask more or less for the outputs into which these services have been embodied. But entrepreneurs and the managements they appoint are then under powerful market or social discipline as residual claimants on the value of outputs. On the other hand, the workers are protected — rewarded by contractual claims.

In the United States between 65 percent and 80 percent of income accrues to relatively humble people — wage and salary earners.

It is the purchases *they* freely choose to make which determines the use made of men and equipment. In thus determining the form of real income, and ultimately the structure of society's stock of assets, the true rulers of society under democracy are surely consumers.

W. H. Hutt
University of Dallas
Irving, Texas

Norman Macrae replies:

Both Mr. Hutt and Mr. Hayden put forward entirely a reasonable expression of their views, and it's nice to have been able to suggest something acceptable to both of them.

The disagreement between the three of us is that Mr. Hayden thinks that ownership of capital is still the main source of economic power, and old-fashionedly regards this as monstrous. Mr. Hutt thinks that ownership of capital is still the main source of economic power and old-fashionedly regards this as efficient. I think that ownership of capital ceased to be the main source of economic power some while ago and that the most important economic resources now are know-how and imagination.

I don't think managers hired by capitalists can successfully order workers how to use their imaginations, and I don't think collectives voted in after some debate on new Federalist Papers can successfully order people how to use their imaginations either. Because the consumer is sovereign (on this I agree entirely with Mr. Hutt), I think that capitalists are likely to see sooner than collectives that they need to harness imaginations in new ways if they are to prosper. I'm sorry if I sounded, to Tom Hayden, to be obsessed when my own guess is about one way of harnessing them. Any systems of successfully harnessing imaginations will make money and make people happier. Any system of trying to order efficient brain workers about whether by majority stakeholders' vote or by majority stockholders' vote, will go abust.

Why Polls?

Dear Sir:

Victoria Sackett's article on public opinion polls and affirmative action ("Ignoring the People," Spring 1980) is judicious and intelligent. But it suffers from all the conceptual flaws of its subject: The arithmetical sums of "public opinion" which lend democratic garb – new sovereignty finery – to the projected images of the media kings, and which give an almost totally spurious numerical substance to what Walter Lippman once called the "phantom public."

The article begins with a major substantive concession to the Left. Implicit in all the survey questions is the demonstrably false assumption that discrimination remains a major problem in American society. More important, the poll implies the existence of a refined and specific mass public view on the issue of affirmative action, when in fact most Americans, happily enough, have far better things to do with their time than to think about this dreary subject. Their replies to the poll more resemble a Rohrshach response to various changed words and concepts (discrimination, qualifications, equality, and the like) than a deliberate political judgment.

As in most such surveys that do not deal with immediately impending elections the question itself is the most important source of information for the vast majority of respondents and largely determines their answers. To add up these answers into an arithmetic aggregate and then lend it the democratic majesty of "public opinion" is a venture more akin to astrology, or numerology, than to political analysis.

Finally, the poll implies that on such issues all opinions are somehow equal, when in fact the real political impact or value of opinions varies immensely with the status and stake of the respondent and the intensity and authority of his belief. To equate the view of Walter Cronkite with that of the man on the street is neither democracy nor science; it is simply nonsense.

While the President's views change weekly at the behest of "Pat" Caddell and while many other leading politicians are also serving as avid dummies for ventriloquest pollsters, this fetishism of numbers has become a serious disease of our politics, accounting to an important degree for our failures of policy and courage in government. I think it is unfortunate for a conservative publication like *Policy Review* to join in the fray. Democracy can only work to the degree that it is republican, maintaining the integrity of representative institutions and summoning clear and authoritative leadership. The polls, to the extent they are taken as a guide to public opinion, virtually prohibit leadership, since at their best they signify fashions arising from earlier and usually irrelevant conditions and events.

George Gilder
Tyringham, Massachusetts

Victoria Sackett replies:

Mr. Gilder's fine letter raises points which all should consider, especially during a time when we seem to be inundated with, and perhaps governed by, the polls. I agree with several of his sentiments about public opinion polls, but take issue with their particular application here.

Public opinions are frequently every bit as amorphous as Mr. Gilder suggests. It is true that the public, and the polls, are subject to all manner of ignorance, untruth, whim, misinterpretation, and manipulation. That these things are true does not argue that there is no proper role either for the public's opinions or the measurement of those attitudes. Public opinion polls, when designed, executed, and interpreted properly can constitute an accurate barometer of public sentiment regarding the broadest and most important principles undergirding our democratic republic. Let us not forget that we are not *simply* a republic – but a democratic one.

One should approach public opinion polls in a manner similar to Alexis de Tocqueville's exploration of the American condition. Polls should, and reveal no more and no less than the health of the nation as viewed by its people. Polls should not be used a referendums or even prescriptions for policy. Only elections should be so utilized.

The *Policy Review* survey was not treated as the last word on public attitudes toward specific

policies on affirmative action. It did not suggest any activity or remedy, or even the need for a remedy. The survey was added to the existing stockpile of information on affirmative action attitudes, and affiliated opinion. It was put into context and discovered to support earlier findings. Even then, the conclusion was a general one. The public adheres to one of the most basic American values – equality of opportunity. It rejects guaranteed results. Such a conclusion should be comforting, *especially* in a conservative forum.

Polls on specific issues can reveal information about the precepts which founded the democratic republic. It is important to know whether or not those precepts continue to be held dear.

Not all Americans hold strong opinions. Many do, and they are based on error. Thus, as Mr. Gilder asserts, the holding of strong opinion does not constitute wisdom or the ability to lead – or even the capacity to broadcast the evening news. Careful analysis of public opinion can, though, indicate the nation's health. It can suggest a need for action if it is discovered that faith in fundamental principles has eroded dangerously. It can not tell us what is to be done. That is for true leaders to decide.

God and Man in the Corporation

MICHAEL NOVAK

Events in Iran and Nicaragua have begun to show public policy analysts that they leave religion – and, specifically, the ideas of theologians – out of their calculations at their peril. Religion seems today to be as powerful a force in world affairs as at any time in the past. It may yet become, through modern instruments, more powerful than ever. So it is probably less necessary to persuade public policy experts to learn more about the intellectual activities of the world religions than to persuade theologians and church leaders to attend more carefully, and more empirically, to matters of public policy. Before one can talk about "the theology of the corporation," for example, one must learn a great deal about economics and political economy.

Yet few theologians have attempted to reflect systematically upon economic activities and economic systems. In particular, there exists no theological description and critical evaluation of democratic capitalism. Most theologians of the last two hundred years have approached democratic capitalism in a pre-modern, pre-capitalist, pre-democratic way, or else they have been socialists. How can such theologians fairly understand the business corporation?

Historically, the corporation represents an invention of law which made democratic capitalism possible. Neither participatory democracy nor capitalism could exist without the corporation. The existence of the corporation, furthermore, gives the lie to all theories of capitalism which focus exclusively on the individual. As an expression of the social nature of humans, the corporation offers a metaphor for the ecclesial community which is in some ways more illuminating than metaphors

1. This essay has been adapted from a longer version presented at a conference on "The Judaeo-Christian Ethic and the Business Corporation," jointly sponsored by the theology department and the business school at the University of Notre Dame. The full version will be published as a pamphlet by the American Enterprise Institute later this year.

Special thanks are due to John W. Cooper for research assistance.

based on the human body ("the mystical body") or metaphors based on the family, the clan, the tribe, or the chosen people.

Paul Johnson has pointed out that the origins of the corporation lie in ancient religious communities, whose purpose transcended the life of individuals.[2] These communities incorporated for "profit," in the sense that they needed to be sufficiently productive to have time for other things (prayer, honoring the dead) than mere subsistence, and to maintain independent continuity over time. Pre-Christian religious communities in New Kingdom Egypt (c. 1300 B.C.) owned property corporately, as did perpetual mortuary foundations in later Egyptian history. From Egypt, these corporations influenced the incorporation of the late-Roman Christian monastic communities. These benefited by the land deeds pioneered by late Roman Law. The Benedictine monasteries, in turn, provided economic models for the lay guilds of the 14th and 15th centuries, whose legal structure was imitated by the merchant adventurers of the 16th century. These merchants, to raise capital and to share risks, then developed the joint stock company. Thence came the modern corporation – a communal institution whose purposes and continuity must, in the nature of the case, transcend the limits of individual life. The lineage of the modern multinational corporation may likewise be traced in legal and economic history to the internationalism of the Benedictines and other general congregations of religious men and women whose activities were multinational. As leisure is the basis of culture, so "profits" exceeding the needs of subsistence underlay the economics of the independent, multinational religious orders.

Living before the age of democratic capitalism, which for convenience may be thought to have been fully distinguished from mercantilism with the publication of Adam Smith's *The Wealth of Nations* in 1776, Jesus did not work for a corporation. He did, apparently, work for a small business as a carpenter. His disciples appear to have been mostly independent small businessmen, as well, working as fishermen, some of

2. Consultation at the American Enterprise Institute, April 2, 1980. See also Max Weber, *The Protestant Ethic and the Spirit of Capitalism*, trans. Talcott Parsons (New York: Charles Scribner's Sons, 1958), pp. 21-22.

whom presumably hired others to help them. To be an economic animal is as much a part of human nature as to be a political animal or a religious animal. Human life is inconceivable, indeed, apart from the economic activities necessary to create housing, gather food, build roads and establish markets.

A majority of lay Christians in approximately thirty of the world's 156 nations, including the United States, Japan, Hong Kong, Sri Lanka, most nations of western Europe and others, now live out their lives under systems reasonably designated as analogues, at least, of democratic capitalism.[3] By *democratic capitalism*, one means a society no longer structured like a traditional society, in Max Weber's sense,[4] but rather a society differentiated into three social systems: a political system, an economic system, and a moral-cultural system. As the church is separated from the state, so also the economic system has a certain independence from the political system.

Not all corporations are economic, of course. Political parties are incorporated. So are labor unions, universities, foundations, charitable organizations of many sorts, and many institutions of research, invention, science and the arts. The development of corporate law opened human history to the action of social institutions freely entered into. These "mediating structures," larger than the individual but smaller than the state, make possible the flowering of human initiative, cooperation, and accountability.[5] They are of considerable historical significance. The traditions on which corporate law is based are not universal. Not all Christians live under such traditions today. Is it good for Christianity that such corporations exist?

3. For a convenient analytic breakdown of the social systems of the world's 156 nations consult: Raymond D. Gastil, ed., *Freedom in the World 1979* (New York: Freedom House, 1979), pp. 40-41.

4. "A system of imperative coordination [authority] will be called 'traditional' if legitimacy is claimed for it and believed in on the basis that the sanctity of the order and the attendant powers of control as they have been handed down from the past 'have always existed.'" *The Theory of Social and Economic Organization*, trans. A.M. Henderson and Talcott Parsons (New York: Free Press, 1957), p. 341.

5. Peter L. Berger and Richard John Neuhaus, *To Empower People* (Washington: American Enterprise Institute, 1977). Berger and Neuhaus specifically exclude the large corporations from their list of "mediating structures." Yet most of the 700,000 "large corporations" outside the

Six Sources of Distortion

Some theologians today write as if corporations were evil forces and, indeed, as if democratic capitalism as a whole were incompatible with Christianity. In 1864, Pius IX enshrined an analogous view in his "Syllabus of Errors," declaring modern civilization to be incompatible with Catholicism. Declarations by church leaders and theologians on secular matters are always worth attending to, but those who issue them are not always as knowing or wise as they imagine. Insight into the organization of the secular world is not their strength. Regarding the understanding of economic matters produced by Christian leaders in the World Council of Churches, the National Council of Churches, and the Catholic Church's Peace and Justice Commission, even the most stalwart partisans can scarcely deny a great gap between the views of centralized leadership and those of rank and file Christians.[6] One explanation for this gap may be that the rank and file are less educated, less informed, or less knowledgeable about economics and Christianity than the writers of ecclesiastical statements. Yet given the rather broad distribution of education and experience among local clergy

top 500 are no larger than individual universities. Thus, most "large" corporations and all "small businesses" presumably do qualify as mediating structures. In my view, even the largest corporations are significant defenses against the power of the state. In an extended but real sense, General Motors is a "mediating structure" (it is smaller than the Lutheran Church), and its individual units are as much "mediating structures" as parishes are.

6. Among representative documents one might consult, for Protestantism: J.H. Oldham, ed., *The Churches Survey Their Task* (London: Allen & Unwin, 1937); see ch. 3, the Oxford Conference (forerunner of the World Council of Churches) "Report on Church, Community, and State in Relation to the Economic Order"; and from the General Board of the National Council of the Churches of Christ in the U.S.A., "Christian Concern and Responsibility for Economic Life," February 24, 1966. For Catholicism: Joseph Gremillion, ed., *The Gospel of Peace and Justice* (Maryknoll, New York: Orbis Books, 1976). Questions are raised about this theology by, among others: Ernest W. Lefever, *Amsterdam to Nairobi* (Washington: Ethics and Public Policy Center, 1979); Edward Norman, *Christianity and the World Order* (New York: Oxford University Press, 1979); Michael Novak, "Liberation Theology and the Pope," *Commentary* 67 (June 1979): 60-64 and "The Politics of John Paul II, *Commentary* 68 (December 1979): 56-61.

and laity today, such an explanation hardly seems convincing. An alternative explanation may be that church commissions are managed by a special social class of Christians with its own understandable bias.

A theology of economics that wishes to be critical must, then, establish a point of view from which to submit to criticism all propositions, whatever their origin, about the relation of the Christian people to economics. Church leaders are more likely to err in this territory than in most others.[7] The gospel itself provides little guidance. Neither do theological traditions formed by traditional social orders. So church authorities have only a very weak authority, indeed, for their pronouncements in this area. Moreover, church leaders and theologians may be among the least well prepared of all Christians in training and experience to speak about economic matters in modern societies.

A student of statements by church leaders and theologians on economic matters is likely to notice the unusual shape of such literature. Six specific sorts of ideology are frequently imported into it without argument or justification.

(1) *The ideological use of "poverty."* Poverty is highly praised in the Bible, so there is reason for church leaders to focus on it. But how? What is the meaning of poverty? What is its religious meaning? What is its economic meaning? When the Protestant Reformers slammed the monastery foors behind them, as Max Weber describes,[8] are we to understand that ascetic poverty ought now in the name of Christianity to be imposed upon the peoples of the world? Modern churchmen and theologians, oddly, seem to regard poverty not as a state to be praised but as a state to be eliminated. They often suggest that poverty is a scandal, due chiefly to hardheartedness or to exploitation by the rich. They seldom distinguish among

7. See Garry Wills, *Politics and Catholic Freedom* (1964, out of print).

8. "... Asceticism, the more strongly it gripped an individual, simply served to drive him farther away from everyday life, because the holiest task was definitely to surpass all wordly morality. Luther ... had repudiated that tendency, and Calvinism simply took this over from him. ... Now every Christian had to be a monk all his life. ... Those passionately spiritual natures which had formally supplied the highest type of monk were now forced to pursue their ascetic ideals within mundane occupations." Weber, *The Protestant Ethic*, p. 121.

theories of poverty.[9] They seldom recount its historical dimensions, its universal persistence, or the methods by which at some times and in some places it has been alleviated. They use the concept ideologically, not empirically.

Is poverty more widespread today than in the time of Jesus? Is famine as common?[10] Are rates of infant mortality higher? Is life expectancy? Are there greater disparities between rich and poor than in the time of the Pharoahs and the Caesars? The sources of poverty may lie as much in nature and in culture as in economic structures. If "the Kingdom of God" in this world demands the elimination of poverty, it may also impose correlative demands upon the production of wealth. Indeed, empirical and critical inquiry may suggest that the relevant intellectual problem is not poverty, which is widespread and immemorial, but how to produce wealth. If theologians are serious about poverty, they must develop an empirically founded theory about it.

(2) *The worldview of traditional societies*. Church leaders are tempted to think in terms appropriate to a traditional society rather than to a modern, differentiated, pluralist society.[11] Thus, they are more likely to imagine that the economic order should be suffused with charity and justice from above or from

9. See, e.g., P.T. Bauer, "Western Guilt and Third World Poverty," *Commentary* 61 (January 1976): pp. 31-38.

10. There have been "over 750 famines spanning nearly six millenniums . . . Mediterranean Europe was the region of highest famine occurrence in the 501 B.C. - A.D. 500 time period. Famines were recorded prior to 450 B.C., some lasting 20 years, but the first century A.D. was noted for disastrous famines. Thousands perished in the famine of A.D. 6 . . . Eastern Europe was the region of highest famine occurrence in the A.D. 1501 — A.D. 1700 time period. . . . More than 150 famines were recorded here in a 200-year period. . . . Asia was the region of highest famine occurrence from 1701-1974. . . . The twentieth century has been the era of the great Russian/USSR famines." *Food and Social Policy I*, eds. Gary H. Koerselman and Kay E. Dull (Ames, Iowa: Iowa St. Univ. Press, 1978), pp. 14-16. ". . . The super-death-rate from acute famine and epidemics virtually disappeared during the 18th century in Western Europe because of agricultural advances, international trade that improved the availability of all resources, and better hygienic defenses (the famine of 1847 in Ireland was atypical)." *Encyclopedia Brittannica*, 15th edition, S.V. "Population."

11. On conceptual differences in kinds of "order," see David Little, *Religion, Order and Law* (New York: Oxford Univ. Press, 1970), ch. 1.

some central focus.[12] They often imagine themselves to be prophets, utopians, visionaries, "improving" society by their lights. Yet a modern social order must be pluralistic, permitting many different Christian, Jewish, Muslim, atheist and other sorts of visions about its character. A modern social order necessarily regards church leaders as equal, but not privileged, participants in the common dialogue. Their visions of how justice and charity ought to be observed in the economic order do not, and should not, *ipso facto*, determine the rules of the economic order. They may, of course, work democratically for their own views. But others who hold other visions must also be free to work likewise. The problem of order in a differentiated society has not been adequately addressed.

(3) *Naivete about transfer payments*. Led by the models of the Christian past which stressed paternalism and charitable giving, religious leaders are inclined to think that income gaps between humans are (a) unjust and (b) best eliminated by "transfer payments."[13] In other words, those who have will better help the poor if they give of their abundance to the poor. This is doubtful.[14] Even supposing that gaps between

12. ". . . Free competition, however, though justified and quite useful within certain limits, cannot be an adequate controlling principle in economic affairs. . . . All the institutions of public and social life must be imbued with the spirit of justice, and this justice must above all be truly operative. It must build up a juridical and social order able to pervade all economic activity. Social charity should be, as it were, the soul of this order." Pope Pius XI, *Quadragesimo Anno*, para. 88.

13. "Disturbing factors are frequently present in the form of the frightful disparities between excessively rich individuals and groups on the one hand and, on the other hand, the majority made up of the poor or, indeed, of the destitute . . . Everything will depend on whether these differences and contrasts in the sphere of the possession of goods will be systematically reduced through truly effective means . . ." Pope John Paul II, Address to the United Nations General Assembly, October 2, 1979. The Pope insisted in another talk in America that the wealthier nations should "give of their substance, not only of their plenty."

14. "Foreign aid . . . to underdeveloped countries . . . has had far-reaching and sometimes brutal consequences, enormous costs, little success, and virtually no adverse criticism . . . Economic achievement depends primarily on people's aptitudes and attitudes (e.g., interest in material success) and their social institutions and political arrangements . . . not on handouts." P.T. Bauer, "Foreign Aid, Forever?" *Encounter* 42 (March 1974): pp. 15, 17-18.

poor and rich are immoral, it still does not follow that, in the empirical world of actual practice, the most useful method of equalizing incomes is by transfer payments. The effectiveness of such a remedy must be demonstrated rather than asserted. The poor should certainly be helped. The question is one of method and system.

(4) *The anti-capitalist bias of the intellectuals.*[15] Given the anti-capitalist bias of the Roman Catholic church, of major American and European Protestant theologians in this century, and of the pronouncements of the Protestant churches, church leaders are vulnerable to systematic misperceptions about the nature of democratic capitalism. Few if any theologians or church leaders have set forth a theoretical understanding of democratic capitalism which is intended to be descriptively true. Commonly, they accept what Max Weber called "kindergarten" notions about the system. Before describing it accurately, they are already adversarial to it. Many speak of "individualism," "acquisitiveness," "greed," "self-interest," "money," "success," and "competitiveness" as though these underlie the actual practice of democratic capitalism. For example, the Oxford Conference of 1937 described the system so:

> When the necessary work of society is so organized as to make the acquisition of wealth the chief criterion of success, it encourages a feverish scramble for money, and a false respect for the victors in the struggle, which is as fatal in its moral consequences as any other form of idolatry.[16]

Do people in practice live this way? How many? A very great many people clearly do not. Perhaps theologians merely borrow from economists' descriptions of *economic* behavior. But economists note explicitly that they are speaking abstractly about "economic behavior" and "economic man," not about real

15. There is already a small body of literature unmasking this ideology. Yet much remains to be done. See Ludwig von Mises, *The Anti-Capitalistic Mentality* (South Holland, Ill.: Libertarian Press, 1972); F.A. Hayek, ed. *Capitalism and the Historians* (Chicago: University of Chicago Press, 1954); Ernest van den Haag, *Capitalism: Sources of Hostility* (New Rochelle, N.Y.: Epoch Books, 1979); Michael Novak, ed., *The Denigration of Capitalism* (Washington: American Enterprise Institute, 1979).

16. J.H. Oldham, ed., *The Churches Survey Their Task* (London: Allen & Unwin, 1937), pp. 104-105.

persons enmeshed in the real social order. Theologians commonly criticize economists for excessive abstraction. Theologians themselves are bound, then, to describe the real world of ordinary experience. For example, the basic institution of capitalism is the corporation – a social organism. Indeed, entire schools of criticism fault corporate life for an excess of social pressures toward conformism rather than for an excess of individualism. Church leaders are prone to rely on ideology rather than upon accurate phenomenological description of the forms of fraternity, sympathy, fellowship and cooperation practiced in democratic capitalist societies, and also in corporations.[17]

(5) *Guilt mongering.* The profession of church leaders and theologians requires them to criticize leaders of other institutions for falling short of religious ideals. But an economic order in a pluralist society cannot be based upon the principles and ideals of any single church. It must be based upon assumptions which permit all who participate to define their own values. Moreover, a just economic order in a pluralist society cannot be based solely on the concepts of virtue, innocence, and motivation taught by church leaders. The fact that democratic capitalism is based upon *rational* self-interest[18] does permit Christians and Jews, rationally choosing their own vision of virtue and justice, to take part in it. But it does not permit such believers to impose their own view of what is "rational" upon non-believers. A democratic capitalist economic order does *not* assume that human being are depraved, so as to be motivated by self-interest, acquisitiveness, and greed. Its basic concept is *rational* self-interest, defined as each participant reasonably decides to define it.[19] Thus, many participants seek through their work satisfactions that are far

17. A few leads for further exploration are suggested in my own *The American Vision: An Essay on the Future of Democratic Capitalism* (Washington: American Enterprise Institute, 1978).

18. "The impulse to acquisition . . . has in itself nothing to do with capitalism. . . . Capitalism *may* even be identical with the restraint, or at least a rational tempering, of this irrational impulse." Weber, *The Protestant Ethic*, p. 17.

19. ". . . [Unlike Smith] the Sentimental School assumed and asserted that there were natural and self-correcting limits to the pursuit of self-interest." Irving Kristol, "Adam Smith and the Spirit of Capitalism,"

from monetary, selfish, or materialistic. The social order is much enhanced by such choices. Philanthropy, the arts, universities, research centers and many other altruistic activities are expected to flower and do in fact flower under democratic capitalism.

(6) *The Constantinian temptation.* In traditional societies, church leaders (whether in Rome or in Geneva) were able to impose their own values upon the entire civil society. It is difficult for church leaders to play such a role within a differentiated society. Thus there is often a secret hankering, a lingering nostalgia, for a planned society which would once again permit church leaders to be in alliance with civil leaders in suffusing an entire soceity with their values.[20] The new Constantinianism appears today as socialism in totalitarian states and as statism in mixed economies. Democratic capitalism functions as three systems in one, and it is altogether proper for leaders in the moral system or in the political system to place constraints upon the economic system. But those constraints must be jealously watched, as must those placed on the moral system or on the political system, lest one of the three systems become excessively subordinated to another. Leaders in each system tend to manifest typical bias. Theologians and church leaders must learn to detect their own characteristic bias. If "evangelical" leaders tend to be biased toward economic leaders, "liberal" churchmen tend to be biased toward the state. Each such bias may be dangerous to the common health.

Some Observations on Multilateral Corporations

In an interdependent world, economic enterprises — like churches, scientific associations, and other institutions — have become multinational. Within the United States, many multi-

in *The Great Ideas Today 1976* (Chicago: Encyclopaedia Britannica, 1976), p. 289. In *The Theory of Moral Sentiments* (Pt. 3, Ch. 1), Adam Smith described the perfection of human nature as something far beyond self-interest, unless the latter is seen to include sympathy, benevolence, and altruism.

20. The hidden premise in many discussions of the free market and of "private selfishness" is that public officials are less selfish, more public-spirited, *by definition*. Little in the history of state tyranny and state bureaucracy supports this premise.

national corporations founded and based in other lands compete with American firms: British Petroleum, Volvo, Sony, Olivetti, Volkswagen and many others. In 1970, the Department of Commerce surveyed 298 U.S. firms with operations overseas.[21] In their little book, Sperry Lea and Simon Webley note that, under a stricter definition of the term, there are only about 200 multinational corporations based in the U.S., out of 300 worldwide.[22] These U.S. firms make roughly two thirds of their sales in the developed countries and one third in developing countries.

Multinational corporations encounter many moral dilemmas in doing business overseas. In most traditional societies, bookkeeping is not public, nor bound solely by law. Custom and tradition have a familial base. Ruling families consider it a right, perhaps a duty, to take a percentage of all commercial transactions, much as the governments of developed states levy taxes. In developed societies, such extra-legal but traditional pay-offs are considered bribes, and are both illegal and immoral. In traditional societies, neither custom nor tradition so regard such activities. The effort by Americans to impose American standards of commercial behavior on foreign authorities is not regarded as wise in all nations. Moral conflicts are inevitable in an interdependent world, whose systems of law and morality are not as interdependent as are economic activities.

Favored by nature, the United States is itself actually dependent on foreign trade for relatively few commodities. It depends heavily on oil, although some argue that the U.S. should long ago have cut its dependence on foreign oil to a small fraction of its present proportion. The U.S. is even more dependent on certain specialty metals indispensable to advances in high technology, like chromium, titanium and a score of others. In addition, some U.S. industries, especially high-technology industries like aerospace, but also agriculture,

21. U.S. Bureau of Economic Analysis, *Special Survey of U.S. Multinational Companies, 1970* (Washington: U.S. Bureau of Economic Analysis, 1970).

22. Sperry Lea and Simon Webley, *Multinational Corporations in Developed Countries* (Washington: British-North American Comm., 1973), p. 1.

depend heavily on exports. In both imports and exports, then, the U.S. economy is interdependent with the world economy. Would those who oppose multinationals simply ban them? This can and has been done. No multinational corporation is as strong as a foreign state. Only a state has armies. Even small states have confiscated the properties of major corporations and banned such corporations from their territory. They restrict and tax such corporations as they will. Thus many corporations refuse to do business overseas, except under unusually stable conditions.

Meanwhile, the litany of accusations against the activities of U.S. corporations abroad demands case-by-case intelligent judgment. No doubt corporations are often wrong. No doubt they have been unprepared for the complexities of their interaction with host cultures. The clash between modern and traditional societies would be ridden with moral conflict under the most favorable conditions. Methods and attitudes suited to the United States often have unfortunate effects abroad.

An interdependent world creates many moral dilemnas for corporations, and moral costs accrue whichever course they take. The absence of investment from abroad may be more morally damaging to traditional societies than is the activity of multinational corporations. One thing is certain: democratic capitalism needs to attend as much to cultural systems as to economic and political systems. On these matters, theologians may have something to contribute; but it would be arrogant to think that we can Solomon-like resolve all perplexities. Should corporation X invest in a new plant in underdeveloped nation Y? Does it have the human resources to do so with cultural wisdom? What ought a Christian corporate executive to consider in making such a decision? We do not at present, I fear, offer much light. Why not?

Elements of a Theology of Economics

Theologians have little to say about the practical dilemnas of corporate executives for several reasons, but one significant reason is that the theology of economics is at present the least sophisticated branch of theological inquiry. Few theologians who address the social order (for example, Jurgen Moltmann today or Paul Tillich a generation ago) have paid extensive attention to economic matters. The official documents of the

Popes and of Protestant ecumenical bodies (the World Council and the National Council) are notably strong on moral vision, much less so in their description of economic principles and realities. The coming generation will inherit as a task the need to create and to set forth in a systematic way a theology of economics. This theology will have to deal critically with several key concepts. Among them will be the following.

(1) *Order*. There is a difference between the way a *traditional society* orders the cosmos of human meaning (political, economic, moral) and the way a modern *democratic, pluralistic, capitalist society* orders meaning. To judge modern democratic, pluralistic, capitalist societies by the norms of traditional societies is to make a category mistake. Those who do so often falsely describe the risk, danger and terror inherent in personal liberty ("the experience of nothingness")[23] under pejorative notions like alienation, anomie and privatization. "Order" in a non-traditional society necessarily seems like disorder to those whose ideal is the order of a traditional society. The resentment against modernity among traditionalists in Iran illustrates the point. Socialist societies like Cuba, the U.S.S.R. and China offer a single system of meaning ("justice") far closer to traditional societies than to a fully differentiated modern society.

(2) *Emergent Probability*. Many theologians are fascinated by the future, by utopian thinking, by prophecy, and by the myth of the avant-garde. Moreover, the phrase "the economy of salvation" suggests to some that history moves forward by a kind of moral imperative (and inexorable necessity) toward self-improvement. By contrast, a theology of economics requires a critical philosophy of history. A promising candidate appears to be the theory of "emergent probability"[24] sketched by Bernard Lonergan: a world order moved neither by necessity alone nor by human will alone, neither wholly open to intellectual insight nor wholly closed to it, neither guaranteeing that the future will be better than the present nor ruling out all hope of some improvement. A theology of emergent probability is to be con-

23. Michael Novak, *The Experience of Nothingness* (New York: Harper & Row, 1970).

24. Bernard J. Lonergan, *Insight: A Study of Human Understanding*, revised edition (New York: Philosophical Library, 1965).

trasted with Moltmann's theology of hope.[25]

(3) *Sin.* Any social order which intends to endure must be based on a certain realism about human beings and, therefore, on a theory of sin and a praxis for dealing with it. However sin is defined, its energies must be given shape, since sinful energies overlooked in theory are certain to find outlets in practice. Thus some hypothesize that democratic capitalism is based on self-interest, greed, acquisitiveness, egotism.[26] Others hypothesize that socialism – particularly in its egalitarisnism – is based upon envy and resentment.[27] Since no realistic social order can be based on expectations of heroic or even consistently virtuous behavior, it seems that a realistic social order must be designed around ideals rather lower than Christian ideals. In a pluralist social system, in particular, the rules should not be so defined that every participant must, in effect, be a practicing Christian. (It is possible but not likely that Christian rules might be arrived at consensually.)

(4) *Practical wisdom.* The practical world depends as much on insight and intelligence as does the intellectual world. Certainly the economic system does. The role and conditions of insight in particular societies need close and concrete study.

(5) *The individual.* The most distinctive contribution of Judaism and Christianity to social theory is the identification of the individual conscience as a major source of social energy. Not all energy comes from authority, as the ancients held; nor from social structures as the Marxists hold; nor from historical necessity; nor from "class struggle," etc. The individual is an originating source of insight, decision and action.

(6) *Community.* Human experience is by destiny familial. Primordially, it has been centered in family, clan, tribe, people. As the institutions of social organization become differentiated,

25. See Juergen Moltmann, *Theology of Hope* (New York: Harper & Row, 1967).

26. See R.H. Tawney, *Religion and the Rise of Capitalism* (New York: New American Library, 1926) pp. 234-235. Contrast Milton and Rose Friedman, *Free to Choose* (New York: Harcourt Brace Jovanovich, 1980), p. 27.

27. See: Helmut Schoeck, *Envy*, trans. Michael Glenny and Betty Ross (New York: Harcourt, Brace $ World, 1969); Leszek Kolakowsli, *Main Currents in Marxism*, 3 vols. (New York: Oxford Univ. Press, 1978), esp. the epilogue.

human sociality has also moved outwards into the institutions of the state, the society, the economy, the universities, the churches, etc. In the economic sphere today, forms of sociality seem far more prevalent than individualism. In democratic capitalist nations a variety of social organisms (including the business enterprise and the corporation) have replaced or been added to loyalties of family and clan. For some persons today, colleagues in the workplace are closer to them than family. The business corporation, in particular, is a relatively new organism in social history. It is, perhaps, the single best secular analogue to the church. It is a legal person, a unitary being, constituted by voluntary contract, animated by social purposes and subject to pervasive disciplines. Churches themselves are often incorporated. The kinds of community and sociality which corporations make possible within corporations and in the social field around them deserve concrete description.

(7) *Distribution.* The classic moralist's principle for the economic order is distributive justice. This principle was a first principle in traditional societies which had no moral decision to make about growth. Traditional societies were, on the whole, static. When the sum of worldly goods is finite, limited, and already known, traditional ethicists properly concentrate attention upon how the known store of goods ought to be distributed. Until the rise of democratic capitalism, a permanent condition of poverty was taken as a given. Indeed, in the 1780s in France, four fifths of all French families spent 90 percent of their incomes simply on buying bread – only bread – to stay alive. In 1800, fewer than 1,000 people in the whole of Germany had incomes as high as $1,000. In Great Britain from 1800 until 1850, after the sudden capitalist "take-off" which began in 1780, real wages quadrupled, then quadrupled again between 1850 and 1900.[28] The world had never seen anything like it. After World War II, the internationalization of such methods enabled dozens of other nations – but not all nations – to experience even more rapid growth. The fact that economic growth has suddenly become a matter of human freedom has introduced an ethical principle prior to distri-

28. Paul Johnson cites these numbers in *Will Capitalism Survive?*, ed. Ernest W. Lefever (Washington: Ethics and Public Policy Center, 1979), pp. 4-5. See also his *Enemies of Society* (New York: Atheneum, 1977).

butive justice. Moral decisions about growth and productivity are prior, both in logic and in the real world, to questions of distribution. What is not produced cannot be distributed, and choices about production condition choices about distribution.

(8) *Scarcity*. In the current lively debate about "the limits of growth" – recently summarized brilliantly by Seymour Martin Lipset[29] – three separate issues are involved. One is a question of fact and empirical probability. Here the critics of "the Club of Rome" seem to be gaining the upper hand. The second concerns the role of technology and science. It seems odd that so soon after the disastrous struggles between religion and science in preceding generations so many theologians, like Jurgen Moltmann,[30] should be trying to enlist the Christian church in opposition to growth. This is doubly odd since there are many new directions in which technology and science can yet turn, depending largely on the wisdom, needs, and investments of individuals and societies. Slowdowns in some directions do not entail slowdowns in others. Thirdly, some hold that democratic capitalism is based on an assumption of plenty. Nothing could be further from the truth. As Peter Clecak shows,[31] the distributive ethics of socialism do depend upon economic abundance and become irrelevant under conditions of scarcity. A market system, by contrast, is designed to deal efficiently either with scarcity or with abundance. A "no growth," "limited" "economy of scarcity" is not at all incompatible with a market system; scarce items have long been allocated by markets. Scarcity can offer cruel dilemmas. It does not make democratic capitalism impossible; indeed, democratic capitalism – and modern economies – were invented as methods for escaping the Malthusian trap of scarcity.

Democratic Capitalism and the Corporation

To encourage young people, precisely as Christians and Jews,

29. Seymour Martin Lipset, "Predicting the Future of Post-Industrial Society," in *The Third Century*, ed. Seymour Martin Lipset (Stanford, Cal.: Hoover Institution Press, 1979), pp. 1-35.

30. See his comments on economic growth in *The Church in the Power of the Spirit* (London: SCM Press, 1977).

31. Peter Clecak, *Crooked Paths* (New York: Harper & Row, 1977), pp. 153-55.

to turn their idealism and longing for service to the corporate world, without at the same time offering them a reason why democratic capitalism is, from a theological point of view, an acceptable or even a good system, would be to plunge them into bad faith. Put with exquisite succinctness, that reason is the connection, in practice and in theory, between political liberty (human rights) and democratic capitalism.

Even those monks of old who washed dishes, did the laundry, swept the floors, pruned the living vines in the vineyards, milked the cows, or copied manuscripts in tedious labor knew that they served the Kingdom of God and the liberation of humankind. So also it is with the contemporary laborer, however humble, in the contemporary corporation, however modest or even frivolous its product. To serve human needs, desires, and rational interests is also, in its fashion, to serve human liberty, conscience and God. Only if we can make an affirmative theological judgment about democratic capitalism can we develop a plausible theology of the lay world and a theology of work. Otherwise, no one is in good faith except those determined to destroy an evil system.

In this respect, the Freedom House charts of the 156 nations of the world dramatize graphically a fact that is slowly becoming well-known: There are no instances of socialist states which are also democratic.[32] *De facto*, there appears to be a clear relationship between political liberty and economic liberty. Human rights seem clearly to depend on a differentiated system in which the economic system is relatively free, the political system relatively free, and the moral-cultural system relatively free. But this relationship appears to be a relationship of theory as well as of fact. It is difficult to see, even in theory, how a political system can be free if individuals are not free to make their own economic decisions. If printing presses are not free of government economic controls, for example, it is not likely that ideas can circulate freely. Indeed, the Polish government maintains totalitarian control less by the use of police and armies (although these there are in abundance) than by total legal control over wages, prices, interest, contracts and every other

32. ". . . Freedom is directly related to the existence of multiparty systems: the further a country is from such systems, the less freedom it is likely to have." Gastil, ed., *Freedom in the World 1979*, pp. 39-42.

aspect of economic behavior.[33] Economic totalitarianism is constituted by total public control and total public "accountability."

Under democratic capitalism, "accountability" must be clearly distinguished from "subordination." The churches must not, through institutional controls, be made subordinate to the state in their decisions of conscience. The political system must not be subordinated to economic institutions. The economic system must not become subordinate to the political or religious system. To return to state or church control over economic behavior would be to return to mercantilism or, as Weber called it, *patrinomial capitalism*: a collapsing of the tripartite differentiation of the economic, the political, and the moral-cultural systems. The three interdependent but autonomous systems of democratic capitalism are accountable to each other, and to the citizens through whom they each have their historical existence. But no one of them can be permitted to become subordinate to the other two.

Each of the three systems may properly, and often must, criticize the other two, inject new ideas into them, and impose many legitimate sanctions upon them short of subordinating the other two to itself. For each of the three systems, "*laissez faire*" is impermissible. Those of us who believe in a strong state, active even in the economic sphere, must be especially alert to the dangers of confusing "accountability" with "subordination." A great deal can be accomplished through persuasion, public criticism, and public protest. Each of the three systems is vulnerable to public opinion, for each depends for its daily functioning on a good reputation and a favorable climate of ideas. Each must appeal to voluntary support from citizens free to choose against them. Each must be accountable to its own internal system and, on the basis of autonomy and equality, to the other two systems from which it has been differentiated but not by any means been given *carte blanche*.

In the real world, utopian theories of liberty are out of place. No perfectly free, just, or rational society has existed or ever will exist. This fact and this expectation are wholly consistent

33. I visited Poland for the first time November 17 - December 5, 1979, and described this point in "A Lesson in Polish Economics," *Washington Star*, December 15, 1979.

both with Christian conceptions of original sin and with the non-utopian liberal political philosophies of the West. Democratic capitalism is not without sin. Yet no one can plausibly claim that the tripartite system of democratic capitalism is inferior in its political liberties, broad distribution of benefits, and productive achievements to any historical alternative yet experienced by the human race. It need not fear empirical comparisons with traditional and socialist societies.

In the U.S., the largest proportion of workers in America – among them many Christians and Jews – works for small corporations. So doing, they build the material economic base on which a society of liberty depends for its political and cultural liberties. Another large proportion of Christians and Jews works for "large" corporations, but most of these are rather modest in size. They, too, serve liberty as well as their own rational self-interest. About 14 million work for the top 500 corporations, and of these some 8.5 million work for the 100 largest corporations. While these giants carry with them the dangers of great size, they are absolutely essential to the tasks set before them. Airliners could not be built by small corporations. Nor would such corporations be less dangerous if they were owned and operated by the state. Indeed, it is almost certain that such corporations, if owned by the state, would run at deficits and perform far less humanely and far less efficiently than at present. Those who have had experience with government-owned and government-controlled enterprises have reason to observe the difference in morale and performance prevalent in such industries.

What Christians and Jews who labor for large corporations most lack is an intellectual and moral theory which would (1) express the high spiritual vocation their work serves; (2) articulate the ideals of democratic capitalism which would enable them to judge and to improve upon their present practice; and (3) provide concrete guidance in the many decisions they must reach every day. Executives have considerable discretion over such decisions. With a set of principles and case studies, they could no doubt tilt many of their decisions so as to better align them with the ideals put forward by the moral-cultural system which plays so important a role in the tripartite system by which we live. As matters stand, many religious writers plainly misunderstand the ideals of democratic capitalism. They also

romanticize the wisdom and virtue of government officials.

While moral-cultural leaders speak earnestly about the need of "accountability" in the economic system, they have not yet shown evidence of thinking clearly about the consequences of vesting such systems of accountability in the state. There is a serious imbalance in the analysis put forward by ethicists about the moral dangers of selfishness, immorality, and corruption in the economic system. No parallel analysis has yet been put forward about the moral dangers of selfishness, immorality, and corruption in the political system.[34] From one point of view, the public interest is best served by an economic system powerful enough to resist and to restrain the political system. For the classic danger to liberal ideals comes far more from the tyranny of the public sector than from the sins of the private sector. Scholars determined to be as neutral as possible between the claims of large corporations and the state must, in fairness, begin to analyze the specific lack of accountability, the specific corruptions, and the specific evils endemic to the public sector, as they already do those of the private sector.

I would advise intelligent, ambitious, and morally serious young Christians and Jews to awaken to the growing dangers of statism. They will better save their souls and serve the cause of the Kingdom of God all around the world by restoring the liberty and power of the private sector than by working for the state. I would propose for the consideration of theologians the notion that the prevailing moral threat in our era may not be the power of the corporations; but that it may well be the growing power and irresponsibility of the state.

The health of the Christian church and the Jewish people in the next century will depend to an extraordinary degree on the perspicacity of the present generation in discerning where the greater danger lies, and in throwing its weight with the weaker party. Merely to follow the conventional wisdom on these matters would be to betray the unrestricted drive to understand.

34. See Charles Wolf, Jr. "A Theory of Non-market Failures," *The Public Interest* 55 (Spring 1979): 114-133.

The Praxis of Democratic Capitalism

Finally, some comments on the moral practice that flows from the theology of the corporation outlined above. Since democratic capitalism is a tripartite system, it is wrong to think of it as a free enterprise system merely. The economic system is only one of three systems, each of which has claims upon our loyalty. No one of these three systems stands alone. As a human being, each of us is at once a citizen of a democracy, an economic worker, and a moral agent within a culture. Not only is it possible for an economic system to be suffused with moral purpose and religious belief; Max Weber argued that democratic capitalism is distinctive among other commercial systems in the world *because of* the religious and moral value it attached to commerce. It is one thing to tolerate commerce and to regard it as a vulgar necessity. It is another to regard it as the fulfillment of a vocation from God and a way of cooperating in the completion of Creation as God intended it.

In their useful little case book, *Full Value*, Oliver F. Williams and John F. Houck mention two categories of moral flaws often mentioned by a public "losing confidence" in the moral integrity of business:

1. numerous violations of legal codes that have come to the attention of the public, such as price fixing, tax law violations, and bribery.
2. breaches of the professional code of ethics by business persons, such as deceptive advertising, selling company secrets, and dishonesty in expense accounts.[35]

These problems are immemorial. No system will ever eliminate them. They are encountered, analogously, in the professions of politics, government service, the academy, and others. Yet every immorality must be struggled against. Messrs. Williams and Houck quite successfully juxtapose the power of "the Christian story," in its biblical immediacy, to concrete problems Christians in the world of business are likely to meet.

The cases they present illustrate the problems of a democratic capitalist system in interaction with an entire world of other cultures and other economic and political systems. They mention, for example, the problems of Gulf and Western in the

35. Oliver F. Williams and John W. Houck, *Full Value: Cases in Christian Business Ethics* (New York: Harper & Row, 1978), p. xv.

Dominican Republic, an American hotel chain in Jamaica, a resolution of the U.S. Senate on world hunger, and a corporation with branches in South Africa.

U.S. business enterprises abroad represent not simply an economic system alone but also a political and a moral-cultural system. Corporations are, willy-nilly, agents of democratic capitalism, not of free enterprise alone. Moreover, unless they succeed in establishing on foreign soil at least some of the political culture and some of the moral culture in which alone democratic capitalism can be incarnated, they are doomed to lose spiritual legitimacy. Without the latter, they are bound to be regarded as illegitimate enterprises. In the long run – and, often enough, even in the short run of five or ten years – such moral status is bound to have damaging consequences, first to the business enterprises themselves, but also to the political system and the moral-cultural system which they represent.

On the one hand, impossible political and cultural burdens cannot be imposed on business enterprises. They have not been constituted as primary agents of the political system or of the moral-cultural system. To ask them to do well what they are not set up to do is to ask too much. On the other hand, they cannot escape the burden of carrying with them the presuppositions of their own native political system and moral-cultural system. To these, too, they must do at least rough justice.

Direct political interference on the part of American enterprises abroad would be fiercely, and properly, resisted. So would a sort of tacit moral-cultural imperialism. Yet the international "war of ideas" cannot be evaded. In cultures which are not democratic capitalist, the differentiation between an economic system, political system, and moral system is not observed. Regimes both of the traditional authoritarian type and of the socialist type have unitary theories and practices of control. The differentiation required by democratic capitalism is currently attacked both from the side of traditional authoritarianism and from the side of socialist authoritarianism. Corporations must become far more intellectually aware of the maelstrom of ideas, beliefs, and practices into which they are entering.

In this respect, the debate about the "social responsibility" of business has been badly drawn. Business enterprises are not designed to be either political institutions or moral-cultural

institutions. But they are, as it were, organisms that cannot flourish independently of the political systems and moral systems from which they have sprung. Their responsibility *to themselves* entails sophisticated attention to the political and moral-cultural requirements of their own existence. Such are the facts of life of democratic capitalism.

The most urgent question posed by Messrs. Williams and Houck concerns world poverty and hunger. They borrow from Father Hesburgh's *The Human Imperative*[36] the image of five spacemen in a space ship, one of whom (representing the populations of the democratic capitalist lands) produces and uses nearly eighty percent of the world's goods. Two centuries ago, the United States and Western Europe were not democratic-capitalist lands, nor had they escaped from poverty. They were state-controlled mercantilist societies. Poverty within them was widespread. Famines had not been eliminated. Transport, living conditions, and diet were "underdeveloped." These nations, like others, were threatened with "the Malthusian trap." How did they escape the poverty, disease, ignorance, and material precariousness they then shared with most of the rest of the world?

They did it by following an *idea*. Many scoffed at the idea. Many rejected it. It is not an idea complete once and for all time. It is a dynamic idea. It is experimental in temper. It is rooted in the differentiation of the economic, the political, and the moral-cultural systems. It interprets human society as so composed by the Creator as to have as its greatest source of social dynamism the imagination, initiative, and liberty of the human individual. It is an idea intended for all nations. It is an idea whose express purpose is to increase the material wealth of nations, and at the very least to eliminate famine and poverty.

There are today no examples of democratic capitalist nations which cannot feed themselves. Major socialist nations, which used to be net exporters of food, are no longer able to feed themselves.[37] Many traditional societies, down through history

36. Theodore M. Hesburgh, *The Human Imperative* (New Haven, Conn.: Yale Univ. Press, 1974), p. 101; quoted in Williams and Houck, *Full Value*, p. 135.

37. Ideological blinders cause much needless suffering. Soviet planners know what works but cannot admit it. "By law, no Soviet citizen can farm

subject to recurrent famines, still endure famine. None of this hunger is necessary. It is not due to ignorance about agriculture. Its sources are preeminently to be found in economic and political institutions which needlessly stifle elementary economic growth.

Facing hunger and poverty, no person of conscience can remain indifferent. The great intellectual and moral argument of our time is not whether we should do all we can to raise the material wealth of all nations. The great questions are *what* we ought to do and *how*. The greatest irresponsibility of all would be to pretend that we know nothing about the secreta of how to produce wealth, or that such secretas were not implanted on this earth by the Maker of all things, so that his creatures, by trial and error, would in due course discover them.

It is the ethical responsibility of Christians who enter the business corporation to recognize that their way of life has a twofold importance for the entire world: the spiritual importance of a set of ideas and the material importance of showing all nations a way out of famine and misery. Now that the secret of how to produce wealth are known, famine and misery spring not from the will of God but from the will of man.

a private plot larger than 1 acre. Nevertheless, private farmers working 1.4% of the country's arable land produce 61% of its potatoes, 34% of the eggs and 29% of the meat, milk and vegetable output." *Newsweek*, April 7, 1980, p. 21.

The New Enterprising Americans

JOHN CHAMBERLAIN

How many times must we go over the same script? We had a League for Industrial Democracy in the first decade of the century, started by Jack London and other socialists. Now we have the Tom Hayden-Jane Fonda resurrection of the same. In the depressed Thirties, when unemployment hit 13 million, the Economic Royalists provided New Dealers with a convenient scapegoat — until Franklin D. Roosevelt needed business help to win a war. Now we have Ralph Nader sloshing around in Roosevelt's discarded shoes and, with media events such as his recent April 17 Big Business Day, proclaiming a pox on all the dwellers in corporate suites.

It wasn't only the approach of war that gave the lie in the Thirties to the idea that business had led us into the swamps of the Mature Economy and left us there. In following the main line of business history for a book called *The Enterprising Americans*, I wrote, in 1961, that the Thirties were the decade of the stream-lined and diesel-drawn trains, the proliferation of the airlines, the building of huge Mult-au-matic turret lathes, the discovery of new cobalt and tungsten alloys, the spread of the continuous wide-strip steel mill, the replacement of silk and cotton with synthetic fabrics, and the steady substitution of electric calculating machines and punch-card systems for the old ink-stained business ledger. The new discoveries and the Little Businesses of the Thirties were the progenitors of what Nader anathematizes today. Big must be little first. Mistakes by pioneers have undoubtedly been made: for example, we knew all too little about the side-effects of industrial waste until cumulative practices exposed them. Now we have companies such as U.S. Filter to correct them. What the Galbraiths, the Naders, the Jane Fondas and the Douglas Frasers conveniently overlook is that the innovative pattern of the Thirties is a continuing reality going into the Eighties. Axiom Number 1 — that big has to begin small — still holds. And Axiom Number 2 — that Big Business must be backed by thousands of small feeder companies — is just as real today as it was when Henry Ford was scavenging his Tin Lizzy floor boards from packing cases.

Despite the rigors of inflation and over-regulation, the business scene of the past twenty years completely discredits those who sing the Monopoly blues.

The animating force in the economy remains private-business enterprise which pays the government bills, produces the sinews of defense and satisfies the greatest linked consumer and private-investment demands that the world has ever witnessed.

Again our private-business enterprise system continues to be spurred in the development of new frontiers by an endless flow of creative frontiersmen. Atari of California got rich on video-computer games. The electronic revolution continues apace with little companies spinning off from big. Franchising, as practiced by automotive service stations, job placement agencies, and proprietors of fast food chains (who employ hundreds of thousands of teenagers – more than any other industry in the country) now accounts for 27 percent of the gross national product. Direct selling, one of the fastest growing segments of our economy, is represented by companies like Amway which didn't exist twenty years ago and now has sales of more than $1 billion generated by more than 500,000 distributors.

New builders proliferate, many of them in the South and West where right-to-work laws have forestalled the ossification that takes over in closed shop construction industries in the Frost Belt. There are the makers of magic glues. Jon Lindbergh, son of the Lone Eagle, has deserted the upper air for the seas, raising salmon for the restaurant market in protected tanks in Puget Sound. Contracting for the government yields a profit from a success that government itself cannot produce (*vide* the reading instruction methods developed by Roger Sullivan, the General Manager of the Gould Inc. Educational System Division of El Monte, California, for Detroit and Miami public schools.) The town of Lafayette, California (pop.: 20,000), finds it saves money by letting RJC Maintenance Contractors, Inc., take care of its streets.

An older company, Hercules of Wilmington, Delaware, gives up its merchants-of-death dynamite business in order to turn old pine stumps into profitable sources of industrial resins. The businesses of selling corporate jets and training the pilots to run them have made millionaires on the fringes of the well-established aviation industry. We may have lost the main watch business to Swiss parts manufacturers, but John L. Davis, the

President of Longine-Wittnauer, a wholly-owned subsidiary of Westinghouse, has made a great success of styling Swiss gold watches in America for the American market. Another older company, the Funding Systems Corporation of Pittsburgh, now simply called FSC Corporation, has been transformed within four years from a money-loser by Stanley Scheinman, who has added a variegated asset management and an exciting telecommunications installation business (competing with Ma Bell) to classic old-time manufacture of dull stuff such as pressure tanks and loader buckets for steel and brass companies.

Still on the subject of transformations, the A. O. Smith Company, known for its automobile frames, is now taking up to thirty percent out of the cost of maintaining a dairy business. It is doing this by its new sealed steel silos, which protect alfalfa and hay silage against seepage, oxidation and loss of moisture, and by its new "slurrystore" metal and glass tanks for holding and emulsifying ground manure for pouring into the soil. The feed from the A. O. Smith silos, scientifically preserved and mixed, means many more pounds of dairy products, and the slurried manure cuts the farmer's fertilizer bill in half. The slurry adds an organic dimension to farming that had been lost by exclusive reliance on fertilizers deriving from a costly petrochemical base. Saudi Arabia and Iran, please note.

Minority Successes

Blacks have made it in business: John H. Johnson of Chicago, born in Arkansas poverty, ran a $500 stake from hocking the family furniture into a multi-millionaire publishing empire around *Ebony*; and Henry Parks, another black, put his Parks Sausage Company of Baltimore ("more Park sausages, mom, *please*") on the national map by letting an all-American Penrod Schofield-type youngster right out of Booth Tarkington be his voice on radio. In Atlanta, two blacks, James Paschal and his brother Robert, developed a corner stand into a thriving motel and entertainment complex with a multi-racial clientele. There are blacks in construction (H.J. Russell of Atlanta); they sell oil (Vanguard Oil and Service of New York and Grimes Oil Co. of Boston); and they are getting into computer sales (Misso Services of Washington, D.C.).

We could go on and on. Several years ago *Forbes Magazines*

published a list of 100 largest privately owned companies. These go their own way, sometimes supporting extreme libertarian causes. Since they are generally anti-Establishment, one wonders what Nader would make of them. And what would Nader have to say, if anything, of a recent issue of *U.S. News and World Report* that the United States has 520,000 millionaires, up from the 180,000 of 1972. (Inflation can't account for all of them.) The private companies and the new millionaires are independent souls. Recently I saw a list of the companies making components for the Lockheed L-1011-500 jet which Pan American is buying. There are twenty-nine of these suppliers, ranging from the Fairchild Industrial Products Company of Commack, New York, which makes cockpit voice recorders, to the Weber Aircraft Corporation of Burbank, California, which provides galley ovens and first class seats.

In writing a history of little Hillsdale College in Michigan, I was struck by the preponderance of small-scale Middle Western enterprisers on the board of trustees. They included a parts maker for the big automobile companies, a builder of mobile homes, a curtain rod manufacturer, a man who does procurement for Volkswagen of America, and a group of small-city newspaper publishers, bankers and agency dealers who are hardly managerial class types. Without their feeder support, the Big Business managers who supposedly govern us would not be able to function. Nader, with his proposed Corporate Democracy Act of 1980, wants to make the "private governments" of Big Business "more accountable to their constituents." Yet it is an interesting phenomenon that the small enterprisers on the Hillsdale board of trustees follow their own independent line in politics. Some of them think the "biggies" are entirely too passive about protecting the freedom of all industry, whether big, medium or little. Their criticism of Big Business is the opposite of Nader's.

There are a myriad representative stories that prove the case for the fecundity of the American enterprise system of the past twenty years.

At one end of the scale is a franchising business started in New Jersey by Tony Giordano, who calls himself the lawn doctor. Tony had a hardware store which wasn't doing very well. He put in a lawn care sideline, and was agreeably surprised to find it the more profitable part of his enterprise. So, though

it offended his upbringing (his immigrant father thought soil was something in which to grow peppers and onions), he decided that if Americans wanted grass he'd give them grass. He went into it scientifically, offering "green thumb" advice on soil composition, weed and bug control, the mixing of fertilizers (including micro-nutrients), watering practices, and seed varieties. He now publishes a lawn journal called The Blade, and passes along his ideas to franchises in twenty-six states. Incidentally, he quit college because of the negative attitude of educators who threw cold water on the idea that America is a land of promises. Colleges, he says, are only necessary for professionals; those with the talent to be enterprisers risk being turned off by the "you-can't-make it" philosophy of the average faculty member.

The Silicon Revolution

At the professional end of the scale, which does demand university training, there is the cluster of enterprisers who have gravitated to the so-called Silicon Valley in Santa Clara County, California. Fairchild Semiconductor and Varian Associates are old stories in Silicon Valley, but their progeny grows. At least a dozen companies have emerged from Fairchild Semiconductor, which itself was founded by eight young technicians who came from the Shockley Transistor Corporation. Fairchild Camera and Instrument introduced computer games, but was soon outdistanced by Atari, which began on a shoestring less than ten years ago and has since made a specialty of video games for home TV. Atari sales by 1973 reached $11 million, and by 1976 $74 million. In 1977 came "programmable games" — micro-computer controlled units programmed by plug-in cartridges to play anything from basketball to chess. The Atari Models 400 and 800 can also be used to balance checkbooks, prepare tax returns, and keep household accounts. Nolan Bushnell, the founder of Atari, sold his company recently to Warner Communications, but stayed on as chairman at a six-figure salary.

The success of two former Fairchild employees, Robert Noyce and Gordon Moore, with their Intel-Corporation (a contraction of "integrated and "electronics") is another Silicon Valley miracle. Intel was built on microminiaturization involving the production of transisters that can be inscribed on a

silicon chip the width and height of three typed letters. In 1971, an Intel engineer added two memory systems to a chip's capabilities. Now a $10 chip can replace a $100,000 computer.

An Wang, the China-born inventor whose An Wang Laboratories, Inc., introduced the first desktop electronic calculator in the early Sixties, found himself outpaced by Texas Instruments, with their hand-held calculators. But An Wang is now using the Intel "computer on a chip" in computers that effectively combine word data processing. The An Wang "electronic mail" system (a desktop computer which stores and displays whole documents) eliminates vast amounts of paper communication. An Wang and his family own 50 percent of the outstanding equity in a $200 million company which has some 10,000 employees. It was a one-man operation in the Fifties.

In ten years time Silicon Valley has become so packed with successful companies that it has had to look for spin-off space in Idaho, Nevada and elsewhere. The "memory chip" has a thousand possibilities that are still untapped. New electronic marvels include instant translators (handheld computers that sell for around $225 and can be switched from Spanish to German or whatever by the mere substitution of a cartridge.) The first translator was developed by a young Greek immigrant, Anastasios Kyriakides, in Miami, Florida. Kyriakides had no electronic background but he was prepared to buy the tiny memory chips that permit the storage of 1,500 words and phrases for his Lexicon Corporation handheld models. Three weeks after the introduction of the Lexicon, Ronald Gordon's Friends Amis, Inc., of Redwood City, California, was in the field with its own instant translators, which are marketed by the Craig Corporation. Friends Amis is now experimenting with nonlanguage cartridges for its machine that will be used for such things as charting biorhythms and calculating the nutritional components of foods.

The mysterious laser, a beam of concentrated light which may some day be used to destroy ballistic missiles in flight, is already a billion-dollar industry. Developed by Dr. Theodore Maiman, lasers, as marketed by TRW Electronics, have a score of applications ranging from delicate eye surgery to industrial welding and drilling. Supermarkets all over the country have been using laser technology to read price codes instantaneously, thus speeding checkouts and receipts for customers.

The electronic revolution has revitalized the newspaper business, permitting the elimination of the mechanical type-setting that was itself a great improvement over the hand-setting of the Nineteenth Century tramp printer. John H. Perry, Jr., a Florida publisher, transformed his papers quite early in the revolution into attractively marketable propositions and proceeded to sell them off to free himself for a second career as a builder of two-man submarines. One of his good customers was the Shah of Iran. Mr. Perry has been experimenting with hydrogen fuels (he thinks the Atlantic Ocean will be America's future Saudi Arabia), and he has been taking the lead in oceanographic research.

Profits in synfuels have not yet materialized, but the business of fuel exploration tool-making, which can be adapted to oil shale and tar sands as well as to older fuel resources, is no longer symbolized by the Hughes trademark. In 1975 E. H. ("Hubie") Clark took over the management of the dormant Baker International. Gambling on the rise of crude oil prices even before the Arab embargo, Clark began collecting twenty-one other oil services tool supplying companies. He let them keep autonomous structures in order to maintain more profitable operations. In the past ten years Baker International has shown the highest return (an average of 20 percent) to shareholders of any company in the Fortune top 500. Baker's revenues in 1965, when Clark took over, were $47 million. Last year they were $1.2 billion.

Energy comes in kilowatt-hours and in multiples of barrels, gallons and tons; safety can be measured in drops. Playing around in his Trinity College laboratory in Hartford, Connecticut, after World War II, a Pennsylvania Dutch chemistry professor named Vernon K. Krieble unlocked some secrets of an anaerobic "glue" that has tremendous hardening and bonding properties when kept away from oxygen. A drop of it on a screw thread will make the grip of a bolt practically inviolate. The Loctite Corporation that the Kriebles, father Vernon and son Bob, built on the basis of adhesive chemistry now has a gross annual sales of around $160 million and several thousand employees. Loctite adhesives and sealants sell to industry — and, with the introduction of the so-called Gluematic Pen, dispensing a "superglue," the company is moving into the household consumers market. During the past ten years Loctite

has averaged a 30 percent return on stockholders' equity. General Motors uses Loctite anaerobics for its gaskets. The high-speed British Railways train operating north of London has 68 Loctite applications, and underseas divers rely on air regulators that are sealed with anaerobic drops.

The demands of the space age have put a tremendous premium on critical metals, many of which come from politically exposed countries in Africa. Cobalt, for example, which comes from Zaire, is almost on its way toward precious metal status — a $150,000 reward was offered the other day for the return of 60,000 pounds of the metal that had been stolen from importers. Foreseeing the pinch that would come in rare alloying metals, Dr. Charles Covino began experimenting in Linden, New Jersey, with what he calls synergistic coatings to extend the life of any surface that contains ferrous alloys, copper, magnesium, aluminium and titanium. The coatings are applied through a multi-stage process that begins with special preparation of the metal surfaces and ends with a finishing layer of polymeric or resin, which is infused into the base so that the coating is integral with the base and can't peel off. The first of the synergistic coatings was developed for hardware on the NASA Apollo vehicle. Dr. Covino's General Magnaplate Corporation runs a Materials Technology Center in New Jersey that would become absolutely vital to the country if the Soviet Navy were ever to close the sea lanes to South Africa. Every time Dr. Covino starts a new baking oven it is equivalent to opening a new mine.

Space-Age Construction

The builders have been busy during the past two decades, particularly in the cities of the Sun Belt, though with carry-overs in Detroit ("Renaissance City"), Chicago and New York. Gerald Hines, the builder of Houston's Galleria, has set a dizzy pace as an "investment builder," meaning that he takes an ownership position in the real estate that he develops. Since the late Fifties Mr. Hines has completed 243 projects in the U.S., Mexico and Canada. Using top drawer architects such as Philip Johnson, Hines has turned beauty into a paying proposition.

Mr. Hines has followers in the right-to-work states that are not afflicted with the closed shop building practices that add so much to construction costs. For example, the B. E. and K.

(Bolvig, Edmonds, and Kennedy) Company of Birmingham, Alabama, designers of pulp and paper plants throughout the south and southwest, is now the thirty-second largest builder in the country, doing a $277 million annual business. The Rodgers Group (Joe M. Rodgers and Associates), a southern company specializing in hospital construction, built 150 proprietary hospitals in ten years. This offers a significant commentary on "socialized medicine" when one reflects that in the same time period, according to last reports, no hospital building of any kind was going on in Britain. Mr. Rodgers believes in something he calls the merit shop. Before selling his business to enter politics, he went international with the construction of desalting plants in Saudi Arabia.

Architects and builders throughout the country have been experimenting with solar heating, which can take active or passive forms. Perhaps the most ingenious application of thermodynamics to heating, air-conditioning and cooling a house is the one pioneered by Lee Porter Butler of San Francisco, the designer of the Ekose'a Home (ekose'a, in Greek, means "from the essence"). Mr. Butler got his idea from an English architect, Emslie A. Morgan, who, in 1961, built a "house within a house" to serve as a country day school near Liverpool. In Mr. Butler's homes – there are already forty in existence, with 200 more in the planning stage – the outer shell functions as a greenhouse on the south side. Greenhouse-warmed air circulates freely in a foot-wide envelope around and under the interior shell that is the house proper. Some of the warm air passes over the attic, falls into the north wall cavity as it cools, and then drifts into a crawl space under the basement, where its remaining heat is released into packed earth or a slab of concrete. Mr. Butler cites a Brookhaven National Laboratory monitoring report on an Ekose'a house built in Rhode Island, where winters can be cold, as proof that his homes can keep an average 65 degree Fahrenheit temperature, with a variance of only two degrees when outside temperatures range around the freezing point. Mr. Butler built several of his "thermal envelope" houses in his native Tennessee before moving to San Francisco. They are without back-up heating systems, but to satisfy skeptics Mr. Butler offers the insurance of back-up electrical, wood or even oil heating if the customer wants it. Incidentally, Mr. Butler does not aspire to become "big business" – he is satisfied

with selling his plans to local builders.

The big companies in airplane construction and operation all date back to the interwar period and to the Forties, but the increased use of corporate jets has had interesting spin-offs. Albert Ueltschi, who was Pan American owner Juan Terry Trippe's personal pilot, started his Flight Safety International in 1951 to train pilots for private outfits. His business really took off when, in the Seventies, he began using "simulators" in sixteen training centers to teach pilots for 4,900 aircraft clients and a thousand corporations. Employing 207 instructors, Mr. Ueltschi trains 4,000 pilots a year. His company has gone public, but, with his ownership of 34 percent of the stock, he is worth more than $20 million.

Frederick W. Smith's Federal Express, an air-freight parcel service that thrives on the decrepitude of the Federal Post Office, owns its own fleet of planes (52 Falcons, Boeing 727s and 737s), which pick up and deliver packages up to 70 pounds in weight in 89 cities. The Post Office is now trying to imitate Mr. Smith, but necessarily lacks its own planes, which makes it dependent on the vagaries of commercial transport. It could be a commentary on Yale Ivy League economic teaching that Mr. Smith got a very poor mark for a term paper that originally amplified his Federal Express company project.

Management and Middlemen

With hundreds of bureaucrats breathing down their necks, demanding that forms be filled and appropriately checked, modern businesses require a special breed of manager. This has made "head hunting" into one of the most spectacular growth industries of the past two decades. As the *Wall Street Journal* says, there is now a specialized search firm for practically every occupation. The 1980 Directory of Executive Recruiters, published by Consultants News in Templeton, New Hampshire, lists 2,300 firms, which is three times the number that existed in 1970. One firm, TitaSue Siegel Agency of New York, recruits industrial designers. Another, Academic Consulting Associates of New York, specializes in choosing college presidents and administrators. Still another, Colton Bernard of San Francisco, does recruiting and management consultant work for the U.S. apparel and textile industry.

Since one-third of the product price in textiles represents

the cost of labor, Harry Bernard, the chief executive officer of Colton Bernard, has discovered that the old iron hand that has prevailed in thousands of apparel and textile establishments no longer works. The industry is shot through with nepotism, which imposes the need for a delicate touch in textile advisory and recruiting work. Search consultants must double as labor relations negotiators, which means the development of an entirely new approach to management consulting.

Tracking the economy with a "productivity gap index" is the specialty offered by James Skidmore Jr. of Science Management, which does head-hunting and consulting for engineering firms. Mr. Skidmore not only picks managers and operators, but trains them in advanced techniques of running continuous process plants. He offers such refinements as analyzing the components for nuclear power plants and preparing environmental analyses of waste disposal sites and industrial feedwater systems. He has even done consulting work for totalitarian systems – Yugoslavia, Bulgaria – that have discovered top-down socialism is no cure for productivity troubles.

Bucking the specialty trend, Haley Associates, which started in 1963, does head-hunting and consulting for anything from a local one-person shop to large multi-regional firms with centralized data banks. Haley has placed presidents with Armco Steel, AMF Incorporated, Admiral, Crocker National Bank, Monsanto, and Mobil Chemical, just to name a few of its bigger head-hunting triumphs. It has also found chairmen for Lockheed, the Singer Company, and International Paper. But in recent years it has had steadily growing calls to find middle managers for companies. Some fifty percent of its searches are currently in the $45,000 to $100,000 range. The challenge here is to recommend specialists who, if they are promoted to "generalized" positions in the course of time, will not be examples of the Peter Principle, which contends that top executives are usually those who have been elevated by seniority out of their range of competence.

The Korn-Ferry Company, another big head-hunter, keeps a statistical count of top job placements for the whole economy. The count is a sure indicator of the general state of our business health.

Management troubles are one thing; the difficulty of finding capital is another. Complaints are magnified when it comes to

starting new industries, particularly at present interest rates. But franchising, as exemplified in the fast-food chain operation of Ray Kroc's McDonald's hamburger empire, is one way of coping with the dilemma. It is an interesting commentary that when Ray Kroc got into McDonald's, as a fifty-year-old man, his original purpose was to market Multimixers. He did not originate franchising – Tastee-Freeze and Dairy Queen were there before him. But with 4,000 McDonald's dispensing billions of hamburgers all over the world, his franchising operation has probably created more millionaires than any comparable enterprise – and incidentally it made the fortune of Jack Simplot in Idaho. Mr. Simplot, a frontier character, got a contract for providing Kroc with potatoes cut to french fry proportions. The spin-off here in money earned may radically change our energy picture: Mr. Simplot has contracted with the Schaflander Company of California to take $16 million in hydride (hydrogen) fuel for his farm tractors. The deal is conditional on Mr. Schaflander's being able to produce the hydride cheaply by mass-produced photo-voltaic cells.

The ultimate refinement in the making of millionaires through the creation of independent distributors has been pioneered by Jay Van Andel and Richard DeVos of the Amway Corporation of Ada, Michigan. It's every-man-a-capitalist with Amway, which sets up the distributors of its home care, houseware, and nutrition products to recruit and train other self-employed salesmen and saleswomen, with a percentage of the trainee's profits going to the sponsoring team leader.

Messrs. Van Andel and DeVos have said that "the production of material wealth should not be a major goal in life. But only when a society or nation produces surplus wealth is it possible to develop all the other aspects of the good life – better education, better health, more leisure, cultural activities, music, art, literature, churches, schools and hospitals. All these depend on surplus wealth. Without it, we fall back to a primitive existence. And the free enterprise system is the best wealth production system the world has ever known. Even the poor in a free economy have more than the rich in other systems. A rising tide raises all boats, large and small."

As I wrote in 1961, "Obviously the contribution of American business and the market economy goes far beyond the mere feats of production. To a significant degree the business system,

which gives free play to the decisions of individuals and voluntary groups, has allowed for a kind of uncoerced social collaboration that is wholly impossible under centralized government planning. Without the creative infusions of business, of enterprising Americans, the ideal of liberty under law that has animated the American experiment would lack concrete realization."

The work of the new enterprising Americans is the key to this country having the best fed, best dressed, housed people in the world. We have built tens of thousands of schools and colleges, thousands of great hospitals, and conquered diseases in a way beyond the wildest dreams of the medical practitioner a century ago. We have added 50 years to our life expectancy, split the atom, planted our flag on the moon, created great literature, exciting architecture and enduring music.

We have built hundreds of thousands of miles of roads and crisscrossed our country with railroads, built fleets of jet airplanes and great airports to service them, invented the means of sending voices and music and pictures through the air to bring the world to our living rooms.

A hundred million buildings have been constructed to house us and to house the great factories that produce our jobs and wealth. Millions of acres of land have been cleared and the greatest agricultural production the world has ever seen has been created. Mines and wells and dams have been provided to produce the energy and raw materials to operate an industrial machine, that is still the envy of the world despite the recently imposed restraints that make it difficult to raise the capital needed for renovating old machinery or replacing it with new.

All of this work, the work of enterprising Americans, is dismissed contemptuously by Ralph Nader's anti-growth legions. But if Jehovah could ask Job if he could make a horse, we are surely entitled to ask Ralph Nader if he can make a carburetor.

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Over There

The British Budget Crunch

The absence of uproar is often the thing to look out for. Silence does not always betoken assent, although dictators pretend it does. But the lack of public protest against some governmental act that is drastic, unprecendented and previously regarded as "politically impossible," does suggest that public opinion may have shifted. Sir Geoffrey Howe's Budget was such an act.

Since 1945, it has been axiomatic in Britain that no social security benefit, once granted by the State, could ever be curtailed, let alone withdrawn, without the direst ructions; the public, we were told, would not stand for it. Not merely would the injured beneficiaries riot, but the working class as a whole would feel threatened; class war would break out with unusual severity. The middle classes too, for reasons both of charity and self-preservation, would vigorously resist any snipping or slashing at the seamless fabric of community.

Upon this axiom has latterly been erected what, I suppose, may be politely dignified as the Inflationary Theory of Democracy. Propounded in its more elegant form by Mr. Peter Jay, late Her Britannic Majesty's Ambassador to Washington, and Mr. Samuel Brittan, the dazzling columnist of the London *Financial Times*, this theory is, in vulgarer guise, the commonplace of the golf club bar: "if you ask me, the Welfare State is beggaring the country. These politicians are all the same, promising the earth. It will take a dictator to sort this lot out."

The Jay-Brittan theory differs in that it blames the short-sighted and simple-minded greed of the voters rather than the self-seeking of the politician, who, it is argued, is merely their agent. Democracy is said to be inherently inflationary, because politicians can buy office only by promising more and more goodies without daring to raise the taxes necessary to pay for them. The political process thus generates an ever-worsening imbalance between public outgo and public income; this gap can be bridged only by printing more money and fuelling hyperinflation. The Welfare State is bound to go on growing and growing until the economy – and eventually the political

system itself – can no longer bear the weight of its demands. No matter whether the government is Labor or Conservative, the "ratchet effect" of vote-catching ensures that public expenditure and public borrowing go only one way – up.

Turn now to the Howe Budget or, more exactly, to the two Social Security Bills which garnish it. The first Bill has already removed the legal commitment to increase State pensions in line with prices or wages, whichever is the higher. Under that system, pensions over the years rose faster than wages, and the non-working population took an ever growing slice of the earnings from the working population; now pensions are to grow at a more modest rate. The second Bill abolishes the legal commitment to upgrade, in line with prices, the levels of benefit paid to the unemployed and the sick and some other categories; it also reduces the benefit paid to the families of people on strike by an amount – now about $30 a week – which is deemed to have been paid them by their own labor unions. True, the unions themselves *have* protested against this "deeming" which is designed to exert financial pressure on them to call strikes less readily. But the measures as a whole were received with torpid acceptance by the House of Commons. Only a handful of Labor MPs bothered to turn up.

Now the public money saved by these measures is not to be sneezed at: not far short of a billion dollars by the second Bill, and, over a typical period of years, probably a similar sum by the first. But it is not part of my case to argue that these measures form a necessary (certainly not a sufficient) condition for the control of public expenditure and hence of inflation. The argument as to how much progress Mrs. Thatcher is making on that front continues to rage; there may be more reasons for optimism than so far conceded by some Conservative commentators (who are professionally conditioned to expect the worst).

But an important and different point is that the resistance which the Tory government is encountering comes almost exclusively from *producer* groups: from civil servants who won't have their numbers reduced, from teachers who demand to be paid the same as factory managers, from the employees of those nationalized industries who are able to exert monopoly bargaining power to secure huge pay rises. Ministers have to grapple – and many of them are grappling somewhat feebly – with these problems, which may be described as "executive"

or "administrative." And in most cases, it is the government which, in the last resort, possesses the superior power required to impose its will on its own employees. In their *political* capacity, however, as politicians dealing with a mass electorate, the troubles of Ministers are far less significant.

Voters, it appears, are quite ready to see the Welfare State trimmed back; and they would be happier still to see real reductions in the size of the Civil Service and of the staffs of local authorities. These are indeed *popular* causes in the truest sense. They have gathered strength in defiance of conventional elite opinion and official propaganda. For years, sociologists and social workers have tried to convince people that being out of work is not their own fault; yet at the back of most people's minds there lingers a conviction that you can usually find a job if you really want one. Time and again too, government reports have "proved" that there is little or no scrounging off the Welfare State; people just refuse to believe it. The man two blocks away who runs a Mercedes on social security is a folk legend —by which I mean that whether or not he exists has ceased to matter; everyone claims to know of somebody cheating the state. Similarly, time and again, official inquiries and Royal Commissions — largely composed of bureaucrats themselves — have "proved" that there is little or no waste in the Civil Service; people won't believe it. Every time the government proposes to cut the local bureaucracies, the councillors and trade unions protest that this would inevitably mean cuts in the standard of service provided. Few people accept that either. The huge increase in the number of bureaucrats over the last twenty years has brought no noticeable improvement in the standard of service; why should a decrease entail deterioration?

I emphasize the autonomous, obstinate character of popular attitudes; people just won't be told. The point is not whether the evidence adduced to back up such attitudes is anecdotal or actually mythical. The point is that this is what people happen to think. And that is how the Tory government is able to take some stuffing out of the cushion in the middle of what, we are told, is to be the worst depression since the 1930s.

From an American viewpoint, this British experience suggests that one hackneyed element in the argument about welfare can be dispensed with, or at any rate treated with considerable caution. A country with a highly developed Welfare State does

not necessarily go "soggy" – a favorite word associated with "Welfarism." The growth of a Welfare State does not of itself necessarily create an insatiable appetite for more; and the only people who still think it does are slow-footed politicians who keep plodding in the same direction as when they started out as "bright-eyed young idealists," who saw it as their life's mission to distribute ever-growing sums of other people's money.

The fallacy which causes these misapprehensions is a familiar one: the belief that a trend evident over a period of years must necessarily continue *ad infinitum* at the same strength or the same rate of increase. It is the Fallacy of Unthinking Extrapolation. I am not unaware of the ingenious underpinning which can make such extrapolations appear inherently necessary. In this instance, it is said the politicians will always be reluctant to make cuts because the individual pain caused is always greater than the general benefit conferred. It's *your* pension or *your* job that is axed. This line of argument is weakened by a comprehensive opinion poll in the London *Sunday Times* which showed not only that Sir Geoffrey's budget was popular but also that among the most popular items in it were the cuts in the Welfare State.

The Jay-Brittan theory fails because the goodies that voters want are of different kinds, according to the circumstances of the time. What they seem to want now is not more social security but less inflation. The belief that the appetite for welfare has some inherent, unstoppable quality is not unlike the belief in the early 1930s that the prevailing distaste for rearmament represented some kind of gathering national decadence, when in fact it represented only an understandable and temporary reaction to the horrors of the First World War. Public opinion may not always respond swiftly or appropriately to the environment. But the view that it does not respond at all but rather continues to trundle blindly along rusty tramlines is both patronizing and unhistorical; in fact, it exudes a furtive Marx-y sort of determinism.

All this is not merely an important theoretical argument about democracy. It bears directly upon the argument about whether the British government can and will manage to control inflation. For the history of inflation in the twentieth century suggests that there is more sense in Sartre than in Marx (oblique though this may seem as a funeral tribute to the founder of

French existentialism). Raging inflation *has* been controlled, after all, not once but a dozen times; in Germany and Britain in the 1920s, in West Germany after the war, in France in the 1950s, and, like it or not, in Chile just the other day. Nations do seem to rouse themselves one morning and say "Right, now that's enough of *that*." And whatever the not inconsiderable shortcomings of Mrs. Thatcher's policy against inflation, the absence of uproar suggests that the political process at least is not working against her.

Ferdinand Mount

Under Here?

The first thing to note about the countries of Central America is that they are quite small. The five of them — Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua — have only a shade under 20 million people, 10 percent fewer than California. In size (170,000 square miles), they are slightly larger than California, slightly smaller than Sweden. The largest among them — Nicaragua, 57,100 square miles — is slightly smaller than Georgia, 21st U.S. state in size, and a mite smaller than England and Wales combined.

Together with Panama to the south, and mammoth Mexico to the north (and the British dependency of Belize), they form the west wall of the Carribean — once an American lake, more recently a playpen of Soviet shipping. It may be useful to think of Central America as a wall for another reason. Back in 1963, John F. Kennedy told the world: "We will build a wall around Cuba — not a wall of mortar or brick or barbed wire, but a wall of dedicated men determined to protect their own freedom and sovereignty."

The architects of the new American policy were the McGovernites that President Carter — himself a semi-literate in foreign affairs — imported into the State Department. His foreign policy, he proclaimed from his Notre Dame pulpit, would be free of our "inordinate fear of Communism," and rooted in insistence on full respect for human rights as a con-

dition for American support. We must resist the temptation of a long digression about how, from the beginning, we overlooked the questionable human rights records and practices of such stalwart friends as Saudi Arabia, Kuwait, Nigeria, Kenya, Mexico, or even, for that matter, the President's special pet, Egypt. There are anomalies enough in U.S. behavior in Central America.

In charge of human rights, he named Patricia M. Derian, a diplomat who, prior to being named Assistant Secretary of State, had never travelled outside the United States. (She had other credentials: as a civil rights activist and a Carter campaigner.) Into the world of hemisphere affairs, where the middle-level denizens could, and *do*, wield far greater power than those managing more glamorous countries, moved (among others)

Robert Pastor, a Latin America specialist on the National Security Council staff and, in terms of actual power, probably the most influential member of the imported group of "experts" on Latin American affairs. Before joining the Administration, Mr. Pastor had close ties to the far-left Transnational Institute of the Institute for Policy Studies (IPS). There, he worked closely with Orlando Letelier, the former Cabinet minister in Chile's Marxist government (and a paid undercover agent in Washington of Fidel Castro's government), who was murdered in 1976. Mr. Pastor also teamed there with Letelier's successor, Taria Ali, head of the British section of the Trotskyite Communist Fourth International. According to press reports, Mr. Pastor, in June 1977, asked the Central Intelligence Agency to develop an "alternative plan" to bring down the anti-Communist regime in Chile.

W. Anthony Lake, higher up, but less directly involved with Latin America, and chief of the State Department's Policy Planning Staff. Mr. Lake, who had worked previously in the campaigns of Edmund Muskie and George McGovern, was reported to be among key officials who joined Andrew Young in convincing Cyrus Vance that Cuban aid to guerrillas in southern Africa would not be harmful to U.S. interests.

Mark L. Schneider, Deputy Assistant Secretary of State for Human Rights (under Nurse Derian) now mercifully returned to Senator Kennedy's staff. Mr. Schneider also has close ties to IPS and has, over the years, been as consistent a supporter of

rapprochement with Castro's Cuba, on the one hand, as he has been hostile to anti-communist Chile.

Brady Tyson, a Latin specialist at the U.S. Mission to the United Nations. Mr. Tyson, in March 1977, embarrassed even the Carter Administration when he expressed America's "profoundest regret" for our supposed role in overthrowing the Marxist Allende government in Chile. (We were not, in fact, even well tuned to the conspiracy.) President Carter was compelled to apologize for Mr. Tyson's remark as "inappropriate." In 1966, Mr. Tyson was expelled from Brazil for denouncing that government as a "front" for U.S. foreign policy. In 1972, Mr. Tyson again distinguished himself as one of "the more militant, pro-Castro panelists" at a Washington conference on U.S.-Cuban relations. His affiliations, besides IPS, include founding-member status of the North American Congress on Latin America, dedicated to support those "who not only favor revolutionary change in Latin America but also take a revolutionary position toward their own society."

These and other advocates of radical change found a legion of allies in the State Department. One recalls an observation of Italian novelist Carlo Coccioli about American masochism. "History records no people so self-critical," he wrote. "Nine of ten anti-Yankee themes heard around the world are hatched in the U.S. as Americans enjoy their delirium of self-persecution." In these deliriums, the U.S. is depicted as a rapacious plunderer of raw materials and brutish meddler (in the severe version), a stooge of business, tyrants and oligarchs, and befuddled foil of human progress (in the kinder version).

The combination of President Carter's innocence in foreign affairs, ignorance in Latin American affairs, and messianic views was, for these hair-shirted "reformers," a heaven-sent opportunity to convert Latin America into a gigantic laboratory for their social theories. But the big countries sent them packing – making the smaller ones, such as those of Central America, even more vulnerable to the politics of atonement.

Even before President Carter took office, the Evans and Novak column reported that Mr. Tyson had made "a prediction . . . that human rights would be used to support revolutionary forces in the hemisphere." "An identical prediction," they wrote, "was made privately last year (1977) by Robert Pastor."

The record of the first three Carter years demonstrated that these subterranean policymakers deeply distrust capitalism as a system. In its 1979 report on human rights, for example, the State Department takes a grudging note of progress made by the since-deposed government of El Salvador. But the report cites "the strong conservative orientation of the state" as a powerful barrier to the needed progress. And what was that? To ". . . change the basic socio-economic structure." "El Salvador's economic orientation," the report elsewhere says, "is strongly capitalistic." With biases like this, it is not surprising that the Carter Administration, through its diplomatic minions, has made the choices it has in Nicaragua, El Salvador, and Guatemala.

They began by overlooking a number of obvious facts. First, the problems of Central America are, for the most part, a product of the centuries: the imperfections of man, the cruelties of nature, and the history of conquest and colonization. Some are quite ancient, such as the sudden and mysterious collapse, 1000 years ago, of the magnificent Maya Empire, which left behind a huge, isolated, and alienated population of Indians. Second, until 35 years ago all five countries were virtually feudal states, politically, economically, and socially. No government today can – or should – be judged on its progress – or lack of it – except within the constraints of that time frame.

Yet the countries of Central America were, until 1977, at least, closing the age-old gap between a handful of immensely privileged "haves" and the hordes of immensely deprived "have-nots." Contrary to the hackneyed rhetoric about their alleged indifference to reform, the governments of Central America – some, more than others, of course – were making clear, visible progress. True, they were no progressing according to socialist or social engineering prescriptions, but along mostly capitalist or precapitalist lines – and that, of course, is unforgivable.

Let me cite a few examples:

– In 1976, four of the five countries outpaced Latin America as a whole in two key indicators: percentage increase of gross domestic product and percentage increase of per capita income. In 1977, all five registered higher growth rates in both categories.

– In 1976, only seven (of nineteen) Latin American countries were experiencing "mild" inflation; three of them were in Central America; the other two Central American countries were in the "moderate" category. In 1977, Costa Rica was one of only two Latin American countries with "mild" inflation – but the other four remained in the "moderate" category.

– As of 1976, the Central American countries resorted to less borrowing, too, to fuel their progress than Latin America did as a whole. Guatemala that year had the lowest ratio of external debt to the value of exports of goods and services (1.5 percent) in Latin America, and one of the lowest in the world. The other four were all well below the Latin average.

– By 1978, all five had added at least five years to the life expectancy of their inhabitants, doing better in this respect than all but one of the nineteen Latin American countries.

– one of them, Nicaragua, compiled the best record among those nineteen in reducing infant mortality, and all five were among that pace-setters in the region; they were also among the leaders in reducing the death rates in their countries.

– In the 1977-1978 growing season, the five countries posted rates of increase in the production of food well above the overall average for all of Latin America. Though still shaded by most Latin American countries, four of the five Central American countries outpaced Latin America as a whole, in the period 1963-1973, in the increase in the average caloric intake of its inhabitants. Whereas none of them met minimum Food and Agricultural Organization standards in 1961, four of the five were close to or exceeded those standards by 1973.

– In the 1975-1977 period, three of the five ranked well below the Latin American average (1.5 percent) of military expenditures as a percentage of gross national product. The two which exceed it – Honduras (1.8 percent) and Nicaragua (1.9 percent) – still were far below the overall average for developing countries (5.9 percent). When expressed as a percentage of Central Government Expenditures, four of the five were well below the Latin American average, and Nicaragua (at 10.5 percent) only slightly above the overall average (9.8 percent).

– In the same period, all five matched or exceeded the Latin American average for expenditures on health as a percentage of gross national product, and three of the five surpassed

those averages for education. As a share of Central Government expenditures, Honduras was second in all of Latin America in health outlays, El Salvador was fourth, and Guatemala seventh. Interestingly, Costa Rica – a paragon of economic, social and political development among all of the world's developing nations – ranked fifteenth in this respect, perhaps for the very good reason that it had already achieved acceptable health standards.

To make the claim that the five were "indifferent" to the social needs of their populations is, in fact, an absurdity and an outrage. What is true, of course, is that they had not yet succeeded in solving all of their problems. But, for comparison, it may be well to remember the experience of the world's richest nation in addressing the problems of its own poor. In 1967, the United States laid out $44.7 billion on social welfare programs aimed at raising 27.7 million persons above the poverty line. In 1975, when Great Society spending had soared to $115.6 billion, there were still 25.8 million Americans below the official poverty line. Significantly (or discouragingly), the percentage of income received by the bottom twenty percent of American families actually declined from the onset of the Great Society to 1978, the avalanche of billions notwithstanding: 5.4 percent in 1967 and 5.2 percent in 1978.

The moral ought to be obvious: we – and they – were *trying* to solve deep-rooted problems. But some problems are difficult, if not intractable.

Parallel with "social indifference" as a deeply ingrained "truth" about Central America, there is another which makes it important to see Central America against the backdrop of Latin America as a whole. That parallel "truth" is political development. An important point of departure is the Alliance for Progress, the most massive concerted attack ever on the hemisphere's ills. When the Alliance began, in 1961, only one dictatorship survived on the entire South American continent. In Central America, three of the five countries were under democratic governments. It was hailed as the "twilight of the tyrants." But during the first eight halcyon years of the Alliance, no fewer than sixteen Latin governments fell to military coups. By the end of the decade, democratic government had collapsed in the biggest country (Brazil), and two of the most enlightened (Argentina and Uruguay). Democracy

survived, in fact, in only three of the ten South American republics. In 1970, Chile – the toast of the Alliance, the country which had most closely adhered to social engineering – would become the first free country in the world to elect a Marxist government, an event that would end three years later in the economic and political ruin of that country. Yet development of democratic institutions was the very first goal of the Alliance!

By contrast, and putting aside the special case of Costa Rica (where elections replaced coups as a way of life in 1948), the record of Central America was encouraging. In El Salvador, elections had been held every four years beginning in 1962. In Guatemala, with the exception of a three-year hiatus two decades ago, every year since 1958. In Honduras, the poorest and most violence-prone of the Central American countries, fragile democracy caved in in 1972, but in April of this year, elections to select a constituent assembly were so free that they were won by the opposition! Let us admit that in each of those countries, the elections, the political processes, the democratic institutions, were far from perfect. About as imperfect, say, as they were during the formative years of American democracy, when bosses ruled big cities and government power frequently was used to "repress" workers and others. The solution, it was generally held, was to improve our democracy – not discard it. Yet that is precisely what the Carter Administration, that most "moral" of all administrations, has been urging in Central America!

Begin with the case of the one country missing from this political survey: Nicaragua. By now, it is a *cliche* to refer to the late and mostly unlamented Somoza regime as a "dictatorship." It is true that three Somozas (father and two sons) had ruled the country, directly or indirectly, since 1934. But it is also true that Somoza won a six year term in 1974 in elections that, as trumped up and as rigged as they were, were certified by the OAS as "free." It is also true that President Somoza's greed – and that of the all-powerful National Guard's top commanders – accelerated in the mid-1970s, hogging much of the international aid in the aftermath of the 1973 earthquake. That finally ruptured the uneasy truce President Somoza had with the country's businessmen who, like the business class of revolutionary France, then became a wrathful and decisive

force in his final overthrow.

President Somoza – or more probably his underlings – committed one more major blunder: the ugly murder of the opposition newspaper editor, Pedro Joaquin Chamorro, in January 1978 – an event that united the opposition, Businessmen responded by calling the first general, nationwide work stoppage in Nicaragia's history. Still, in 1977 (and well into 1978), he was secure in his rule. The Sandinistas – whose hardcore never numbered more than 300 – were a weak and scattered group in 1977. Their top leader, Carlos Fonseca, was killed that year. Another top commander, Tomas Borge (now a key member of the ruling Sandinista Directorate), was in jail. The 12,000-man National Guard, well trained and well equipped, was an invincible military force.

At mid-1978, the U.S. began maneuvering to persuade the dictator to step down. The evidence suggests that it was this signal – that the Somoza dynasty could no longer count on the U.S. as an ally – which triggered the all-out violence (including the incredibly stupid and wicked slaughter of the civilian population by the National Guard) that followed. Before President Somoza's final fall last July, 30,000 Nicaraguans would be killed.

The question is whether U.S. statecraft might have averted this, working quietly behind the scenes with Somoza (instead of publicly – and futilely – through the ineffectual OAS). The answer is unclear. What is clear is that the U.S. was a decisive factor in replacing a friendly regime with a hostile one, without allowing the Nicaraguan people to choose their rulers freely in either case.

In the case of El Salvador, however, the answer is not at all unclear. In 1977, the Carter Administration made tiny El Salvador one of the very first targets of its human rights crusade. It did so because, in clashes during protests following the presidential elections that year, around forty persons were killed by government troops. (Again, for purposes of comparison, around sixty were killed on a single day of this year, March 17, in clashes between troops of the U.S.-sponsored government and leftist guerrillas.) Here the Carter Administration was reacting to reports of government "repressions." Presumably there had been some, in as much as, among other antics that year, leftist "hit" men killed a former president,

the rector of the national university, and kidnapped and then killed the foreign minister. Despite the violence – isolated and infrequent as it was – 1977 was a year of extraordinary economic growth and progress for El Salvador. During the 1977-1978 growing season, for example, El Salvador's agricultural output per capita showed the most dramatic increase of any country in Latin America. That was a key factor, since agriculture represented 26 percent, the biggest share, of the country's gross domestic product.

Stung by U.S. "righteousness," El Salvador rejected $2.5 million in U.S. military aid (the fifth Latin country to do so). In 1979, the U.S. made explicit its dislike for the government of General Carlos Humberto Romero, who won controversial but mostly credible elections. This hostility flew in the face of his government's efforts to blunt the violence with reforms: new labor and election laws, a five-year rural development program aimed at improving crop production in neglected areas, and improved rural housing.

Instead of helping, the U.S. turned thumbs down on General Romero. With the U.S. clearly in opposition, the Left stepped up their attacks and the country's economy began to crumble. In October of last year, President Romero – the *elected* president, remember – was ousted in a military coup to the cheers of the U.S. The State Department's obvious bias shines through that previously cited 1979 report on human rights.

Besides repeating almost every undocumented charge against the government its enemies could concoct, that report makes it plain that no progress will suffice under the suspect, capitalist system. The report notes, for example, that in the 1960s, El Salvador devoted around 10-13 percent of its GNP to government spending. By 1979, that was up to 19 percent – which means it very nearly doubled. Yet this is slipped in as grudgingly as were acknowledgements of the Romero government's "growing awareness of . . . major economic and social structural problems . . ." The report also notes that the top five percent of El Salvador's population receive 21 percent of the wealth, and that while concentration of ownership of land was decreasing "slowly," 10 percent of all farms still accounted for 78 percent of all land.

These ideologues may be overlooking a success story or two elsewhere. In the U.S., for example, at the same time, the top

five percent of the population received 15.6 percent of the wealth. As for farming, the trend in the U.S. has been for ever-greater concentration: in 1940, we had 6.3 million farms averaging 167 acres apiece; by 1967, it was down to 2.7 million averaging 389 acres apiece. Yet the system seems to work: U.S. farms, after all, produce far more abundantly than any others in the world. Furthermore, as to the role of central government in stimulating growth, that may be open to some question. El Salvador's "relatively small government budget," to quote from the report, was still, at 19 percent of GNP, roughly double that of big Brazil – the country which, when it switched to an exuberantly capitalist economy twelve years ago, took off economically as have few countries in the world.

But "progress" and "success" were not the issue, as the U.S. would rapidly demonstrate. Within a few days of President Romero's overthrow, a team of U.S. agrarian reform specialists was installed in ten rooms at San Salvador's Sheraton Hotel. Over the next four months, they would put together the blueprint for the most radical land-grab since Fidel Castro's. It was done in secret, in connivance with a tiny handful of El Salvador's new "moderate" leaders. So obsessed were the U.S. "reformers" with the revolution they were planning to spring on El Salvador that they barely noticed when the two civilians on the five-man junta quit in disgust in January, only to be replaced by an even less representative pair of new civilians.

The U.S. did, however, sit up and take notice in February, when the capital buzzed with rumors of an impending right-wing coup. The Carter Administration sternly and ostentatiously warned that it would brook no such Salvadoran meddling in the internal affairs of El Salvador. "The United States," a *Washington Post* story reported on February 24, "has threatened to cut off all military and economic aid to El Salvador in order to forestall a rightist coup that has been considered imminent for several days. One after another, wealthy and middle-class Salvadorans yesterday made their way into the heavily-fortified U.S. Embassy to be told unequivocally that the United States opposed the overthrow of the current civilian-military junta..." Contrast these unequivocal warnings with the pious sermonizing of John A. Bushnell, deputy assistant secretary of state for inter-American affairs, in a March 25 appearance before the House Appropriations Committee's subcommittee on foreign

operations. "We will not," he told the Congressmen, "attempt to impose our views."

Yet the U.S. did need to be "unequivocal" in its warnings, because the plot was ready for hatching. On March 4, El Salvador's top 180 agronomists and agricultural bureaucrats were summoned to what was supposed to be a routine, one-day meeting at the Hyatt Hotal. When they arrived, they were told to send for clothes – it was going to be a three-day meeting. As for the heavily armed troops now ringing the building, they were there "for your own protection." Then, and only then, were the nation's top agricultural technocrats let in on the secret: Their country was about to experience what one U.S. embassy official later described as "the most sweeping land reform ever in the western hemisphere." Upon hearing of this made-in-USA scheme for their country, twenty-seven signed a written protest that the plan would not work. It did no good.

Two days later, on March 6 – while the agronomists were still being held at the Hyatt – troops fanned out across the country and began seizing at gunpoint the 376 largest (and for the most part, most productive) farms in the country. In many instances, owners were not even allowed to take the clothes hanging in their closets. Looting by soldiers was widespread.

Minutes after the land "reform" was announced to the nation, a thirty-day state of siege was clamped on the nation. It was eventually extended another ninety days. Wittingly or unwittingly, Mr. Bushnell misled the House in his testimony. He claimed that the junta, "in the face of continuous violent opposition from both extremes . . . has been forced to institute a limited state of siege, suspending temporarily certain constitutional guarantees so as to proceed with the reforms." But the state of siege was proclaimed within minutes of the announcement of the agrarian "reform" and a day *before* the other "reformist" show would drop. (By the way, it has been standard U.S., practice to describe those who are fighting against the seizure of their property as "extremists.")

Next, on March 7, the "moderate" junta announced its next U.S.-inspired reform: banks, savings and loan associations, and loan companies were nationalized. Thus, farm workers, who make up 47 percent of the labor force, now worked for the government, and business and private citizens were now at the mercy of the State for credit.

The junta had now earned the full support of the U.S. Within a few days, the U.S. rushed $5 million in credits to scatter among the new farm "owners." Three weeks later, another $13 million was rushed in. Altogether, the U.S. pledged $50 million in economic aid and $5.7 million in military aid – to a *de facto*, militarily-run regime.

But this regime, as Mr. Bushnell told the House on March 25, is a "progressive" government, made up of "young military officers" and "moderate civilian leaders." Had they had not "committed themselves to a platform of profound social and economic reforms, respect for human rights and democratic elections"?

Except Through a Looking Glass, it is a little hard to see where there is "respect for human rights" under a regime which, in its first four months on the job, presides over a messy and worsening civil war with a minimum of 1,500 violent deaths. The U.S., so deeply troubled by 40 deaths under that right-wing ogre, President Romero, back in 1978, explains (through Mr. Bushnell) that only a "few deaths can be attributed to government-initiated actions." How he knows that, in a country convulsed by chaos, is a little hard to understand.

But then there is something else curious about his cheerful optimism about those pledges of respect for human rights. How can he feel so optimistic when the security forces – give or take a colonel or two – are the same ones who, in the words of the 1979 State Department report previously mentioned, "subjected prisoners to degrading treatment and punishment at stages of the judicial process from arrest to prison sentence"?

Nor has El Salvador's "move into the modern world" (Mr. Bushnell again) diminished the murderous enthusiasms of El Salvador's Left – the same ones whose murder and mayhem caused the Romero regime to resort to "repression." It is, of course, no longer repression, merely the "consolidation of the powerful moderate coalition." In fact, the blood-letting since the onset of what Mr. Bushnell has described as that "watershed date" when the "young military, etc." undertook their "peaceful and democratic revolution," the pace and savagery of the killing have intensified. The Right is blamed for the murder of the Left's principal apologist, Archbishop Oscar A. Romero. The Left is blamed for sparking violence that took at least forty deaths at the archbishop's funeral. Yet there

is no longer any outcry about human rights.

As to agrarian "reform," it is an attempt to solve profound population and land problems with discredited policies that have flopped everywhere else. Only the rhetoric remains the same. At stake in these "reforms" is 60 percent of the country's arable farmland: eventually all "prime land" over 240 acres, and "secondary land" over 375 acres. Theoretically, close to 70 percent of the country's peasants are to become "landowners." But, since in land-poor but people-rich El Salvador (with 4.5 million people, Latin America's most densely populated nation), farming is labor-intensive, that means each peasant would wind up with a handkerchief plot. That is decidedly uneconomical, especially since cotton and sugar cane — both requiring large-scale cultivation — are among the country's most important crops, and cotton among the most dynamic. In practice, therefore, land reform means cooperatives, and since the peasants lack the skill to run them, that means state-run cooperatives. Indeed, much of the violence thus far in El Salvador has been triggered when peasants took seriously the gibberish about land "ownership" and had to be dissuaded from claiming what was "their's" by soldiers of the moderate, reformist government.

So, examining the scorecard,

— We have the U.S., supposed bastion of the right to private property, demanding that another government seize private property from its people as a condition of our support.

— We have the U.S., supposed bastion of free enterprise — an economic system which cannot exist without independent financial institutions — demanding that another government take banking into its own hands.

President Carter dismissed the Sandinistas' seizure of power in neighboring Nicaragua as an isolated event. "It's a mistake," he said, "for Americans to assume or to claim that every time an evolutionary change takes place or even an abrupt change takes place in this hemisphere that somehow it's a result of secret, massive Cuban intervention . . . We have a good relationship with the new government. We hope to improve it." The president then (as now) evidently wasn't looking too closely at his in-tray. A secret CIA memorandum, dated May 2, 1979, and since leaked to the press, reported: "Cuba has stepped up its on-island training of guerrillas from each of these countries [Nicaragua, El Salvador and Guatemala] and — in the case of

Nicaragua – has on at least two and probably three occasions supplied arms – for the first time in many years."

On January 27, 1980, while on a visit to Managua, William Bowdler, assistant secretary of state for inter-American affairs, made it even more explicit. According to a report inserted in the Congressional Record by Rep. Robert Bauman (R-Md): "Ambassador Bowdler, who actively participated in finding a solution to the Nicaraguan political crisis solved six months ago with the installation of the Sandinista Government, also said in Managua that he hopes there will be a similar solution in El Salvador."

Has this not been U.S. policy ever since President Carter took office: to stave off new Cubas in the hemisphere by out-Cuba-ing Cuba? It seems to have escaped the attention of our policymakers that Cuba is a dismal failure – and no one knows that better than the Cubans. As *The Economist* put it as the new flood tide of Cuban refugees was just beginning:

> Somehow, though, that impetuous figure Castro shambling around in the fatigues of a war fought 20 years ago has blown cigar smoke in the eyes of a lot of people in the West. Until very recently, even many non-communists looked on Cuba as an interesting experiment in Latin socialism made more palatable than the eastern version by Mr. Castro's pungent nationalism and bushy-bearded paternalism.
>
> The evidence is otherwise. Life for the poorest Cubans is probably a little better under Mr. Castro than it used to be, but even among them the rise in living standards has not been as great as in the more successful developing capitalist countries. For everyone else, life is much worse. After 20 years of grueling sacrifice the country's economy is more dilapidated than ever.

Has this been overlooked? Signor Coccioli provides an answer: "The only thing that Americans have not done in their masochistic games," he writes, "is to declare war on themselves."

It is merely a matter of time.

Benign Victimization

MIDGE DECTER

Despite the fact that the policy known euphemistically as "affirmative action" is held in disfavor by an overriding majority of the American people, it seems safe to say that racial and sexual quotas are solidly established in our midst and will remain so for the foreseeable future. Indeed, nothing less than a serious social upheaval or major constitutional crisis – certainly no mere change of administrations or shift in the balance of congressional power – is apt to dislodge them. For public disapproval of the kind that can be expressed at the ballot box has not only proven to be no hindrance to the policy, it has in some sense provided reinforcement to the very process of its institutionalization. Affirmative action after all has a double agenda. First, there is the open agenda, the securing of places in society – preeminently in schools and jobs – for the members of particular groups claiming to have been intentionally and unjustly excluded in the past. And second, there is the somewhat more hidden one, which is to remove a certain order of social decision from the political arena and give it over to such agencies as the courts and bureaucracies where it can be kept securely out of public reach. Thus the widespread opposition to affirmative action has been held in the first instance to be itself prime evidence for both the justice and the necessity of the policy; and in the second instance has provided a spur to the policymakers to take matters ever more firmly into their own hands. Such a vicious circle will not easily be broken.

We can expect, therefore, to be living with quotas for some time – even though their most dedicated proponents hasten on every possible occasion to assure us that they are only a temporary expedient, a means of giving the provably disadvantaged that first indispensable leg up, after which reparation will have been made and justice achieved. By the time that golden age will have descended upon us, it is unlikely that any policy in a policy-ridden age will have done more than affirmative action to unsettle the series of delicate balances – between democracy and republic, individuals and pluralities, private rights and public necessities – it was once the unique political talent of

this society to have struck.

Much has already been observed (as, for example, only recently in these pages) about the harmful impact of quotas on such instruments for maintaining the balances I have referred to as the schools and universities, the political parties, the agencies of government, and the economy. Moreover, that quotas are themselves indisputably unjust — not a means for doing away with the arbitrary exclusions of the past but merely a new form of arbitrary exclusion enforced against a new and different set of victims — has been frequently and forcefully pointed out (albeit as far as the courts are concerned, to no avail). It is on this point, as we have seen, that public opinion has drawn the firmest line: "unfair" is the characterization of quotas for which pollsters have found the highest level of assent. One issue, however (and it may be the most important issue of all) has so far not been paid the attention it deserves. That is the question of the impact of quotas on those who are their intended beneficiaries. How does preferential treatment affect those who are, in actuality or even only potentially, its recipients? Beyond this, how does it affect the feelings of others toward them? And finally, how does it affect the attitude of everyone toward the society he is living in?

There is, to be sure, good reason why this issue has been scanted. It resides in a realm difficult to get at directly, and in which the most important hypotheses are impossible to "prove." Attitudes are not opinions. Whereas opinions are held, and can be offered with varying degrees of forthrightness by the holder, attitudes are more often than not *betrayed* — sometimes in very roundabout fashion and usually over a considerable passage of time. In addition, they do not, or let us say should not, openly enter into the construction of legal briefs, which has been the major forum of public argument about affirmative action. Yet the attitudinal, or psychic, or spiritual effect of this policy, both on individuals and on the nation as a whole, will undoubtedly prove to be the most lasting and by far the most destructive.

The Beneficiary Groups

The two main groups at whose behest quotas have been instituted and on whose behalf they have been administered are, of course, blacks and women. True, their ranks have been

swelled by American Indians and that mysterious entity, "Spanish Surname," but these latter groups have imposed themselves primarily through an extension of logic (as other ethnic groups are lately and on the whole feebly attempting to do). It seems highly unlikely that they would have devised such a measure, or could have succeeded at having it implemented, in their own right.

Now, leaving aside the whole question of the respective merits of the claims of blacks and women to recompense for past injustice, the two are entirely dissimilar groups. Their linkage under the common heading of disadvantaged minorities is, literally, an incongruous one. Blacks have had a shared history; women as such have not. Blacks have had a shared cultural and political experience; women as such have not. In fact, women can hardly be said to be a "group" at all, as that term is generally understood. For historical reasons that remain to be properly explicated, however, the "causes" of women and blacks came to be treated as one and dealt with in a single fashion. In examining the issue of attitude, we are consequently bound to find the two groups, with certain inevitable and interesting variations, in an ever more similar condition.

It would be impossible, as I have said, to test an idea about that condition with any degree of scientific authority, but a good deal of so-called soft evidence is all around us. And what this evidence points to is that recipients of preferential treatment tend to suffer from a serious, and no doubt in many cases permanent and irrecoverable, decline in self-respect. The advantages gained in this fashion appear to be bringing little sense of either private or public satisfaction but only more strident assertions of grievances yet to be redressed. If a certain number of places are secured in this industry or that university, a large number is stormily demanded. For an outsider to remark upon any improvement in the situation of the aggrieved is for him to call down upon his head heated accusations of heartlessness and bigotry.

This otherwise anomalous behavior on the part of the beneficiaries of preferential treatment is often laid to the phenomenon known as the revolution of rising expectations. That is, we are told that more jobs and special opportunities lead to greater rather than lessened unrest among the affected minorities, because they provide a glimpse precisely of what full

justice might look like and thus feed an ever more impatient desire to attain it. But this explanation is less than satisfactory, because what needs to be accounted for are not only the demands themselves but the increasingly sullen, surly, and bitter tone in which they are proffered. The tone is one not of people impatient for more but rather of people who have discovered that their sought-for special privileges, being unearned and therefore feeling unmerited, are doing them, spiritually speaking, no good.

So it is, for example, that large numbers of women who have been carried into the academy have devoted their teaching and research to the field of Women's Studies, which is to say, to the perpetuation of the anger and hostility responsible for their being there. So it is that large numbers of blacks who have been – almost, as it were, forcibly – hurled up the professional ladder have elected to make a profession of being black. So it is that in both cases individual as well as collective endeavor is frequently conducted with the kind of routine incivility that comes with the lack of a sense of self-worth. It is an open secret in this country, alluded to only in whispers but commonly recognized all the same, that students admitted to colleges and professional schools by virtue of helping to fulfill a racial or sexual quota tend quickly to feel defeated there. Even the qualified, insofar as they know themselves to have won a competition through the added benefits of a special allowance, sooner or later undergo crises which are crises of self-doubt. Nor for those employed can the nervousness and low expectations of employers, the all-too-evident and unavoidable response to a situation in which they have hired as they have in order to fend off lawsuits, union actions, and the like, contribute much to self-regard.

How could all this be otherwise? At the heart of affirmative action, no matter how the policy is defined – whether as specific numerical quotas or only as desirable goals – lies the simple proposition that the individuals being hired or admitted or promoted would not in their own individual right be so. In terms of at least one of the central areas of their lives, in other words, they are not looked at or seen as individuals at all. In short, no matter how passionately affirmative action is sought and defended by its client groups, its underlying proposition is one that in the end must breed a painful resentment.

A Legacy of Resentment

But if self-doubt and resentment are the irresistible consequence of quotas for the beneficiaries, what can we imagine about the emotions of the rest of the people among whom they work and live? Polls, particularly the Sindlinger Poll undertaken for *Policy Review* (for which see the Spring 1980 issue), offer persuasive evidence that the opposition to affirmative action so widely found in the American public is not race- or sex-related. Plainly, people are against preferential treatment not because they are against blacks or women. Eighty-four percent of the people surveyed, to take an extremely significant example, answered No to the question of whether they would avoid dealing with black doctors or women lawyers. Their opposition is not to the groups but to the principle. But to repeat, opinions are not attitudes. In the daylight world where people actively and willfully make up their minds, Americans have undergone a massive diminution of racial prejudice. In the dark night of the soul, however, affirmative action itself is creating a new wave of racism and sexism. The new wave of racism and sexism differs from the earlier sort in that it is based not on fear, hatred, or guilt but on contempt. There is, of course, also a good deal of the kind of rage always engendered by the spectacle of unearned advantage, though in this case rage of this kind seems to be confined largely to the particular groups who are made to feel the immediate pinch on their own flesh — better qualified students who lose out in the competition with less qualified, white male academics, ethnics whose own minority status has been left out of consideration, and so on. On the whole, though, the more telling, and far more consequential, response is an involuntary, almost instinctive, inclination to patronize. Whatever people *think* about the justice or injustice of making special allowances for blacks and women, what they *feel* is that the objects of these allowances are somehow inferior.

Frequently, to be sure, this feeling is accurate. Affirmative action is not simply, and not even mainly, a legal or administrative arrangement; it is a frame of mind — a frame of mind best characterized by the term "double standard." If someone must be included on whatever list in order to fulfill a quota or for the sake of appearances, a lowering of expectations and standards follows naturally. Such a lowering of standards

extends far beyond jobs and school admissions. It seeps into the whole fabric of the culture. Accordingly, we have seen works written by blacks and women being praised all out of proportion to their merits, if any. We have seen public honors being bestowed for trivial if not laughable achievements. Perhaps more meaningful has been the application of a double standard to the public conduct of these groups: everything from lapses of taste to violations of the norms of decency to outright criminality has, under the sway of the general atmosphere of affirmative action, been condoned on the grounds that those who do such things are entitled by a history of inferiority to do no better. Just as the beneficiaries of affirmative action officially approve of the policy but necessarily feel demeaned by it, so the public at large may officially claim to feel no prejudice but cannot remain unaffected by the notion of group inferiority that is inherent in – indeed, that is the very determinant of – the double-standard system.

Eighty-four percent of the people polled may believe that in principle they would experience no inclination to avoid, say, black doctors; in practice they are likely as time goes on to assume that in the absence of powerful evidence to the contrary, any black doctor is underqualified. Before long, the irony will have escaped no one: by means of a policy intended to short-cut past discriminatory practice the American populace will have become subject to a kind of prejudice which, if more subtle, is also by the same token infinitely more difficult to overcome. This prejudice, moreover, will be no unforeseen accident. Affirmative action is in its very inception based on a racist (and, in its subsequent application to women, a sexist) idea, which is that blacks, or women, given the removal of all barriers to opportunity, could not ever fairly compete. The rhetoric of the policy's supporters focuses not, as might be supposed, on equality but on incapacity. And in this rhetoric lurks the real underlying truth of attitude.

Equal Opportunity Overthrown

Finally, there is the problem of what affirmative action does to the attitude of everyone – those who benefit from it and those who do not – about the nature of the society in which he lives. The assault on the old idea that in America equality means equal opportunity has an impact on attitudes far wider

than merely those toward race and sex. The message being daily hammered home by the arguments for a system of preferential treatment is, to put it bluntly, that society is a racket. There are no such things as standards of performance. Standards are a shibboleth; look how easily – with a stroke of the bureaucratic pen – they can be dispensed with. There is no such thing as achievement. Achievement is whatever the authorities in charge decree it to be. Above all, there is no such thing as justice. Justice is whatever happens to be dispensed by courts of law – malleable to current social conditions and fashioned to the humors of political and social convenience. To live in accordance with the belief that standards or achievements or justice have a reality that is to some extent objectively measurable, that they matter, and that they are worthy of aspiration is to be a sucker. All of these, too, are ideas difficult to resist in the dark night of the soul, no matter how earnestly or piously denied in the course of daylight inquiry.

A society cannot long remain vigorous and productive when so massive a cynicism about its principal beliefs is permitted to spread through the underground consciousness. A complaint frequently heard these days is that nothing works as efficiently as it used to, from telephones, banks, industrial products, all the way down to postage stamps. This is a serious charge against the United States, whose vitality is characteristically expressed in efficiency. No one has yet attempted – possibly no one has dared – to estimate the contribution of affirmative action to this decline. There is the direct contribution, in the form of the lowering of the standards of competence for employment in all sorts of areas. And there is the far more important indirect contribution made by the growing cynicism I have described: even those who are competent find it less and less compelling to take pride in what they do.

Here, then, we have the unmeasured, and in some sense unmeasurable, results of affirmative action. Blacks and women (and some few others) are learning in a new way to regard themselves of lesser account and being encouraged to hold themselves not accountable. Their fellow citizens are willy-nilly adopting a double standard toward them and being encouraged to pervert the sense of fair play into a virulent new strain of racism and sexism. The society as a whole is being undermined with respect to belief in the terms of its past achievements.

Difficult to weigh and measure with precision as these results may be, they are already being given unhappy expression in countless ways among us. If nothing intervenes to break the grip of this policy – and it is hard to see what will – they will be given countless more, and even unhappier ones, in years to come.

Pornography and Censorship

ERNEST VAN DEN HAAG

Ultramoralists want to prohibit any display of nudity while ultralibertarians feel that even the most scabrously prurient display must be tolerated. However, most people are not that extreme. They are uneasy about obscene incitements to lechery; but uncertain about what to do about them. They wonder whether distaste, even when shared by a majority, is reason enough to prohibit what a minority evidently wants. Beyond distaste, is there enough actual harm in pornography? Where will suppression end? and how harmful might it be? Can we legally distinguish the valuable from the pornographic, the erotic from the obscene? Would courts have to act as art critics? Not least, we wonder about our own disapproval of obscenity. We are aware, however dimly, of some part of us which is attracted to it. We disapprove of our own attraction – but also worry whether we may be afraid or hypocritical when we suppress what attracts us as well as many others.

Still, most people want something done about pornography. As so often in our public life, we turn to the Constitution for a rule. "Congress" it tells us "shall make no law . . . abridging the freedom of speech or of the press." Although addressed to the federal government only, the first amendment has been echoed in many state constitutions and applied to all states by the courts. Further, its scope has been broadened, perhaps unduly so, by court decisions which hold that all expressions rather than just words are protected by the first amendment. Yet speech – words, spoken, or printed, or otherwise reproduced – is a narrow subclass of expression and the only one protected by the First Amendment. Music, painting, dance, uniforms, or flags – expressions but not words – are not.[1] The framers wanted to protect political and intellectual discourse – they thought free verbal interchange of ideas indispensable to consensual government. But obscenity hardly qualifies as an inter-

1. The First Amendment right to peacefully assemble may protect whatever is part of, or required for, peaceful assembly. It is hard to see that either nudity or swastikas are needed for that purpose.

change of ideas, and is no more protected than music is. Whatever their merits, neither addresses the intellect, or is indispensable to free government. For that matter words without cognitive content, words not used as vehicles for ideas – e.g., "dirty words" or expletives – may not be constitutionally protected. And even the constitutional right to unfettered verbal communication of ideas is limited by other rights and by the rights of others. Else there could be no libel or copyright laws and no restrictions on incitements to illicit or harmful action.

The Constitution, then, gives us the right to outlaw pornography. Should we exercise it? Is there a sufficient social interest in suppression? And how can we separate pornography from things we constitutionally cannot or do not want to suppress?

Some people feel that there can be no objective standard of obscenity: "Beauty is in the eye of the beholder – and so is obscenity," they argue. This notion is popular among pseudo-sophisticates; but it seems wildly exaggerated. Is the difference between your mother-in-law and the current Miss America merely in the eye of the beholder (your's)? How come everyone sees the difference you see? Is the distinction between pictures which focus on exposed human genitals or on sexual intercourse, and other pictures only in the eye of the beholder? To be sure, judgments of beauty, or of obscenity, do have subjective components – as most judgments do. But they are not altogether subjective. Why else do even my best friends not rate me a competitor to Apollo? For that matter judgments of art are not altogether subjective either. Museums persistently prefer Rembrandt's paintings to mine. Do they all have a subjective bias against me?

Pornography seems a reasonably objective matter which can be separated from other things. Laws, if drawn sensibly, might effectively prohibit its display or sale. An in-between zone between the obscene and the nonobscene may well remain, just as there is such a twilight zone between brightly lit and dark areas. But we still can tell which is which; and where necessary we can draw an arbitrary, but consistent, (i.e., non-capricious) line. The law often draws such a line: To enable the courts to deal with them the law treats as discontinuous things that in nature may be continuous. The law quite often leaves things to the judgment of the courts: just how much spanking is cruelty

to children? Just when does behavior become reckless? — courts always have to decide cases near the dividing line. But courts would have to decide only the few cases near the line which divides obscene from nonobscene matters. Most of the obscene stuff now displayed is not even near that line. With sensible laws it will no longer be displayed or offered for sale. The doubtful cases will be decided by juries applying prevailing standards. Such standards vary greatly over time and space, but at any given time, in any place, they are fairly definite and knowable. Lawyers who argue otherwise never appear in court, or for that matter in public places, without pants (or skirts, as the case may be). They seem to know what is contrary to the standards prevailing in the community in which they practice — however much they pretend otherwise.

A word on the current legal situation may not be amiss. The courts have not covered themselves with glory in clarifying the notion of obscenity. At present they regard the portrayal of sex acts, or of genitalia, or of excretion, as obscene if (a) patently offensive by contemporary community standards and if (b) taken as a whole[2] it appeals dominantly to a prurient (morbid or shameful) interest in sex and if (c) it lacks serious scientific, literary or artistic merit. The courts imply that not all appeals to sexual interest are wrong — only prurient ones are. They have not said directly which appeals are prurient. The courts might have been more explicit but they are not unintelligible.

An appeal to sexual interest need not be obscene per se; only attempts to arouse sexual interest by patently offensive, morbid, shameful means are. By contemporary standards a nude is not obscene. But an appeal to sexual interest is, when carried out by focusing on exposed genitalia, or on the explicit, detailed portrayal of sex acts. Detailed portrayals of excretion may be patently offensive too, but since they scarcely appeal to the sexual interest of most people they may pass under present law unless specifically listed as unlawful; so may portrayals of sexual relations with animals for the same reason — if the jury is as confused as the law is. The courts never quite made up their

2. Thus a prurient passage does not make a magazine or a book offensive unless, taken as a whole, the magazine or book dominantly appeals to the prurient interest.

minds on the relative weight to be given to "offensive," to "prurient" and to "sexual." Thus intercourse with animals may be offensive to most people and prurient, i.e., morbid and shameful, but not necessarily sexual in its appeal to the average person. Therefore some exhibitors of such spectacles have been let off. But should the fact that some sexual acts are so disgusting to the majority as to extinguish any sexual appeal they might otherwise have legitimize these acts? Offensiveness, since in effect it is also a criterion for the prurience of a sexual appeal, is a decisive element of obscenity; yet the other two elements must be present.

If more clearly drawn laws would leave few doubtful cases for juries to decide, why do many literary, sociological, or psychological experts find it so hard to determine what is obscene? Why do they deny that such laws can be fashioned? Most people who protest that they cannot draw the line dividing the pornographic from the non-pornographic are deliberately unhelpful. "None so blind as they that won't see." They don't want to see because they oppose any pornography laws. They certainly have a right to oppose them. But this right does not entitle anyone to pretend that he cannot see what he does see. Critics who testify in court that they cannot distinguish pornography from literature, or that merely pornographic stuff has great literary or educational merit, usually know better. If they didn't they would have no business being critics or experts. To oppose pornography laws is one thing. It is quite another thing to attempt to sabotage them by testifying that hardcore stuff cannot be separated from literature or art, pornographic from aesthetic experience. Such testimony is either muddle-headed beyond belief or dishonest.

Once we have decided that the obscene is not inseparable from the non-obscene, we can address the real issue: are there compelling grounds for legally restraining public obscenity?

Some argue that pornography has no actual influence. This seems unpersuasive. Even before print had been invented Francesca blamed a book for her sin: "Galeotto fu il libro" (the book was the panderer) she told Dante in the Divine Comedy. Did she imagine the book's influence? Literature – from the Bible to Karl Marx or to Hitler's *Mein Kampf* – does influence people's attitudes and actions, as do all communications, words or pictures. That is why people write, or, for

that matter, advertise. The influence of communications varies, depending on their own character, the character of the person exposed to them, and on many other circumstances. Some persons are much influenced by the Bible – or by pornography – others not. Nor is the direction of the influence, and the action to which it may lead altogether predictable in each case. But there is little doubt that for the average person the Bible fosters a religious disposition in some degree and pornography a lecherous one.

Granted that it has some influence, does pornography harm non-consenting persons? Does it lead to crime? Almost anything – beer, books, poverty, wealth, or existentialism – can "lead" to crime in some cases. So can pornography. We cannot remove all possible causes of crime – even though we might remove those that can be removed without much difficulty or loss. But crime scarcely seems the major issue. We legally prohibit many things that do not lead to crime, such as polygamy, cocaine, or dueling. Many of these things can easily be avoided by those who do not wish to participate; others cannot be shown to be actually harmful to anyone. We prohibit whatever is *perceived* as socially harmful, even if merely contrary to our customs, as polygamy is.

When we prohibit cartels, or the sale of marijuana, when we impose specific taxes, or prohibit unlicensed taxis from taking fares, we believe our laws to be useful, or to prevent harm. That belief may be wrong. Perhaps the tax is actually harmful or unjust, perhaps we would all be better off without licensing any taxis, perhaps cartels are economically useful, perhaps marijuana smoking is harmless or beneficial. All that is needed to justify legislation is a rational social interest in accomplishing the goals of the legislation. Thus, an activity (such as marijuana smoking) can be prohibited because it is *perceived* to be socially harmful, or even merely distasteful. Pornography is. The harm it actually may do cannot be shown the way a man can be shown to be guilty of a crime. But such a demonstration of harm or guilt is not required for making laws – it is required only if someone is to be convicted of breaking them.

Still, unless we are convinced that pornography is harmful the whole exercise makes little sense. Wherein then is pornography harmful? The basic aim of pornographic communication is to arouse impersonal lust, by, in the words of Susan Sontag

(incidentally a defender of pornography), driving "a wedge between one's existence as a full human being and one's sexual being . . . a healthy person prevents such a gap from opening up . . ." A healthy society too must help "prevent such gaps from opening up," for, to be healthy, a society needs "full human beings," "healthy persons" who integrate their libidinal impulses with the rest of their personality, with love and with personal relationships.

We all have had pre-adolescent fantasies which ignore the burdens of reality, of commitment, concern, conflict, thought, consideration and love as they become heavier. In these fantasies others are mere objects, puppets for our pleasure, means to our gratification, not ends in themselves. The Marquis de Sade explored such fantasies most radically; but all pornographers cater to them: they invite us to treat others merely as means to our gratification. Sometimes they suggest that these others enjoy being so treated; sometimes they suggest, as the Marquis de Sade did, that pleasure lies in compelling unwilling others to suffer. Either way pornography invites us to reduce fellow humans to mere means. The cravings pornography appeals to — the craving for contextless, impersonal, anonymous, totally deindividualized, as it were abstract, sex — are not easy to control and are, therefore, felt as threats by many persons, threats to their own impulse-control and integration. The fear is real and enough sex crimes certainly occur, because in spite of the availabity of pornography, to give plausibility to it. People wish to suppress pornography, as they suppress within themselves impulses that they feel threaten them. Suppression may not be an ideal solution to the problem of anxiety arousing stimuli, external or internal. Ideally we should get rid of anxiety, and of unwelcome stimuli, by confrontation and sublimation. But we are not ideal and we do not live in an ideal world. Real as distinguished from ideal persons must avoid what threatens and upsets them. And real as distinguished from utopian societies must help them to do so.

However, there are stronger grounds for suppressing pornography. Unlike the 18th century rationalists from whom the ultralibertarians descend, I do not believe that society is but an aggregation of individuals banded together for their mutual convenience. Although society does have utilitarian functions, it is held together by emotional bonds, prior to any rational

calculations. Societies survive by feelings of identification and solidarity among the members, which lead them to make sacrifices for one another, to be considerate and to observe rules, even when they individually would gain by not doing so. In animal societies (e.g., among social insects) the members identify one another instinctively, for example, by smell. The identification leads them not to attack or eat one another and it makes possible many manifestations of solidarity. It makes the insect society possible. Human societies, too, would be impossible without such identification and solidarity among the members. Else we would treat one another as we now treat insects, or chickens – or as the Nazis treated Jews. It is to preserve and strengthen traditional emotional bonds, and the symbols that stand for them, that the government of Israel prohibits the raising of pigs, that of India the slaughtering of cows.

Solidarity is as indispensable to the United States as it is to Israel. It is cultivated by institutions which help each of us to think of others not merely as means to his own gratification, but as ends in themselves. These institutions cultivate shared customs, expectations, traditions, values, ideals and symbols. The values we cultivate differ from those of an aboriginal tribe; and the range left to individual choice is broader. Social solidarity is less stringent than it is in most primitive tribes. But neither our society nor an aboriginal tribe could survive without shared values which make it possible for us to identify with one another.

One of our shared values is the linkage of sexual to individual affectional relations – to love and stability. As our society has developed, the affectional bonds associated with sexual love have become one of its main values. Indeed with the weakening of religious institutions these bonds have acquired steadily more importance. Love is worshiped in numerous forms. There is, to be sure, a gap between the reality and the ideal, just as there is a gap between the reality of patriotism – or nationalism – and the ideal. But it would be silly to deny that patriotism plays an important role in our society – or that love, affection, and compassion do.

Pornography tends to erode these bonds, indeed, all bonds. By inviting us to reduce others and ourselves to purely physical beings, by inviting each of us to regard the other only as a

means to physical gratification, with sensations, but without emotions, with contacts but without relations, pornography not only degrades us, (and incidentally reduces sex to a valueless mechanical exercise)[3] but also erodes all human solidarity and tends to destroy all affectional bonds. This is a good enough reason to outlaw it.

There are additional reasons. One is very simply that the majority has a right to protect its tradition. The minority is entitled to argue for change. But not to impose it. Our tradition has been that sexual acts, sexual organs, and excretion are private rather than public. The majority is entitled to preserve this tradition by law where necessary just as the majority in India, offended by the slaughtering of cows which is contrary to Hindu tradition, can (and does) prohibit it.

Nobody is forced to see the dirty movie or to buy the pornographic magazine. Why then should the minority not be allowed to have them? But a public matter — anything for sale — can never be a wholly private matter. And once it is around legally one cannot really avoid the impact of pornography. One cannot avoid the display and the advertising which affect and pollute the atmosphere even if one does not enter or buy. Nor is it enough to prohibit the movie marquee or the display of the magazine. Anything legally for sale is the more profitable the more customers it attracts. Hence the purveyors of pornography have a strong interest in advertising and in spreading it, in persuading and in tempting the public. Prohibitions of advertising will be circumvented as long as the sale of pornography is lawful. Moreover, if the viewer of the pornographic movie is not warned by the marquee that he is about to see a dirty movie, he might very likely complain that he has been trapped into something that upsets him without being warned.

I should not prohibit anyone from reading or seeing whatever he wishes in his own home. He may be ill advised. But interfering with his home habits surely would be more ill advised. Of course if the stuff is not legally available the pornography fan will have difficulty getting it. But society has no obligation to make it easy. On the contrary, we can and should prohibit

3. As feminists have pointed out, pornography often degrades females more directly than males. But, in reducing themselves to a mere craving for physical gratification males degrade themselves as well.

the marketing, the public sale of what we perceive as harmful to society even if we do not wish to invade homes to punish those who consume it.

Beneath Charity: The Brandt Report

PETER DAY

The simultaneous appeal of guilt-indulgence and celebrity identification generally proved quite overwhelming to news editors, when the Brandt Report was released to the world in mid-February.

Entitled "North-South: A Program for Survival," sub-titled "The Report of the Independent Commission on International Development Issues under the Chairmanship of Willy Brandt," the report issued a central recommendation — that tens of billions of dollars in new tax revenues be raised in the developed nations, to be distributed at the pleasure of international institutions bent still further to the will of the "Third World" — that was gratefully accepted in deferential reviews and laudatory editorials. This was the fruit of two years of soul-searching by such distinguished individuals as the former German Chancellor and Nobel prize-winner, Mr. Brandt himself, the former British Prime Minister and international yachtsman, Mr. Edward Heath, and the Chairman of the Board of The *Washington Post*, Mrs. Katherine Graham.

The predominant response faithfully echoed the publisher's blurb: "With striking unanimity, eighteen members of the commission, coming from five continents and different points of the political spectrum, have agreed on a set of bold recommendations, including a new approach to international finance and the development of the international monetary system."

The packaging of the work as a major intellectual, and even moral, breakthrough should not have withstood even the most casual scrutiny. In particular, "Annex 2," which draws attention to itself by being in fine print, clearly shows that, from its very inception, the Commission intended to produce a propaganda document promoting the "new international economic order," first adopted by the 1973 Algiers summit of the "non-aligned" movement.

Two sentences in the terms of reference (printed in Annexe 2) significantly carry the imperative verb "will": "The need for a new international economic order *will* be at the centre of the Commission's concern," and, immediately under the heading

"Roads to a New International Order": "The commission *will* strive above all to carry conviction with decision-makers and with public opinion that profound changes are required. . ." (my italics)

As the report itself tells us, the "Action Program" adopted by the Algiers "non-aligned" summit, with its call for the new international economic order, was "refined and adopted at the Sixth and Seventh Special Sessions of the UN General Assembly in 1974 and 1975" – that is, of course refined and adopted by the same "non-aligned" majority in the General Assembly.

The Commission's task was therefore one of evangelism, following exegesis of received texts: "[It] should pay careful attention to the UN resolutions on development problems. . . ." It was also instructed on tactics: "[It] will attempt to shift the framework of debate so that public opinion will be led to see . . . the problem of international development in terms of . . . the economic and social development of all nations." (In practice, this meant that all of the report's recommendations automatically included the claim that they were in the "mutual interests" of both "north" and "south," rather in the spirit of "what's good for General Motors is good for America.)

Not surprisingly, therefore, the Commission concluded its investigation where it had begin, with *a priori* commitment to the proposition that the world was headed for a global disaster caused by the exploitation of the poor "south" by the rich "north." This disaster could only be averted by a "massive transfer" of resources to the "south" through such means as a system of universal taxation; the redressing of "unfair" terms of trade in favor of the "south"; a Common Fund to stabilize commodity prices at "renumerative" levels; the transfer of technology owned by multinational companies; a shift of power in international financial institutions such as the International Monetary Fund toward the "south"; and so on, with much of the report concerned with the administrative arrangements for ringing in the new international economic order.

Referring to the choosing of the Commission, Annexe 2 notes: ". . . Its chairman was anxious that the Third World members should not be in a minority position." This touching concern was presumably intended to convey the impression that the commission itself was a kind of miniature "north-south"

and that the somehow disadvantaged Third World group was in danger of being dominated by members from the "north." Having agreed initially to the ideology of the "non-aligned" movement, one can only wonder what bones of contention Mr. Peter Peterson, say, (chairman of the Wall Street brokerage house Lehman Brothers Kuhn Loeb) then gnawed over, with, say, Mr. Layachi Yaker (central committee member of the Algerian National Liberation Front). The likely yield on Liberation Front Bonds after the Volcker crash, perhaps? Mr. Peterson's contribution to the report is presumably reflected in such sterling advice as: "Portfolio capital in the North could be tapped more extensively. . . ."

The background and terms of reference of the Commission naturally excluded from the "south" caucus any inconvenient representatives from those many countries that have achieved remarkable success in economic development. This enabled the Commission to engage in systematic denigration and misrepresentation of their efforts, and in a consistent falsification of the historical record, while still giving the impression of "balance." Thus, on the subject of food production, it says: "In Asia . . . there has been a disappointing record, though there are some more promising experiences. In a number of countries, including India and the Philippines, the new crop varieties of the 'Green Revolution' produced substantial agricultural growth, at least from the mid-1960s to mid-1970s." The proposition advanced, both in this section (on development in low income countries) and in the section on agricultural reform, is that because of the "unfavorable international environment," any advances that are made will be the result of once-only technological flukes such as the green revolution. Thus, the uniquely impressive Taiwanese experience of diversifying crops and tripling farm output between 1953 and 1975 is simply stricken from the record; likewise the fact that this was achieved on the basis of a 1953 land reform program, which transferred ownership of 90 percent of the country's farm land from government and landlords to 500,000 small owner-farmers. Most of this was achieved before the green revolution – in fact, the growth in farm output was actually half a percentage point *higher* in the 1950s than in the 1960s.[1]

1. Herman Kahn, *et al. World Economic Development Projections 1978-2000.* (New York: Hudson Institute).

The Commission presumably did, however, draw on the experience of Mr. Amir Jamal, a member of 18 years of the same Tanzanian government whose agrarian reform program consisted of brutally herding millions of people into "collectivized" state villages. This reform used the simple expedient of destroying people's homes, as described in Mrs. Graham's own newspaper on May 6, 1975. That is presumably one of the experiences that explains the comment (on page 95) that "land reform often temporarily disrupts production, imposing additional new costs." (The high point of the agrarian reform section is the conclusion that rural development was given a "possible new stimulus" by the 1979 World Conference on Agrarian Reform, which had emphasized, of course, that "the present state of commercial, economic and financial relations between North and South were themselves an obstacle to accelerated rural development.")

Yet, the concept of the "south" as a basically undifferentiated mass of increasingly impoverished countries becomes more difficult to sustain as the success stories of the "newly industrializing countries" (NICs) around the world become a matter of fairly common knowledge – not, of course, through the UN's "development experts," but mainly through consumer familiarity with their export products.

It is presumably for this reason that the Brandt Report gives one page out of its 304 to a review of the NICs, again presumably in the interests of a spurious "balance." In the one paragraph devoted to Argentina, Brazil, and Mexico, the *only* words offered in explanation of their advances are that they each "have a quite old-established industrial base."

The dozen-odd lines in which the Republic of Korea, Hong Kong, Malaysia, Singapore, and Taiwan are each mentioned are constructed around this pearl: "They have been able to take advantage of the international division of labor in highly competitive world markets . . . but they also include Yugoslavia with its different social system." Here is a clear attempt to remove the deep embarrassment of countries that, in less than a generation, have allowed the free market to transform their economies from Asian "basket cases" into booming centers of growth. The Commission groups these successes with an old, European, centrally-controlled communist economy, whose halting advances are directly proportional to its willingness to

relax economic controls. One can only stand in awe of the dialectical mastery which includes in a group that takes "advantage of the international divison of labor" an economy whose soaring unemployment – 700,000 out of a total population of 22 million – is kept from completely exploding by the export of more than one million workers into the economies of Western Europe![2] (Perhaps Yugoslavia could take further advantage of the international division of labor by sending workers to Singapore, where wages in 1978-79 were up a real 25 percent in an effort to attract enough workers to cover a labor shortfall of 15,000.)[3]

The Commission seems to believe that it would be just too much to include an African country in this group, but that need not deter us: Ivory Coast, which lacks raw materials, suffers from volatile markets in its principal exports (in cocoa and coffee), and more than doubled its population in the last two decades, has in that time effectively abolished absolute poverty, with the annual income of its population rising from $180 per capita to $1000.[4] The Commission cannot contemplate such a *success de scandal*, urging instead a counsel of despair on those who would ameliorate poverty, malnutrition, and suffering: "Some developing countries have swum against the tide . . . but most of them find the currents too strong. In the world as in nations, economic forces left entirely to themselves tend to create growing inequality."

Countries such as Ivory Coast demonstrate that the reverse is true; the countries that improve the people's standard of living are those whose governments loosen their grip on their economies. (Ivory Coast got off to a good start by rejecting the development advice of the World Bank.) As for the canard about growing inequality, sometimes known as "the gap," the useless nature of this measure can be shown by pointing out that the average person in the Ivory Coast, whose income and standard of living has improved more than five-fold in the last twenty years, has become "more unequal" compared with a person in the U.S., whose income has increased by only $1000

2. Milovan Djilas; "Yugoslavia and the Expansion of the Soviet States," *Foreign Affairs*, Spring, 1980.
3. *Business Week*, July 16, 1979.
4. *Business Week*, December 3, 1979.

a year in the same period of time. Yet, both persons would rightly regard this measure for growing inequality as risible. Of course the "gap" has grown, and will continue to grow, for the foreseeable future, even as the growth rate of the "less developed countries," as grouped in the UN's yearbook, continues to outpace that of the "developed countries." (In the 1970s, the growth rate of the LDCs' gross domestic product was 5.5 percent, compared with 3.4 percent for the developed countries; in the 1960s, the respective figures are 5.4 percent and 4.9 percent; in the 1950s, 4.5 and 4 percent.)

While the Brandt report goes to great lengths of falsehood and distortion to keep its mythical concept of the exploited "south" intact, it gives away the other side of the equation, "the north," on the second page of the first chapter: "Most of the north-south dialogue has been between the developing countries and the market-economy industrialized countries, which is how we will usually interpret the 'north' in this Report." Thus, it is the West – particularly the U.S. – which is to blame for poverty in the "south," and so much more besides – pollution, waste, arms-mongering, bribes by oil companies, Three Mile Island, Salvador Allende. . . . It is, of course, all put in polite terms. Even as the economic rhetoric of the "non-aligned" movement was threatening U.S. interests in Central America, the Caribbean, and the Middle East, Mr. Brandt says: "I hope . . . that negative experiences with one or two countries will not affect American attitudes to the developing countries . . ." (Introduction).

The report's treatment of the Soviet Union, Eastern Europe, and China is of some interest as a reflection of the current state of play within the "non-aligned" movement. It confirms Milojan Djilas' expert judgment that, although the Yugoslavs had prevented a Russian takeover of the movement at the Havana summit last summer, Castro's pro-Soviet faction gained ground and the final declaration "incorporated the pro-Soviet ethos and dynamics of revolution."[5]

The report goes on to hint that the Soviet Union's Eastern European satellites actually may be invited to join the "non-aligned" movement: "But many of our observations also apply

5. Djilas, *op. cit.*

to the industrialized countries of Eastern Europe, which do not want to be lumped together with the West, *or to be contrasted with the South* in a division which they see as the consequences of colonial history." It then passes on to other things, consistent with the pattern of always treating statements or views attributed to the Soviet bloc with deference and at face value.

East Europeans, particularly East Germans, are of course, already involved in a practical way with the non-aligned movement. At the moment, they are assisting Cuban troops in Angola to fight the anti-Marxist guerrilla forces of Jonas Savimbi. And, when the Brandt Report deplores the fact that "decolonization is still not complete" in Africa, it is of course not referring to the same phenomenon to which Jonas Savimbi refers, when he notes that "Cuban neocolonialism has brought back slavery into Africa."

Although Savimbi draws attention to the fact that Angolan children, aged seven to fifteen years, are being shipped to Cuba, to undergo ten to fifteen years of ideological indoctrination and to work in Cuba's sugar cane fields (which he describes as "the most vicious cultural imperialism of our time")[6], the Brandt Report finds no reason to fault this any more than it faults the killing of tribesmen in Ethiopia by Russian troops – let alone the straightforward invasion of a poor, underdeveloped country such as Afghanistan. What is apparently of much greater concern to the Commission is the "potential political power" of Western multinational companies.

China too, is treated extremely politely, reflecting the fact that the "non-alignment" of the non-aligned movement includes (but only just) that between Russia and China. For himself, Mr. Brandt urges the two nations to cooperate "more intensively" in the "north-south" dialogues, asking China to "let others benefit from its experience as by far the largest developed country." Alas, although several members of the Commission paid visits to Peking, they do not appear to have benefited at all from knowledge of the country's experience, even though it is increasingly available as Chinese leaders struggle to put some sense into the country's economy. Thus, as the Commission was re-discovering (as countless development experts

6. All Savimbi Quotes: *Freedom At Issue.* (New York: Freedom House, January-February 1980).

before it) that the Chinese experience had shown the benefits of "strong political commitment at the top with broad public participation and shared benefits at the bottom, the *Peking People's Daily* was full of articles describing the results of that policy: "Some collieries are built, only to find there is no coal underground; some iron mines are constructed, only to find there is no iron there . . . This kind of fruitless investment has probably reached astonishing proportions."[7]

Their repetition (page 105) of the widely suspect Chinese claim to have reduced its population growth rate (from 2.3 percent to "little more than one percent") during the 1970s does not sit well with a recent article in the *Peking Review* by Chen Muhua, vice-premier and senior party official responsible for birth control programs. Mr. Chen wrote: "It should have been possible for a socialist-planned economy to regulate the production of human beings in a planned way so that the population growth corresponded to the growth of material things. But because we failed to understand this problem years ago, our population has been multiplying uncontrolled."[8]

Despite the Brandt Report's utterly damaging nature as a development study, it received great impetus toward a career as an unread but widely-quoted document soon after its publication. When the island nation of Jamaica was effectively bankrupt, its Prime Minister, Mr. Michael Manley, dramatically walked out of critical negotiations with the IMF, declaring that the cuts in public spending demanded by the IMF as a condition of its loan were intolerable.

Mr. Manley's action galvanized "north-south" theorists into print. They declared that the island's crisis crystallized the essential elements of the global tragedy which the Brandt Report had warned of only six weeks previously. Mr. Heath wrote in the *New York Times*: "On the grounds of putting forward its proposals for improving the Jamaican economy, the IMF is making demands that cannot be met for both political and social reasons." Developing countries, he said, were "being forced to default on . . . their debts by two factors, both damaging and beyond their control – namely, the ever-increasing price of oil and ever-rising interest rates." He concluded:

7. Quoted in *Financial Times*, December 8, 1979.
8. Quoted in *Financial Times*, April 19, 1980.

"The report of the Brandt Commission sets out serious proposals . . . Let the next meeting of the seven heads of Government of the North, at Venice in June . . . make the first declaration that they want to do serious business with the South."

Meanwhile, Mr. Brandt, at a Socialist International meeting in the Dominican Republic, called on members to come to the aid of Jamaica. The *Financial Times' World Business Weekly* added: "Significantly, the conclusions of the Brandt report added clout to the growing international criticism of the IMF's practices in the Third World."[9]

The irony of all this was that Jamaica actually shows, in an almost idealized fashion, the savagely destructive impact of the cargo cult ideas collected in the Brandt Report. And not just ideas: Western "north-south" theorists had an active hand in the destruction of the Jamaican economy.

Immediately after his election in 1972, Mr. Manley, who won on the platform of the new international economic order, began looking into the "problem" of the multinational aluminum companies that were mining bauxite on the island. He naturally believed that the system of accounting of costs and profits in these oligopolies was a technique for exploitation. As the Brandt Report notes darkly: "transactions take place extensively between the different parts of these enterprises which are different from the price that would have been the case between independent parties operating at arm's length. Such practices, although pursued in the best interests of the companies, may conflict with the developmental objectives and national interests of host countries."

Here was the weapon with which to nail Alcoa, Reynolds, Kaiser, Anaconda, and Alcan, which had developed the deposits since World War II, and which were surely using "transfer pricing" for tax purposes, to exploit the people of Jamaica, by placing an artificially low value on the bauxite they mined. By 1974, the Government said it had conducted one-and-a-half year's research into supply, demand, mining costs, and markets, with the result that it was increasing the levy on bauxite production from $1.34 to $10.45 a ton.

The Jamaican Government had calculated, no doubt cor-

9. *WBW,* April 14, 1980.

rectly, that the effect of the massive levy increase would not be reflected nearly so dramatically in the price of the primary aluminum produced from the bauxite. And indeed that price increased only around 4 to 5 percent, or 2 cents a pound, to about 48 cents. But what "north-south" thinking could not comprehend was that the organizational structive of the multinationals enabled them to operate on extremely thin margins. Squeezed by environmental regulations and price controls in the U.S., the big three U.S. aluminum companies, Alcoa, Reynolds and Kaiser, recorded an average annual return on capital of just 3.6 percent between 1965 and 1974.[10] At the same time, the OPEC price increases were extremely ominous for the industry, since the production of aluminum – sometimes called "congealed electricity" – involved massive energy usage. The whole basis of the industry's post-war growth had been the lowering of costs relative to other metals. Thus, the result of Jamaica's levy increase was a sharp cut-back in bauxite production there, and of course growing unemployment.

The "north-south" advice bought by Mr. Manley is well illustrated by Jamaican economist Norman Girvan in his 1976 book, *Corporate Imperialism*: "The Caribbean bauxite industry is a classic case of economic imperialism. It is entirely owned and operated by a small number of vertically-integrated North American transnational aluminium companies . . ." The authentic voice, the sophisticated economics of the new international economic order, continues in this fashion: "The Caribbean bauxite industry is entirely subject to the needs, policies, and authority of corporate monopoly capital based in North America . . . Bauxite valued at $59, say, yields aluminium products that can be sold for anything up to $2000."

There were plenty of other "facts," now collected in the Brandt Report, that the Jamaican Government was to turn to its disadvantage, in particular that central tenet of faith: that commodity prices are not only kept low by the North, but actually keep getting lower. The Report's comment on low prices concludes with a question-begging assertion: "Returns to developing country producers tend normally to be less than 25 percent of final consumer prices. The market power possessed

10. *Financial Times*, September 26, 1975.

by importers, processors, or distributors is one cause of this low share." We are not told any other causes, the Report drawing hurriedly to its conclusion: "The small share in any case indicates the scope for increased earnings by developing countries for their commodities."

The Brandt Report further instructs that "there is a tendency toward a long-term decline in commodity prices relative to the prices of manufactured goods." The Report generously concedes that there has been "some debate" about this matter, but settles it peremptorily: "Whatever the general situation concerning historical trends there is no doubt that there have been long periods of declining relative prices for commodities. One such period has been from the mid-1950's to the early 1970's."

As always, the Report offers no support for this assertion, but there are at least three points that, for Jamaica's sake, someone should have made to Mr. Manley in 1974. First, the Commission's choice of the 1950s as a base period is a set-up, since Sir Arthur Lewis' finding – that the terms of trade for primary producers in the 1950s were more favorable than at any time in the preceding 80 years – is well known. Second, a logically chosen study of the most recent historical period – recently conducted by Dr. Michael Beanstock of the London Business School[11] – showed that there has been a large rise in the ratio of commodity prices to prices of manufactured goods between the mid-1960s and late 1970s. Third, one of the few specific historical studies of the subject, by John Hanson and Morgan Reynolds of Texas A. and M. University, indicated that in any case there is no evidence of any relationship between terms of trade fluctuations and economic growth.[12]

Insistence that the commodity market was a device to exploit the "south" is merely one element in an excited emotional atmosphere eagerly promoted by the same "experts." Daniel Patrick Moynihan describes that atmosphere in his book on the U.N., *A Dangerous Place*: "In the aftermath of the OPEC price increases, commodity agreements were all the rage among the new nations. Although a new category of nations had come into being – MSA, for Most Seriously Affected, meaning most

11. "The Causes of Slower Growth in the World Economy." Mimeo. London Business School.

12. "Encouraging Future OPEC's," *Policy Review*, Spring 1980.

brutally punished by oil price increases from fellow members of the Third World — the value of commodity agreements was nowhere questioned. Third World delegates vied with one another to extol the rape of their countries by the shiekdoms of the Persian Gulf."

Urban Renewal: A Modest Proposal

STUART BUTLER

When a man is tired of London," wrote Dr. Johnson, "he is tired of life." This may have been true in Johnson's time, but today more and more people are leaving London and other cities to improve the quality of their lives. Recent population statistics show that skilled, educated people are very tired of living in the heart of the major cities of Europe and America. London, for instance, lost 16 percent of its inner-city population between 1966 and 1976, and a similar trend can be seen here. Between 1970 and 1977 the population of the major American cities fell by 4.6 percent, as people drifted to the suburbs (which experienced a 12.0 percent increase during the period) and to the non-metropolitan areas (which saw a 10.7 percent increase).

There are, of course, several reasons for this population change. In many cases it is a reflection of industrial development, as older, heavy industries, dependent on nearby resources and population centers, have given way to lighter, more technological industries outside the metropolitan areas. Free of the need to be near a port or source of raw materials, these industries have tended to locate in places more agreeable to their employees. In addition, improvements in road transportation and telecommunications have allowed such companies to operate far away from their principal markets and suppliers.

Economic change of this type cannot be blamed on city governments, although the failure of many councils to recognize the pattern and adjust to it can reasonably be criticized. But it is often the case that the older cities have accelerated their own depopulation and decay by the policies they have adopted. Rent control, for example, has been used in an attempt to attract and retain residents by making rental housing artificially cheap. But the end result has been a decline in maintenance standards because units have become unprofitable: in the extreme case the landlord has turned to the arsonist to rid him of his insured albatross. As buildings are burned down or become dilapidated, the neighborhood becomes even less desirable and the exodus becomes more rapid. Demolition and

the erection of public housing blocks have only aggravated the problem by destroying existing communities.

This decline of the inner cities has been hastened by the financial spiral which accompanies the movement of population. As the drift to the suburbs continues, so the tax base of cities such as New York and Cleveland has eroded. This has forced either an increase in tax rates or a cutback in services – and often both – making the inner-city districts even less appealing.

The movement from the inner city would be serious enough if it involved a cross-section of the inhabitants. But those leaving tend to be drawn from the more skilled and affluent classes; and hence those who remain consist in ever greater proportions of unskilled workers, the unemployed, and low-income families. Census figures indicate that, of the total population below the government's poverty level in 1977, 38 percent were living in the major cities, compared with 34 percent in 1970, whereas the proportion of the poor living outside the metropolitan areas declined during the same period from 44 percent of the total to 39 percent. From 1970 to 1974 there was a reduction in aggregate resident income within the central cities of approximately $30 billion. In constant 1976 dollars, the total loss in resident income between 1970 and 1977 amounted to over $60 billion.

Equally damaging to the inner cities has been the social polarization caused by selective migration. Over half of the country's black population now lives in the large cities, compared with only 25 percent of white Americans. And of all the families in the cities, over 20 percent are headed by women. In some city districts the situation is particularly acute. In the South Bronx, for instance, three quarters of the residents are Hispanic or black and half are under 18 years old. The median family income is less than $6,000 and one quarter of the families have incomes below $3,000. Although depopulation has meant that the area has lost 20 percent of its residents during the last 10 years, it has lost fewer than 3 percent of its welfare cases. Only a mile from Manhattan's fashionable upper East Side, the South Bronx is a burn-out slum.

The Failure of Planning

Decades of expenditure aimed at reversing the decline of

inner-city districts have been a dismal failure. All too often the only noticeable effect has been to replace old brick slums with new concrete slums. As urban expert Jane Jacobs wrote in 1961, in her book *The Death and Life of Great American Cities*, billions of dollars devoted to urban renewal have led only to:

> Low income projects that become worse centers of delinquency, vandalism and general social hopelessness than the slums they were supposed to replace. Middle income housing projects which are truly marvels of dullness and regimentation. . . . Cultural centers that are unable to support a good bookstore. Civic centers that are avoided by everyone but bums, who have fewer choices of a loitering place than others. Commercial centers that are lack-luster imitations of standardized suburban chain-store shopping. Promenades that go from no place to nowhere and have no promenaders. Expressways that eviscerate great cities. This is not the rebuilding of cities. It is the sacking of cities.

Little has changed in the two decades that have elapsed since Mrs. Jacobs published her observations. The orthodox assumption is still that when enough money is finally thrown at the inner cities, and enough of their buildings are torn down and replaced, there will be a revival. As each new project seems only to hasten the decline, the call is for more money and more demolition. One wonders just how much *is* required.

Fortunately a refreshingly new – and diametrically opposed – theory of urban revival has emerged in recent years. The foundations of the approach can be seen in the work of Jane Jacobs and others in the 1960s, but it reached a crucial stage in the concept of the Enterprise Zone, a British idea first introduced to the United States (last year) by The Heritage Foundation.[1]

The basis of this approach is the contention that the urban planners directing most renewal projects have failed to understand the real nature of cities. They have thought only in terms of structural design, and have ignored the organic, individualistic character of city communities. In an effort to rebuild districts in a manner that looks elegant and logical on the

1. Stuart Butler, *Enterprise Zone: A Solution to the Urban Crisis?* (International Briefing #3, Heritage Foundation, 1979)

drawing board, the planners have destroyed any chance of creating the social and economic balance without which no city can function, and which arises only out of the complicated interplay of activities within it. The Enterprise Zone is based instead on the thesis that the chief barrier to the revival of dilapidated inner city districts is not the lack of government intervention but all too often the presence of it. By removing restrictions and taxes within the slum areas, argue supporters of the idea, we will also remove the obstacles that prevent small businesses from establishing themselves and becoming the generators of income and employment.

The Enterprise Zone

The underlying features of the Enterprise Zone concept were first described in Britain by two men of quite different backgrounds. One is a socialist, Professor Peter Hall of Reading University, an expert in city planning; the other is presently Chancellor of the Exchequer in Mrs. Thatcher's Conservative government, Sir Geoffrey Howe. Each has stressed different aspects of the idea, and their thoughts developed largely independently of each other, but the essence of the proposal is for parts of the most depressed areas of the inner cities to be designated as what Sir Geoffrey calls "Enterprise Zones." These would be zones of approximately a square mile in size, in which regulations, zoning, controls, and taxes would be reduced to the minimum practicable, with a view to creating an atmosphere highly attractive to small entrepreneurs — particularly from among the indigenous population. The aim of a zone, in short, would be to identify inner-city areas where existing bureaucratic programs and tax policies have failed, and to provide free enterprise with the chance to deal with the problem.

The basic features of an Enterprise Zone would be as follows:

a) Zoning restrictions of almost every kind would cease to apply. In particular, change of use would be freely allowed so that mixed use of buildings could occur within the same block. Provided that existing or new buildings met basic requirements regarding health, safety, and pollution, and were intended for legal purposes, there would be no limitations on use.

b) The city council would be required to divest itself of all the vacant lands and properties it owned within the zone. The

council would be encouraged to experiment with "homesteading," "shopsteading," and other property innovations.

c) Entrepreneurs creating businesses within the zone would be granted a significant reduction in property and other business-related taxes. This reduction would be guaranteed for a minimum number of years.

d) Certain controls would be suspended within the zone. Among these would be wage and price controls, minimum wage laws, and rent controls. On the other hand, no company entering the zone would be eligible for any grant, subsidy, or other form of special government assistance.

e) Wherever possible, a free trade zone would be created within the Enterprise Zone, having the same borders. Within a free trade zone goods and raw materials can be imported, reprocessed and re-exported free of duty. If the finished goods are sold within the United States, duties would apply only when the goods left the zone (or were sold to consumers within it), and the duty would not be levied on the value added by processing within the zone. Thus traders and manufacturers using imported resources would not have to tie up capital in the form of duties. Zones of this type already exist in Hong Kong, Shannon in Ireland, and a number of American cities.

The Enterprise Zone would be an attempt to revitalize the most decayed areas of our cities by creating a new economic *climate* within these districts, aimed at inducing small entrepreneurs – ideally from within the existing population – to set up businesses. By design it is not selective. It does not attempt to identify the businesses most likely to succeed and then subsidize them. Instead it would let trial and error in the marketplace select the companies and the property usage most suitable for the area. If there is one lesson that can be learned from a study of urban history, it is that bureaucratic planning is incapable of taking into account all the social and economic factors within a district, or of adjusting effectively to changing or unexpected circumstances. The more completely an urban renewal plan tries to deal with every eventuality, the more costly and bureaucratic it must become, and the more it tends to eradicate local initiative. The Enterprise Zone, on the other hand, is the very antithesis of planning. It relies for its success on a continuous process of experimentation, where the innovative genius of the entrepreneur, encouraged by the desire for

profit, is allowed to address the problem without interference.

The Importance of Small Business

There are many good reasons for believing that an Enterprise Zone would have a major impact on a declining inner-city area. It relies primarily on the small business sector, which is ideally suited to the task of revival. Small companies are far more creative, and so can be expected to detect and develop opportunities missed by larger enterprises. As a National Science Foundation study found, small companies produce 24 times as many innovations per research dollar as the largest corporations, and virtually all the major businesses now relying on a new process or marketing strategy – Xerox, Polaroid, McDonalds – grew out of an innovative idea by a smaller entrepreneur.

Not only are small companies likely to be more adaptable to the local conditions in an Enterprise Zone, they are also the primary job creators in the economy. As a recent study by Professor David Birch of MIT has shown,[2] two thirds of all new employment is created by companies with fewer than 20 employees. In the case of the Northeast, small companies generated *all* the net new jobs.

The small entrepreneur is by nature a different kind of businessman from the executive of a large corporation. He or she is usually someone with a skill, and with plenty of energy but little capital or knowledge of conventional business practices. Yet this lack of capital is offset by a willingness to save diligently out of earnings and to devote long hours in poor working conditions to build up the business. These are precisely the people one can count on to make an enterprise succeed in the most unsociable of environments.

Another valuable aspect of small business is the way in which companies develop. Generally the entrepreneur with some skill enlists the support of his family or friends to establish his business. Without the benefit of a Harvard business education he has to learn basic commerce the hard way. But since the business is small, it is usually flexible enough to allow the

2. David L. Birch, *The Job Generating Process* (MIT Program on Neighborhood and Regional Change, Cambridge, Massachussetts, 1979), p. 8.

businessman to learn from his mistakes in time to prevent failure. As the company grows, so also does the need for additional help. Invariably the new employees will be drawn from the local community, and they will be unskilled and low-paid: delivery people, machine operators and the like. As the business grows further it becomes possible for these workers to acquire the skills and responsibilities that are increasingly needed as the enterprise becomes more sophisticated. In other words, small businesses do not simply create employment, but they serve also as an apprenticeship for both employer and employed, improving skills and income levels within the otherwise depressed community.

The Enterprise Zone is designed to encourage this process. Survey after survey conducted by the Chamber of Commerce and other organizations show that the greatest problems seen by small businessmen are government regulation, official paperwork, and taxes. It is the bureaucratic *complexity* and initial cost involved with starting a new venture which dissuades many potential businessmen from developing their ideas. These are the obstacles that the Enterprise Zone seeks to remove: in the Enterprise Zone, it would be easier and less expensive to go into business. The simplification and suspension of regulations would remove much paperwork for businesses. The reduction in property tax and the provisions of a free trade zone would allow firms to commence business with less capital; and a reduction in business taxes would enable companies to accumulate capital more rapidly. Suspending minimum wage laws within the zones would allow businesses to keep labor costs low by employing the unskilled and the young – who are now effectively barred from the labor market by minimum wage laws. And zoning simplification – a crucial element in the equation – would facilitate change of use and thus would enable small manufacturers and retailers to take over existing buildings (empty government housing units, perhaps?) to house their businesses, reducing the need for custom-built facilities.

There is another very important reason behind this route of creating a favorable economic atmosphere for new ventures, as opposed to the more orthodox policy of seeking firms likely to make a success of an inner-city location and attracting them with specific loans or other support. As the MIT study by

David Birch showed, the small businesses that are the greatest generators of employment tend to be just those which would be ignored by government agencies. The study found that the small companies expanding most were consistently those that had declined most during the recent past, but had survived. The more stable businesses – which are more attractive to the planner – were found to be far less likely to generate many jobs. As Professor Birch explains:

> A pattern begins to emerge in all of this. The job generating firm tends to be small. It tends to be dynamic (or unstable, depending on your viewpoint) – the kind of firm that banks feel uncomfortable about. It tends to be young. In short, the firms that can and do generate the most jobs are the ones that are the most difficult to reach through conventional policy initiatives.[3]

And so, he concludes:

> It is no wonder that efforts to stem the tide of job decline have been so frustrating – and largely unsuccessful. The firms that such efforts must reach are the most difficult to work with. They are small. They tend to be independent. They are volatile. The very spirit that gives them their vitality and job generating powers is the same spirit that makes them unpromising partners for the development administrator.[4]

The Enterprise Zone, of course, does not try to identify or to work with such firms. Instead it removes the barriers that frustrate their entrepreneurial spirit.

Zoning simplification and the encouragement of small businesses is also fundamental to the social revival of the inner cities. Renewal projects are all too often elegant structures with parks and fountains: they win design prizes and become jungles of crime and social decay. An Enterprise Zone would be quite different. From a planner's point of view it would be a mess; small factories, shops, and apartment houses would be mixed together in what would seem to the outsider to be a totally disorganized community. But this mixture of uses and users is essential to safety and a sense of community. Small

3. Birch, *op. cit.*, p. 17.
4. Birch, *op. cit.*, p. 20.

shopkeepers and factory owners have an interest in the activities on their street – they become the "public people," (as Jane Jacobs calls them) who form social links among the private residents of the area. They are the first ones (and probably the only ones) to call the police when trouble is brewing, because they need order to preserve their property and make customers feel at ease. By taking an interest in the street, and being open to it, these businesses encourage people onto the street, thereby making it a safer and more attractive place.

Mixed uses of buildings creates an integrated local economy, where each business provides different services and demands for the others, enabling the business community as a whole to survive. Contrast this with what so often happens when there is urban "renewal." Whole blocks are demolished to build a large factory or office block. The workers arrive in the morning from more desirable neighborhoods, work and feed in their citadel, and disappear at 5:00. The economic and social impact on the area is near zero.

Free Trade Zones

The originators of the Enterprise Zone idea see the incorporation of free trade zones as an important feature. Free trade zones have shown themselves to be highly effective generators of jobs and income throughout the world. There are about 400 such zones at the present time, including Hong Kong, various ports in Taiwan, Hamburg in West Germany, and Shannon airport in the Republic of Ireland. Free trade zones are expanding rapidly as the benefits become more widely understood – in 1978 almost 100 new zones were created.[5]

Within free trade zones the reprocessing of imported materials or semi-finished goods becomes a major job-creating industry. In Shannon, for example, almost 2,000 new jobs were established in 1978 alone by 17 new manufacturing and service firms. The Shannon zone now generates some $350 million worth of trade each year, providing almost 10,000 jobs, and it has led to the construction of a new town whose polulation is expected to reach 25,000 by 1991. In Hong Kong, over 60,000 jobs have

5. For a survey of free trade zones around the world, see *The Journal of Commerce*, 22 October 1979, section 4.

been created by foreign companies alone.

There are about 40 free trade zones within the United States, including sites in New York, Kansas City, and the recently established Volkswagen plant in New Stanton, Pennsylvania. But while the number of zones in this country has been growing, none has attained the scale or had the economic impact of the better known zones abroad. Why? Until recently customs regulations in America assessed duties on any value added to imported goods while they were in a free trade zone. Thus, if a factory in a free trade zone assembled components imported from another country, duty would be paid on the U.S. labor, overhead expenses, and profit as well as on the imported items. So the only advantage in reprocessing would come if the assembling costs were actually lower than abroad. American free trade zones are thus devoted almost entirely to the storage of goods as a means of deferring customs charges. Fortunately for free trade zones, the Department of Commerce changed the regulations this spring. Now any value added to imported items will not be liable to duty. This adds a particularly attractive element to the Enterprise Zone strategy, since so many slum areas are in cities with port facilities, and the labor needed for assembling operations generally needs little skill or training.

Some Objections

Given the radical nature of the Enterprise Zone concept, it can be no surprise that some strong objections have been levelled against it. One of the most common criticisms is that suspending regulations and taxes within the zones will simply lead to an influx of firms presently located in other parts of a city. Thus the city would suffer a decline in its total tax base — adding further to its long-run problems.

Relocation is unlikely to be a serious problem in practice, however. As Professor Birch and others have shown, the willingness of companies to dig up their roots and move is much less pronounced than is often believed. Firms may open new facilities in another location, rather than expand at the original site, but actual relocation is rare. In any case, most of the benefits within an Enterprise Zone accrue in starting small, new businesses. The benefits would be much less of an inducement for a company already located elsewhere. Such a business would have closing-down and moving costs, and would run the

risk of dislocating or losing an existing market.

Another objection often raised is that a zone might become a haven for large corporations specializing in insurance or other financial operations, which could set up token offices through which millions of dollars would be channelled in order to obtain tax benefits, with little or no benefit to the local economy. Again this is unlikely. Most of the attractions of an Enterprise Zone relate to employment, property costs, and capital equipment. The savings to a large insurance company, for example, would be fairly marginal, and confined mainly to federal business taxes. If there did appear to be a major problem regarding the use of Enterprise Zones as a convenience location by large companies, one solution would be to apply a turnover limit to certain, or all, the tax relief available within the zone. Thus, when a company's turnover exceeded a certain point, taxes could begin to apply on the excess (with different turnover ceilings applying to businesses with low profit/turnover ratios, such as food retailing).

Another criticism levelled against the Enterprise Zone is that the "cost" of providing relief from taxes would be a drain on cities. But such an objection misses the point that the zones are designed to create *new* businesses in areas where there is presently little or no commerce. If a business would otherwise not exist, the city would lose nothing by allowing it tax relief when it sets up shop in a previously vacant building. The "windfall" gain to existing businesses would be small, simply because Enterprise Zones would be set up in districts where there is very little business activity in the first place. Furthermore, the small loss in income that might be involved would be more than offset by the increase in income and employment generated by growing businesses – which would reduce the city's welfare rolls. If the zone featured a turnover limit for total tax benefits, the city would also obtain revenue when businesses grew beyond a certain point.

A final issue which does need some attention is the impact of Enterprise Zones on property values and rents. Ideally rent control would be removed, allowing rents to rise, as economic activity revived within the zone and the demand for property rose with it. As rents rose, more money would become available for maintenance and renovation, leading to a physical improvement in properties. But this would also encourage some

migration out of the area by residents who could not meet the rising costs of rental property. They would move to other parts of the city, imposing additional welfare costs there. But this, of course, would not add to the total welfare costs of the city.

Rent control is an emotional as well as a strictly economic issue, and many would argue that misplaced attachment to it has been one of the chief causes of urban blight. It must be admitted, however, that removing controls can result in painful side-effects while the rental market adjusts; so great care must be taken in designing decontrol policies. On the other hand, an Enterprise Zone would function adequately even if rent control were to be retained, although improvements in housing facilities would then be much more difficult to achieve.

Zones would provide a great deal of scope for experimentation in housing. In most slum areas there are many properties where the owner has disappeared and the city has taken over the property. Urban homesteading has been tried by a number of cities, with encouraging results. A city sells the dilapidated property it owns for a dollar (or some other token amount) to a person who agrees to live in it for a minimum number of years and to bring it up to a certain level of maintenance. Often the new owner does the work himself on weekends. When satisfactory improvements have been made, the property is assigned to the new owner. This form of ownership, ideal for use in an Enterprise Zone, would allow many residents who were previously tenants to acquire a home with very little capital outlay, and would lead to renovation without expenditure from the city budget. It would also tend to draw some young middle-class people back into the inner city areas, helping to reverse the current trend.

The Enterprise Zone is not just a good idea. In Britain the originator of the concept, Chancellor Sir Geoffrey Howe, announced recently that the government will create five or six zones in the country's worst inner-city districts. These zones should be operational by the end of 1980. The announcement has received an enthusiastic welcome from business and civic leaders. In the United States the reception has been equally enthusiastic. In the year since The Heritage Foundation introduced the idea in this country, there has been enormous interest expressed in widely differing quarters. Retail chains see it as a means of turning around their inner-city locations.

Small companies see it as a major inducement to return to the cities, and minorities see it as a welcome chance to get into business in their own communities. Interestingly enough, the idea has drawn strong support from liberal Democrats as well as conservative Republicans. In an era of budget-consciousness, when the funds for traditional welfare programs are harder to find, Congressmen see in the Enterprise Zone a means of helping their constituents without drawing the wrath of the budget-balancers. One can support this form of aid to the cities and still – without contradicting oneself – call for limited government spending.

In April Congressman Jack Kemp took the first step toward federal legislation by introducing his *Urban Jobs and Enterprise Act*, which would deal with some of the federal tax law changes required to create Enterprise Zones. In addition, state legislation has already been introduced in Illinois, and other states are expected to follow with bills covering the zoning and property tax elements of Enterprise Zones.

The broadly based interest in Enterprise Zones is a reflection of its bold departure from the traditional – and failed – policies of the past. It would remove the shackles erected by planners and bureaucrats over many decades and clear the way for the small entrepreneur to tackle the problem. It would set a path whereby the inner cities could cease to be the paupers of society, and would induce private business to invest in our central cities once again, producing new, genuine, productive jobs. It would at last provide an opportunity for the inner cities to recapture the economic base and social vitality they once possessed.

The White House Family Feud

EDWARD J. LYNCH

> (T)he most shrewdly compromising practical politician is hopelessly inadequate when men are divided on profound theoretical issues. To be practical, politics must always presuppose underlying theoretical agreement; and the failure of practical politicians almost always is a clue to underlying theoretical disagreement.[1]

On January 30, 1978, President Jimmy Carter announced plans for a White House Conference on Families "to examine the strengths of American families, the difficulties they face, and the ways in which family life is affected by public policies." The Conference is now slated for three regional sessions: in Baltimore, Minneapolis, and Los Angeles, during June and July, 1980. The Conference has a political dimension – inevitable in any such governmental function – which many of those affiliated with it wish would go away.

Michael Novak, who has claimed responsibility for proposing the idea of a family conference to presidential candidate Carter in 1975,[2] thought that such a forum might be a vehicle for expressing the concerns of ethnic families, thus reunifying an element of President Franklin Roosevelt's Democratic Party coalition. But given the participatory ethos which has reigned in the Democratic Party over the past decade, a family conference limited to that ethnic base was inconceivable. President Carter's open-ended charge to the Conference ensured that many of those who would seek appointment as delegates would be concerned with particular aspects of public policy. A few people indicated an intention to use the sessions as a means to

1. Martin Diamond, Winston Mills Fisk, and Herbert Garfinkel, *The Democratic Republic*, Second Edition (Chicago: Rand McNally, 1970) p. 57.

2. Michael Novak, "The American Family, an Embattled Institution," in *The Family: America's Hope* (Rockford, IL: Rockford College Institute, 1979) p. 19.

counter the threat of nuclear war ("How can we have stable family lives when the threat of nuclear war hangs over our heads like a sword of Damocles?") or "institutional racism." Most participants, however, appear to have focussed upon themes more obviously and directly related to family lives. Nonetheless, in a democratic forum, organized under rules promoting openness, people are likely to express their own concerns about family life rather than someone else's.

Who should decide what issues are to be expressed at an "open" conference? More than a representative process, the effort to select delegates for the White House Conference on Families has been a struggle to shape an agenda. An understanding of the attempts to shape the WHCF agenda demonstrates many of the problems of "participatory" politics and the difficulties involved in resolving some of the questions which arise as family lives become politicized.

The Conference Tradition

The White House Conference on Families can be seen as an extension of similar conferences tracing back to President Theodore Roosevelt's first Conference on the Care of Dependent Children in 1909. That conference continues to meet decennially, joined in 1950 by the National Conference on Aging. The original conference involved about 200 social workers and reformers, and led to the establishment of the Children's Bureau in 1912. Subsequent conferences expanded in size and scope. Mr. Stephen Hess was attacked for "closing" the 1970 Children's Conference when he "limited" participation to 3000 delegates; the 1970 meeting proposed 670 recommendations in contrast to the 15 resolutions of the 1909 Conference.[3] Conferences on Aging start from a larger base.

These conferences have no legal authority, but they tend to give symbolic stature to the issues involved. Families Conference Chairperson Jim Guy Tucker has demonstrated his awareness of this dimension:

3. Much of this summary draws upon Gilbert Y. Steiner, *The Children's Cause* (Washington: The Brookings Institution, 1976) and a pamphlet, "The Story of the White House Conferences on Children and Youth," published by the Children's Bureau, Department of Health, Education, and Welfare, 1967.

> Just as previous White House Conferences have generated ideas and momentum on behalf of the young, old, the handicapped, and others, this conference, the first of its kind, can launch a movement to make government and our major private institutions more sensitive to their impact on families.[4]

Early in the century, relatively few social workers had focussed upon problems of child development or aging. They relied mainly upon private charity to conduct their work, with no substantial federal programs to sustain them. Most of their training consisted of practical field experience. No universities sanctioned these areas as distinct fields of study. Indeed, the fields of sociology, anthropology, and psychology were only emerging in the relatively few American universities.

By 1980, however, the administrative system involved in delivering "health and human services" constitutes the largest single category in the national budget and embraces a multitude of cash transfers and services. Private organizations that operate in these areas frequently depend upon, and try to shape, government policies. Many universities have courses to study these programs or to train people for work in related agencies. Each program has developed a clientele among the populace and a recognized cadre of leading professionals. These professionals have defined the major problems in their areas, debated the issues which they have defined in national forums, and established the dominant orthodoxy of the human services establishment.

The Human Services Orthodoxy

The dominant orthodoxy of the human services establishment is decidedly liberal. But in an era when Daniel Patrick Moynihan embraces that term while George McGovern rejects it, the tenets of that orthodoxy require more explicit statement.[5]

4. *Report from the: White House Conference on Families*, Vol. 1, No. 2 (November, 1979) pp. 8-9.

5. The views summarized in this section are a compilation of the National Academy of Sciences-National Research Council, *Toward a National Policy for Children and Families* (Washington: National Academy of Sciences, 1976); Kenneth Kenniston and the Carnegie Council on Children, *All Our Children: The American Family Under Pressure* (New

One can begin by noting that the orthodoxy accepts most existing social programs as givens. Among these professionals, the conservatives are those who wish to preserve the status quo (i.e., existing programs in their present forms). The questions that draw the attention of leading social services professionals center around the ways in which "structural limitations" to existing programs can be overcome.

The argument for the abolition of "structural limitations" begins by refusing any definition for a family. Occasionally, policy-specific papers will simply omit the question of what a family is, argue that policies that treat individuals isolated from some family unit are inadequate, and conclude with a paean to the family as the focus of an expansion of existing policy.

If pressed on the definitional question, orthodox professionals tend to respond by observing that the modern world is experiencing constant change, and any rigid definition of the family would be static. They would prefer to avoid hassles over restrictive definitions and concentrate upon delivering services to people who need them. Our's is a pluralistic society, thus we should come to expect (and respect) plurality in family forms. Ms. Barbara Warden, coordinator for state activities of the WHCF, becomes indignant that "ultra-conservative" groups are trying to define the family. She believes that any "narrow" definition would be an "invasion of privacy" worse than anything that conservatives usually attribute to government.

Phrased in these terms, one would almost think that the debate over the definition of the family involved some people who wished to suppress ethnic festivals. As Allan Carlson has poignantly observed, the refusal to define families begs significant questions. Mr. Carlson has asked, "If there can be no definition that excludes any form of human cohabitation, then what is a family policy trying to save, or restore, or help?"[6]

This vacuous conception of families is complemented by an equally porous notion of the aims of the Conference. Conference planners have stressed that the White House Conference

York: Harcourt, Brace, Jovanovich, 1977); and 11 of the 12 research papers prepared for the WHCF National Research Forum on Family Issues and available from the Conference, 1980.

6. Allan C. Carlson, "Families, Sex, and the Liberal Agenda," *The Public Interest*, Number 58 (Winter, 1980) p. 66.

has no agenda. The delegates allegedly are forming the agenda in a preceding sequence of meetings, research forums, workshops, conferences, and conventions in their states. Family policy advocates, recalling that we have only begun to think of policies in terms of families, often sound as if the Conference will primarily perform an information-gathering function: "We want to hear from people discussing the kinds of problems which they encounter from current policies, either governmental or from other institutions in society." Others can devise solutions to the problems after they have been discussed fully. This nebulous strategy combines well with the premise that existing programs are not subject to attack; we never speak of depriving other people of programs designed to meet their needs, but emphasize alternative programs which will help *additional* people meet *their* needs.

What kind of programs? Two buzz-words tend to dominate this discussion: "comprehensive" and "integrated." Throughout their lives, families encounter a great range of needs. Given the limited resources of many families, some of those needs remain unmet. Failure to meet the needs of families is a form of deprivation which might have an immeasurable impact on the future. It is unfortunate that some families can afford certain services, while others must go without, or be stigmatized by their reliance on public agencies for services of lesser quality. Everyone needs some services. A conference on Families would provide a forum for people to specify which services they need.

Once people explain their needs, we will be reminded about that old problem of big government: the right hand not knowing what the left is doing. Official coordination is necessary to promote efficiency, avoid duplication, and, incidentally, to make sure that people are being reached by the full range of programs. Coordinators must be responsive to ever-changing human needs so that no one in need manages to "fall through the cracks" between existing programs.

The central tenets of the human services orthodoxy are flexibility and responsiveness. According to the orthodox approach, we must accord people the freedom to define their own needs and the conditions under which assistance can be provided. We must not impose any restrictive ideas of morality upon recipients, and we should not set eligibility requirements which might deprive people in need. We want to provide people

with the opportunity to fulfill whatever potential they have, however they choose to define that potential.

The only limits addressed by the orthodoxy of the human services professionals are the impositions of restrictive programs, or rigidities, which might be alleviated by more flexibility. The refusal to define a family and the open-ended agenda of the conference are merely two reflections of the scope of the "services" which professionals envision themselves providing. Their designs are incorporated in our latest bureaucratic name change, from the "restrictive" Department of Health, Education, and Welfare, to the Department of Health and Human Services. What could a title like that possibly exclude? "Behold, just now the world became perfect."

Conference Procedures

President Carter's announcement of the White House Conference on Families had proposed meeting December 9-13, 1979. Apparently two years is not sufficient lead time for complex national gatherings. Many of the WHCF's problems stem from the sheer size of the undertaking. Everyone is involved in some form of family life: many were willing to express some perspective on it. The Conference conducted enough "outreach" activities to give the appearance of involvement for a significant slice of the population.

By July 19, 1979, former Representative Jim Guy Tucker of Arkansas had agreed to serve as Conference Chairperson, and a 40-member National Advisory Committee (NAC) had been assembled. These 20 men and 20 women agreed to six themes which were to guide the Conference, but the themes were written in the form of social-scientese which cannot provide guidance because it simultaneously says everything and nothing. Thus, the conference would investigate, for instance, "The Changing Realities of Family Life," "The Diversity of Families," "The Impact of Public and Private Institutions on Families," and "Families with Special Needs." Pick your topic; it fits under any category.

The first meeting of the NAC began an array of activities which would build up to the regional meetings. Each state and territory was assigned a quota of delegates based upon its population, and instructed to devise delegate selection plans that would ensure a broad demographic representation. The

delegate selection plans were to have been submitted to the WHCF in time to allow 20 days for examination and commentary and an additional 15 days for publicity prior to the actual commencement of delegate selection. Each jurisdiction was encouraged to appoint its own task force on the Conference and to hold some form of hearings to allow families to express their concerns about Conference topics. In addition to selecting delegates, each state was instructed to devise a slate of ten issues that it wished to see considered at the national level.

The national WHCF office had corresponding activities scheduled for the year. Hearings on families were held at seven locations around the country to begin the process by listening to families themselves and to professionals who, according to Chairperson Tucker, would "clarify and help to describe the realities" faced by American families.[7] Conference officials also met with interested organizations and coalitions and held issues workshops and research forums throughout the preparatory process. In his April report to the NAC, executive director John Carr claimed that over 100,000 people would be involved at various stages of these formative operations.

The main conferences are now slated for Baltimore, Minneapolis, and Los Angeles, in June and July, 1980, with approximately 650 delegates attending each regional session. In addition to the delegates selected in the several states and territories, the WHCF will name about 100 at-large delegates to each regional session to provide a "balance" of any categories that local processes might have slighted. Conference planner Dr. Joan Ratteray claims to have received over 1000 nominations for at-large slots.

These summer sessions will be the most visible aspect of the WHCF agenda, but they will not complete its tasks. President Carter frequently has opined that he does not want another report destined to gather dust on a shelf. Beyond the discussion of family issues, the convention sessions will also select a National Task Force to conduct a follow-up procedure unprecedented in White House Conferences.

The core of the National Task Force will be the National Advisory Committee appointed by President Carter last summer.

7. *Report from the: White House Conference on Families*, Vol. 1, No. 1, (August, 1979) p. 11.

Each of the 57 jurisdictions eligible to participate will also be able to select a member of the NTF. The balance of the group, which will total 117 members, will be nominated by the national WHCF staff and appointed by President Carter. The NTF will have responsibility for writing the Conference report later in the summer, and will direct the implementation stage of the Conference. This stage of the Conference is scheduled to extend into March 1981, if completed according to plans. Eventual decisions about whether the recommendations of this Conference actually do shape policy will revert to elected public officials and the administrators who write the *Federal Register.*

The Guests Invited

Following the participatory ethos of contemporary White House Conferences, the Families Conference had issued delegate selection guidelines which expressly prohibited discrimination based upon political, ideological, or sexual orientation, and then balanced the non-discriminatory provisions with affirmative action provisions.[8] WHCF guidelines also state that no more than 50 percent of the delegates from any state can be professionals in the field of family services. People are defined as professionals "if more than 50 percent of the time for which they receive compensation is devoted to programs or services related to families."[9] Such guidelines are not usually very restrictive in practice. Normal delegate selection procedures operate to ensure that those selected will be clients of family services professionals, if not professionals themselves.

Although WHCF procedures required that delegate selection meetings be advertised as public sessions, meeting notices rarely attract much attention. Social service agencies customarily notify people whom they consider likely to be interested in the meeting. Bulletin boards at local employment commission offices, food stamp outlets, educational associations, public health clinics, welfare offices, and similar agencies often contain notices. Mailings are commonly addressed to departments of sociology, social work, home economics, education, psychology, and related fields at local colleges, perhaps accompanied by

8. *Report from the: White House Conference on Families*, Vol. 1, No. 3, (January, 1980) p. 6.
9. *Ibid.*

letters to instructors who have worked with the agencies. Recipients of such notices are encouraged to invite others, but in many cases they wind up speaking to each other. People employed by public agencies can charge the time to professional activities. Teachers can attend as part of their research, and might not be counted as family services professionals, because their compensation is for teaching rather than research. In many cases, these participants are reimbursed for their time and travel expenses.

No one needs to exclude others, and anyone persistent enough to seek information about the sessions will be told about the scheduled meetings. As a rule, however, few average working people have either the time or the inclination to take time off at their own expense to attend meetings where social workers will discuss reports from other social workers about why their programs are not operating at optimum capacity and what might be done to expand their services.

Certainly considerations of this kind entered into the minds of those who decided to plan this White House Conference through the Department of Health, Education, and Welfare/ Health and Human Services. Executive director John Carr contends that the administrative location of the Conference is mainly a feature of budgeting procedures, and insists that the Conference is in practice independent of the agency in which it is housed. The ties, however, are much more coincidental than conspiratorial – although the net result is the same. The list of participants in the WHCF National Research Forum on Family Issues could hardly have done without the contributions of the professionals at HHS and its clientele groups. The WHCF National Advisory Committee has a clear majority of members who are identifiably affiliated with the human services professions and related advocacy groups. One can expect that the National Task Force will have a similar composition. Within the states, organizing committees are also likely to have offices in human resources departments, and to draw staff from agencies for children and youth and/or the aging. The related services simply fit into the human services professionals' conception of the White House Conference on Families. Once the initial call for the Conference went out, people simply assumed that those most likely to attend delegate selection meetings, hearings, workshops, and other public

functions would be human services professionals and their clientele. A few other groups turned out to be interested in WHCF activities.

Unwelcome Parties

In *The Federalist*, #35, Publius argues:

> It is said to be necessary that all classes of citizens should have some of their own number in the representative body in order that their feelings and interests may be the better understood and attended to. But we have seen that this will never happen under any arrangement that leaves the votes of the people free.[10]

Apparently, the principles which guided the Framers of the Constitution are not good enough to operate a Conference on Families. Instead, delegate selections took place amid charges that one side or the other was attempting to "pack" caucuses with its supporters. Each side charged that the other was "unrepresentative," one because it ostensibly reflected the views of human services professionals, the other because it only reflected the views of the "radical conservative white middle class."

By the time the planning for the White House Conference on Families got under way, an organized opposition to the legislative agenda of human services professionals was beginning to coalesce. This opposition was spurred by some groups that had been involved in protesting Supreme Court decisions on abortion and school prayer, fighting the adoption of the Equal Rights Amendment, and combatting proposals which had surfaced during International Women's Year and the International Year of the Child. (The International Women's Year Conference in Houston late in 1977 is often cited as a major catalyst in "radicalizing" many of those who had been limiting themselves to single issues, creating a sort of radicalism in reverse.) Several leaders of these groups became affiliated as the National Pro-Family Coalition on the White House Conference on Families, and attempted to involve themselves in the preparatory process.

The National Pro-Family Coalition and its affiliates were

10. Alexander Hamilton, James Madison, and John Jay, *The Federalist Papers*, edited with an introduction by Clinton Rossiter (New York: New American Library, 1961) p. 215.

prepared for the initial delegate selection convention in Virginia in mid-November 1979. People attending that convention saw tables containing information supplied by the "pro-family" forces, and were offered the opportunity to sign the Statement of Principles drafted by the Coalition. The statement begins by defining the family as a unit which "consists of persons which are related by blood, marriage, or adoption." It affirms the primacy of the family as "the best and most efficient 'department of health, education, and welfare.'" It asserts that "Any enumeration of children's rights must begin with the right to life from the moment of conception," and "God has given to parents the right and responsibility to rear and form the character of their children in accordance with His laws." Throughout, the Pro-Family Coalition Statement supports the authority of parents over professionals, expresses sympathy for traditional family values, prefers informal social remedies to any governmental action, stresses the state and local levels where governmental action might be needed, and acknowledges an order of creation formed by God, which is beyond the power of people to reshape. Mrs. Connaught C. Marshner, editor of *The Family Protection Report* and a leader of the Pro-Family Coalition, admits that many of the people who drafted the Statement are conservatives, but contends that a variety of opinions are involved in the Coalition. Many of the affiliated groups are still concerned only about "their" issues, and do not stand with the Coalition across the whole range.

Virginia had been intended to serve as a model for other state selection processes. Many states, which would not select their own delegations until February or March 1980, had not submitted their delegate selection plans when the Virginia convention met. The Virginia State Coordinator for the WHCF, Dr. Jessica Cohen, had been working closely with the national office. Although national guidelines provided for delegate selection through a combination of peer selection and gubernatorial appointment, with a minimum of 30 percent by each method,[11] Virginia decided to allow a maximum selection in open convention, choosing 24 of its 36 delegates that way.

When the session met at Fredericksburg, November 14,

11. *Report from the: White House Conference on Families*, Vol. 1, No. 2, (November, 1979) p. 5.

over 600 people were on hand, and many were wearing the blue dot which signified their support of the Pro-Family Coalition's Statement of Principles. The convention elected 22 signers of the statement to the official delegation. Jo Ann Gasper, editor of *The Right Woman* and a leader of the Virginia Pro-Family Coalition, claims that the Statement of Principles acted as a recruiting device, and that she had not met most of the "pro-family" delegates prior to the convention. She also contends that the Virginia delegation reflects the racial characteristics of the Virginia population to as close a degree as mathematically possible, given the need to elect whole people. She does concede that "pro-family" people might have violated WHCF guidelines regarding sexual orientation, the Virginians having elected no avowed homosexuals and Governor John Dalton not knowingly appointing any. The WHCF "at-large" delegates shall have to supply whatever "balance" is called for in this case.

Even in Virginia, professionals were guaranteed a substantial portion of delegates. The state was divided into six regions, and professionals and non-professionals were nominated in each region. Delegates were instructed to vote for two professionals and two non-professionals in selecting their representatives to the national conference.

Virginia had originally been envisioned as a model for other states to follow in selecting delegates. But no state which selected its delegation after Virginia allowed open conventions to select so large a portion of its slate, although WHCF Western Coordinator Frank Fuentes claims that Nebraska elected nine of its 15 delegates through peer processes. Where open conventions retained the nominating power, "pro-family" candidates were relatively successful at getting elected. WHCF spokesmen have voiced concern that open conventions invite the opportunity for "interest groups" to pack sessions, yielding a delegation which does not accurately reflect the range of interests and family forms in the population which it claims to represent. The variety of selection forms which followed the Virginia convention shows that the authors of *The Federalist* might have underestimated the imagination of those who are more interested in demographic balance than in free elections.

From "Peer Election" to Democracy by Lottery

Liberal advocacy groups and human services professionals feared that Virginia would serve as a precedent for other "peer selection" processes, and the steps taken to prevent "another Virginia" have led Lawrence Pratt, a member of the Virginia House of Delegates and an ppointed delegate to the WHCF, to describe the summer sessions as "the people's conference at which the people are not welcome."

Two states spared themselves any difficulties by declining to participate in the Conference at all. Indiana Governor Otis Bowen simply informed the national office that he did not believe participation would be in the best interest of the state. Alabama severed its ties less decorously. Governor Fob James' wife charged that the Conference would not be conducted in a manner consistent with Judaeo-Christian principles. The executive director, Mr. Carr, disagrees with this religious charge, pointing to several members of the National Advisory Committee with religious affiliations. The WHCF staff is especially proud of Mrs. Barbara Smith, who is both identifiably religious (a Mormon) and identifiably conservative. The official profiles of the 40 NAC members describe the religious affiliations of nine others, including Harry Hollis, whose writings (mostly on the relationship between science and religion) reveal him as a most unconcentional Southern Baptist. WHCF public affairs director William Noack was unable to name a second conservative on the NAC.

Most selection processes for state delegations were negotiated between the several state coordinators and the WHCF office during December and January, although some were not completed until March. Eastern coordinator Becky Gates, approving New York's plan in a letter to state coordinator Ilene Margolin dated January 4, 1980, expressed the hope of the WHCF that a majority of delegates could be chosen in ways open to grass roots and diverse participation. Nevertheless, New York's decision to use gubernatorial appointment to fill 67 of 123 seats was unacceptable in light of the need to comply with affirmative action guidelines. Subsequent letters did not even express a hope for elected majority delegations.

According to Western coordinator Frank Fuentes, the only state proposals which were rejected involved plans to avoid selection difficulties by using gubernatorial appointment for

the entire delegation. Apparently Kansas Governor John Carlin (whose wife, Ramona, is a member of the NAC) desired such a plan. Usually, the WHCF worked with state committees until an acceptable plan was developed, and that plan would be submitted for approval. Mr. Fuentes contends that none of the later states proposed to have the maximum portion of its delegation selected by peers in open conventions. He denies an allegation, published in *The Right Woman*, that he pressured the Washington state planning committee to elect only the minimum portion through peer processes. Mr. Fuentes admits that the WHCF staff did give guidance when states were groping for methods for selecting their delegations. The plans favored by the national office were first used in Oklahoma and Texas, but a variety of selection schemes were approved.

Many states left their governors the power to appoint all delegates except the 30 percent which the WHCF had designated for peer selection. The Oklahoma plan added another dimension to selection procedures. Sooner planners came up with the idea of providing the state steering committee with some patronage of its own, opting to select one third of the delegation through the convention and gubernatorial processes, with the final third appointed by the state steering committee. Appointed delegates, of course, have more predictable demographic qualifications with which to fill affirmative action slots. The Oklahoma plan proved rather popular, and versions of it were adopted in Connecticut, Delaware, Maryland, New Hampshire, and West Virginia, among others.

Demographic diversity was a very prominent factor throughout the selection processes. As Ms. Warden reminded Colorado coordinator Dr. Dorothy Collins:

> While the responsibility for achieving a representative delegation is inherent in each step of the process, it is especially binding on the state steering committee to ensure diversity. This diversity should include not only racial, ethnic, religious, socio-economic, and geographic considerations, but various family forms, e.g., single parent, elderly, multi-generational, etc.; issue areas and particular ideological viewpoints.

Few people voting in free elections keep such combinations of qualifications in mind, especially when relatively few delegate seats are open to election. Nevertheless, Mr. Carr's April

report to the NAC reflected satisfaction with the results of "our non-discrimination and affirmative action requirements," which were leading to demographically-balanced sessions, even though most of the delegate profiles available when he compiled the report were from peer selection processes "where minorities and low-income families may have more problems being selected."

Some states secured demographic balance through multi-tiered selection plans. Few people attending the summer sessions will have arrived by attending only one or two meetings. In Connecticut, the state steering committee has had various family activities in progress for over two years. Many states selected their delegates from people who had attended (and been nominated at) previous workshops, hearings, issue forums, and other preliminary conferences. In some cases involving county-regional-statewide sequences, attendance at the first stage was necessary to be invited to subsequent stages. Conservatives in many states complained of difficulty learning about – let alone attending – many of these formative meetings. In other cases, the state steering committee nominated the candidates for "peer selection," leaving only a write-in option for late arrivals to the "open" electoral process. The combination of a multi-tiered process and a need to overcome state nominations assured that, even with demographic quotas to fill, the people likely to be selected will have acquired considerable experience in discussing the kinds of questions that human services professionals like to keep on the agenda. The guidelines only limit professional participation to those who were pros *before* the selection processes, and should not be construed as an obstacle to anyone who acquires credentials *during* the activities.

The Texas Plan provided the surest means of preventing any discriminatory tendencies among the voters. In the Alice-in-Wonderland language of the WHCF, "peer selection" was transformed from the choice *of* one's fellow citizens to a choice *from* one's fellow citizens – not by any deliberate action, but by random lotteries conducted at regional meetings. Texas selected five national delegates at each of its five regional conferences, drawing the names from barrels at each of the sessions. Governor William Clements retained the power of appointing the other 53, leaving ample room in case the lottery

picked the "wrong" balance of people. Ms. Warden's letter accepting this plan called it "the most innovative method we have approved."

Subsequently, states adopting lottery selections incorporated their own variations on the process. California held ten regional sessions to select 40 of its 138 delegates. Pennsylvania conducted its random drawing at a meeting of the state steering committee after all other preparatory activities were completed. Pennsylvanians attending regional meetings had been invited to nominate candidates and to provide demographic profiles of the nominees. These profiles were placed into numbered folders and a computer was called upon to generate a sequence of random numbers. Once the numbers were drawn, the chosen were fitted into socio-economic categories. "Winners" in the lotteries were pre-empted occasionally because their affirmative action category had already been filled. Anything for a cross-section of the population.

The classical Greeks, of course, had recognized that lotteries are the most perfectly democratic means of filling offices, because only they truly provide each citizen with an equal opportunity to serve. This is a marked contrast to the principle of election, which assumes that some people are more qualified to serve than others, and that citizens are capable of identifying those qualified people. When Greek lotteries happened to put incompetents in office in time of crisis, cities routinely suspended the democracy and elected a temporary dictator to meet the emergency. The White House Conference on Families took this latter route, providing enough appointed delegates to outvote any "wrong" choices from the popular elections.

Executive director Carr's April NAC report also assured the board members, "Diverse points of view are represented in the delegates selected thus far. No single ideological point of view will be able to overwhelm the Conferences." How on earth can Mr. Carr know this? The evidence that he presents to support this assertion consist of data on the race, income, professional status, sex, handicaps, marital status, and age of the participants. He presents no designation of party affiliation, let alone ideological claims of the delegates. Apparently demographic classification has advanced to the point where one can predict the thoughts of the people thus classified.

The larger question, of course, is whether that diversity is a

reflection of the diversity of Americans or a frustration of majority sentiments. The "realities" which Chairperson Tucker's professionals have described for the Conference embrace a belief that our families are diverse, becoming more diverse, and require policies which promote even greater diversity. The process has been designed to demonstrate that perspective, and now treats "diversity of family forms" as a goal rather than as an indication of the breakdown of traditional families.

In order to keep diversity in the conference, the WHCF has used its influence to limit the elected delegates; overruled elections when they did not elect delegates who suited "diverse" standards of representation; appointed "at-large" delegates to provide balances; and ensured that the National Advisory Committee and the National Task Force, which will oversee the implementation of the Conference, are dominated by professionals and others associated with liberal advocacy groups. Members such as Mrs. Barbara Smith are included to sustain a fig-leaf of conservative participation, but what harm can one vote do among forty?

If the American people are agreed on the substantive questions which the Conference was intended to address, then the continued "diversity" can be achieved only through processes which frustrate the expression of that agreement. Thus the selection mechanism becomes a permanent electoral campaign, designed to reach no decision among the competing ideas. In worshipping diversity, the WHCP appears to have embraced the Tower of Babel as a model for democratic government.

The "pro-family" forces are treating the White House Conference on Families as a victory. They will not be a majority at any of the regional conferences, and none of the principles embraced in their statement is likely to be incorporated in Conference proposals. But the need to restrict the portion of delegates elected in open conventions, the reliance upon appointed delegates, and the preponderance of support for human service professionals all demonstrate that any agenda likely to emerge from the Families Conference has no serious claim to national status.

Mr. Carr's fear that the Conference will be dominated by interest groups is likely to be realized. With even minor openness, it is hard to conceive of any other result. For similar reasons, the sessions are unlikely to contribute anything genu-

inely new to the public discussion. Most of the scholars who contributed papers to the research forums have been writing articles sympathetic to the positions of human services professionals for years. No one expects them to retract positions which they have developed and held through the course of their professional training and careers. A few professionals might bring alternative packaging to the sessions,[12] but the contents will be recognized the instant the wrappings are removed.

The Conference might find agreement upon some of the themes which have been raised in the preliminary sessions, but these will be window dressing. One can foresee agreement on a finding that AFDC's "man in the house" rules tend to promote paternal desertion. The delegates might pass a resolution urging Congress to find some means to encourage families to care for elderly parents in their homes rather than subsidizing only institutional care. The tax tables which enable the Internal Revenue Service to collect more from married people than from single people in similar circumstances will catch some wrath. These are not central issues for anyone. Unanimous statements on them will reflect indifference rather than consensus.

Speaking with people on both sides, one occasionally hears the language of compromise and conciliation. One wonders if this quest for common ground is being conducted on quicksand. What common ground can there be between parties who define the family in such diametrically opposite terms? What common ground can there be between people who define existing social services as the cause of familial disorder and those who seek ways of expanding those programs? The literature of the contesting parties demonstrates that the developing American family feud is a clash of fundamentally conflicting moral visions. The debate surrounding the White House Conference on Families indicates the dissolution of that moral consensus which is a pre-condition to any serious quest for a common ground for national policy. When push comes to shove, neither side works

12. Compare the "functional" packaging that National Advisory Committee member Robert M. Rice gave his advocacy of a national family policy with the material cited in note 5, above. Robert M. Rice, *American Family Policy: Content and Context* (New York: Family Services Association of America, 1977).

toward common ground; each would prefer to win.

The Conference procedures demonstrate some of the limits of democratic government in dealing with many of these issues. In the absence of moral consensus, agreement on procedures is difficult, because people suspect that the procedures will be used to adopt policies which they despise. Any victory is hollow, because everyone acknowledges it as a triumph of power without conviction. Whoever wins, majority rule is deprived of the moral force which normally gives it legitimacy.

Allan Carlson has argued that many of the factors responsible for the breakdown of American family lives cannot be reversed by democratic government. Nevertheless, public officials regularly make decisions which influence the pace and general direction of those trends. Many recent decisions that have influenced those trends have been made in the judiciary or the bureaucracy, by people who claim professional expertise and who are comfortably isolated from the pressures of electoral politics. "They" would handle the questions which are too tough, too technical, or too emotional for legislatures and elected executives.

Ironically, as the scope of political decisions influencing family lives has increased, the portion of them responsive to democratic control has diminished. The White House Conference on Families does not even represent the most blatant of efforts to isolate decisions from democratic control. The "Tower of Babel" model of democratic procedure might be acceptable if the aim of the WHCF were merely to write a report cataloguing the conditions of different American families. An "agenda for action" that is intended for implementation goes beyond that description. Americans are entitled to question whether a report reflecting the feelings of a Conference dominated by appointees and professionals can be sufficiently attentive to the moral sentiments of a free people.

Tales from the Public Sector

Who shall doubt "the secret hid
Under Cheops' pyramid"
Was that the contractor did
    Cheops out of several millions?
Or that Joseph's sudden rise
To Comptroller of Supplies
Was a fraud of monstrous size
    On King Pharaoh's swart Civilians?

Thus, the artless songs I sing
Do not deal with anything
    New or never said before.
As it was in the beginning
Is to-day official sinning,
    And shall be for evermore.

Rudyard Kipling
Department Ditties

Knock, Knock

When I was at the University of St. Andrews, a game called "Guess Who?" enjoyed considerable popularity among the students. Also known as "Scotsman's Knock," the rules are elegantly simple: they call for two players and a bottle of scotch between them; then one goes out and knocks at the door, and the other has to guess which of them it is is.

Unfortunately for the spirit of Scottish sportmanship, the game is quite likely to be interrupted by any of 243 different *types* of official inspector who are empowered to enter private property and take part in search and seizure. The Adam Smith Institute has recently documented every law in Britain which gives power of access to an official; and its findings only claim to list the main ones. The 243 different *types* of inspector cover among them tens of thousands of officials who can invade private property, and do not include the police, bailiffs and sheriffs.

The popular Scottish game takes an even more confusing

turn if – after the whisky, the knock, and the traditional call of "Guess Who?" – the answer turns out to be something like "An inspector empowered under the Merchant Shipping Act of 1894 with reasonable ground for believing that there are on the premises provisions or water intended for supply to a ship registered in the U.K."

Most people in Britain are vaguely aware that men from the Gas Board or the Electricity Board are allowed to enter property and check for safety or disconnect the supply in the event of non-payment; they might even expect the occasional marauding Home Office official (or Post Office official acting as his agent) to engage in a playful raid for unlicensed telecommunications equipment; but it was not until recently that they learned to expect also a Receiver of Wrecks armed only with a warrant from a Justice of the Peace, and the abiding suspicion that a wreck was secreted on the premises "or otherwise improperly dealt with."

If the befuddled players of "Guess Who?" arm themselves beforehand with a copy of the regulations governing powers of entry, they will find that *suspicion* is ubiquitous as a justification for invasions by officialdom. Knock, knock.

"Good evening, sir. I have reason to believe that hops might be grown on the premises."

"No officer. Absolutely not."

"Potatoes, then, sir? Production, grading, packing, storing, or adapting for sale perhaps? I'm afraid I shall have to enter and measure them."

"No potatoes, officer. Honestly."

The inspector leans forward to look inside the door. "You wouldn't be producing wool, sir? Or making it, storing it, or adapting it for sale?"

"No wool of any sort." (Kicks wool sweater under chair.)

"I'm afraid I shall have to enter to inspect and sample any seeds, sir." (He observes the usual state of tidiness.) "You could say that your property appears to be used for the slaughter of turkeys or fowl for commercial purposes." (Menacingly now.) "Have you got any *bees*, sir?"

Suspicion of any of the above activities, and many times that number, is sufficient to justify entry with a JP's warrant. Should your behavior be so reckless as to foster the belief that you might be keeping a hovercraft, or using your premises as a

massage parlor, or both, in come the officials (as inspectors, that is, rather than as customers).

The Atomic Energy Act of 1946 empowers officers to enter your home if they have "reasonable grounds" for suspecting that you are dabbling in nuclear fission. If, on the other hand, they suspect that your property is harboring an ancient monument, they get you under the Ancient Monuments Act of 1931. There appears to be no common strand between the disparate activities whose suspicion justifies entry. From pumping brine to holding flock and filling materials, each has its coterie of experts potentially waiting at your door to join in the game.

The men from the Ministry of Agriculture may enter to exclude flora in the shape of "spear thistle, creeping thistle, curled dock, broadleafed dock and ragwort," or fauna as represented by "rabbits, hares, rodents, deer, foxes, moles and other creatures." The game could become positively physical if inspectors authorized under the Conservation of Seals Act of 1970 encountered Ministry of Agriculture men empowered to enter land and *kill* seals to prevent damage to fish!

Guessing the identity of the man at the door ceases to be a game and becomes an art form when inspectors call with entry rights from the various wages councils. The bewilderingly diverse list includes men from the brush and broom industry, the flax and hemp industry, the rope, twine and net industry, and the sack and bag industry. These are easy to guess compared with the wages council men asking about coffin furniture and cerement making, or the hat, cap and millinery trade, or the pin, hook and eye and snap fasteners business, or the perambulator and invalid carriage industry. A whole bottle of scotch should be awarded to any contestant who correctly guesses the identity of the inspector from the (wait for it) Ostrich and Fancy Feather and Artificial Flower Wages Council!

All of the above, and hundreds more, are among the more polite of officials who can enter private property. Men from the Inland Revenue or the Value Added Tax inspectorates are in the habit of kicking the door down in dawn raids, being empowered to use force to effect entry. One victim who had survived a Gestapo raid in the 1930s described the British tax men as "tougher and more efficient."

The game of "Guess who?" is, however, destined for simplification. The publication of the list appalled Mrs. Thatcher.

Alarmed at the threat to liberty posed by the wide-ranging and diverse powers of entry to private property, she has declared her government's intention to curtail the list. In the meantime, however, and until her resolution is put into effect, visitors to Britain should note that jokes which begin with "Knock, knock," are not regarded as very amusing.

Madsen Pirie

The Factory That Never Was

Investigative reporting is not a pursuit normally associated with the Soviet Union. But sometimes the Soviet Press is allowed to get its teeth into a scandal – provided its investigations do not lead too high up the party or government ladder.

A typically Russian scandal was exposed recently by a correspondent of *Pravda* who was sent to look at the Soviet Union's largest and most modern tractor and agricultural machinery repair and maintenance plant, described earlier by the paper as "a thing of beauty" and "an industrial miracle."

The Silvesk Plant outside Leningrad, according to the state committee for agricultural technology, was inaugurated and went into production in February 1979 with a capacity for repairing 14,000 state and collective farm tractors a year. Documents were signed by the Chairman N. V. Bosenko and the members of the committee to prove it, and the factory was welcomed by state planners as one of the Soviet Union's finest industrial achievements.

A shabby old plant in Leningrad which used to repair tractors for the North West region was promptly closed down to make way for construction of apartment blocks. The state committee then began issuing output figures for the new factory, which conformed with the industrial plan, and set new and higher production goals for 1980.

But as the months went by there were growing complaints from Soviet farmers that they were unable to get their tractors fixed, and finally the man from Pravda was sent out to investigate. Instead of a busy modern plant with newly repaired tractors rolling off the production line, he found a fenced in

area guarded by an old watchman with a shotgun.

Peering through a hole in the fence the Pravda correspondent saw a desolate landscape with scaffolding, broken bricks, slabs of dried cement and half finished, broken down buildings where birds were nesting.

According to *Pravda*, construction on the factory began in 1974. But the builders were useless, materials did not turn up and then funds ran out.

But rather than admit the disaster, the deputy chairman of the state committee for agricultural technology managed to persuade some members of the commission responsible for the project to certify its progress, and finally its completion, without their visiting the site. Those who were reluctant to sign were either fired or their names were forged.

After the factory was certified as being in full production, said *Pravda*, the commission "continued to include the non existent plant in their statistical reports, signed false assignments and wrote off sizeable losses."

After an investigation the deputy chairman A. V. Prokhorovich was "severaly reprimanded" and some of his colleagues were sacked. The matter is now in the hands of the public prosecutor's office. Meanwhile in a 33,000 square mile area around Leningrad there is no facility for tractor repairs.

Pravda reported members of the committee who were interviewed gave various reasons for completion of the factory that never was. Some claimed that their signatures had been forged without their knowledge. One trade union official said he knew the plant had not been completed but that he had signed the statement because "the deputy chairman of the commission very much wanted me to."

The most persuasive justification for signing came from the local fire inspector A. V. Vakhi. He explained that his responsibility was only to certify that the Sivesk plant presented no fire hazard. "Since there was no factory," he explained reasonably "there was no danger of it catching fire."

Richard Beeston

Against the Grain
In Defense of Appeasement

DAVID CARLTON

Senator Henry Jackson greeted news of the signing of the SALT II Agreement with some of the harshest expletives known to the American body politic: "Appeasement," "Munich" and, most predictable of all, "Neville Chamberlain." If the Senator's redoubtable endeavors to sink the SALT process should meet with eventual success and the United States at last begins consistently to "stand up" to wrong-doers throughout the planet, he will presumably in all logic wish to celebrate with cries of "Churchill." What did Neville Chamberlain and Winston Churchill actually contribute to the evolution of Great Britain's role in the world? And what tentative lessons can we draw for American international policy in the 1980s?

In 1937 Neville Chamberlain is said to have remarked that the British possessed an extremely rich but also an extremely vulnerable Empire. He adopted the policy of "Appeasement" because he could see no possibility that his country could retain its pre-eminent position by reckless willingness to "stand up" to all possible opponents of the international *status quo*. Above all, he did not believe that Great Britain could any longer risk her blood and treasure in the disinterested defense of all victims of aggression. This was not because he was a pacifist. Nor was it because he did not see the ethical appeal that underlay the clamor of those who wished to assist hapless victims of ruthless invasions. It was simply that he believed that Great Britain's military strength was insufficient to allow her the luxury of automatically calling international brigands to order. British efforts, in his view, had to be concentrated on preserving her own global possessions and other countries such as Belgium, the Netherlands, and France, whose independence was judged to be a vital British interest.

Chamberlain had not always been so definitely of this opinion. In 1935, for example, he had been among a minority of British Cabinet Ministers willing to support an oil sanction against Italy in an attempt to save Abyssinia, even though no narrow British interests were at stake. But by 1937, after two

years of all-out German rearmament, he was satisfied that the European military balance had shifted too much against the British to permit any further indulgence in high-minded crusading on behalf of others.

Chamberlain explained the logic behind his outlook at a meeting of the Committee of Imperial Defence on 5 July 1937:

> The ideal, no doubt, was to be prepared to fight Germany or Italy or Japan, either separately or in combination. That, however, was a counsel of perfection which it was impossible to follow. There were limits to our resources, both physical and financial, and it was vain to contemplate fighting single-handed the three strongest Powers in combination. We did not leave out of account that we should probably have allies in such a war, notably France, but France at the present time was not in a strong position to give us much help . . . .[1]

Chamberlain accordingly tried to arrange a general settlement with Adolf Hitler and in any case to detach Italy from her entente with Germany, even at the disagreeable cost of recognizing the King of Italy as Emperor of Abyssinia. Foreign Secretary Anthony Eden did not share this outlook, particularly the Italian aspect of it, and duly resigned in February 1938. Later events might appear to justify Eden's action as also the "bulldog" rhetoric of Winston Churchill, whose efforts did so much to force a reluctant Chamberlain into going to war with Germany over the issue of Danzig. Eventually Great Britain found herself at war not only with Germany but also with Italy and Japan. She also had the satisfaction of celebrating victory over all three by 1945. Yet how fortunate Churchill and Eden were to emerge as apparently vindicated heroes. For Great Britain's victory was really due to Adolph Hitler's folly during 1941 in declaring war first on the Soviet Union and then on the United States. Moreover, the victory was bought at a very high price: that vulnerability of the British Empire which Chamberlain had grasped was soon apparent to all. Within a

1. Cab. 2/6, Public Record Office (hereafter P.R.O.), London. Extracts from Crown Copyright records appear by permission of the Controller of H.M. Stationery Office.

decade of Hitler's death much of the Empire had to be relinquished, while the United States was able to insist on replacing the British as the dominant military and economic power in the Middle East. In Continental Europe, moreover, two extra-European superpowers held total military control. The Suez debacle of 1956 merely served to register the extent to which Britannia had fallen into decrepitude. It was thus a splendid irony that Eden, whose overestimation of British power had done so much to ruin Chamberlain's prudent plans for keeping Great Britain out of global war, should have been forced to bow the knee to American economic sanctions after launching his final reckless military adventure against Egypt. The decline has continued. Today Great Britain enters the 1980s as one of the most impoverished countries in Western Europe with its world standing bearing no comparison with that possessed when Chamberlain was Prime Minister less than half a century ago.

The Logic of Appeasement

The heroic policy of going to war in 1939 ostensibly for the sake of Poland may thus have brought short-term plaudits for Churchill and Eden and may have left the bulk of the British people basking in a glow of self-righteous pride. But was it really wise? After all, even Lord Palmerston's Cabinet at the peak of British power had not gone to war for the sake of the Poles when they had tried to throw off Russian domination. The mid-Victorian Britishers evidently knew instictively when not to allow their moral principles to draw them along ruinous paths. Even W. E. Gladstone, Richard Cobden and John Bright, when faced with the woes of a far-away nation, led their high-minded followers into essentially isolationist sermonizing rather than into waging "perpetual war for perpetual peace." They thus differed less than they wished to admit from Otto von Bismarck who once retorted to those who drew his attention to the suffering of Balkan Christians under Turkish rule: "I shall remember them in my prayers but I may not make them the object of German policy."

Chamberlain in speaking of Czechoslovakia as "a far-away country about which we know nothing" showed that by 1938 he had decided to place himself in that tradition in British

foreign policy which recognized that there were usually practical limits to what fewer than fifty million people, however noble and enlightened, could impose on a wider world. Churchill and Eden learned this lesson the hard way after much indulgence in vicarious valor. True, they were able to posture in the immediate post-war years as having opposed "Appeasement" and to contrast themselves favorably with Chamberlain, who came to be seen as having been a gullible simpleton or even as a coward or as a sympathizer of Fascism. But we can now see that Churchill and Eden were themselves forced to become "appeasers" vis-a-vis the Soviet Union to at least as great an extent as Chamberlain had ever been vis-a-vis the Fascist Powers.

In 1938, in the Commons debate after Munich, Churchill declared:

> And do not suppose that this is the end. This is only the beginning of the reckoning. This is only the first sip, the first forestate of a bitter cup which will be proffered to us year by year unless by a supreme recovery of moral health and martial vigour, we arise again and take our stand for freedom as in the olden time.[2]

Yet this same Churchill accepted the need to pretend that the Germans had massacred thousands of Polish officers at Katyn — though he was privately convinced of Soviet guilt. This same Churchill, prompted by Eden, agreed forcibly to repatriate to the Soviet Union millions of Soviet prisoners of war, many of whom faced extermination for having fought, often under threat of death, in German uniforms. This same Churchill declared war on Romania in December 1941 to gratify Josef Stalin even though the Soviets had been the original aggressors. In February 1945, moreover, the Prime Minister was unwilling to endorse Foreign Office protests at Stalin's policy of seizing masses of Romanian citizens for purposes of forced labor in the Soviet Union. On 19 January 1945 he wrote this justification:

> We seem to be taking a very active line against the deportation of the Austrians, Saxons and other German or quasi-German elements from Roumania to Russia for labour

2. *Hansard* (House of Commons) vol. 309, cols. 359-74, 5 October 1938.

> purposes. Considering all that Russia has suffered, and the wanton attacks made upon her by Roumania, and the vast armies the Russians are using at the front at the present time, and the terrible condition of the people in many parts of Europe, I cannot see that the Russians are wrong in making 100 or 150 thousand of these people work their passage. Also we must bear in mind what we promised about leaving Roumania's fate largely in Russian hands. I cannot myself think it is wrong of the Russians to take Roumanians of any origin they like to work in the Russian coal-fields, in view of all that has passed.[3]

His reference to the promise to leave Romania's fate largely in Russian hands related to the so-called "Percentages Agreement" of October 1944, forged when he had gone to Moscow to make a cynical spheres-of-influence deal with Stalin. Archibald Clark-Kerr, the British Ambassador in Moscow, recorded Churchill's opening gambit on that occasion:

> *Prime Minister* then produced what he called a "naughty document" showing a list of Balkan countries and the proportion of interest in them of the Great Powers. He said that the Americans would be shocked if they saw how crudely he had put it. Marshal Stalin was a realist. He himself was not sentimental while Mr. Eden was a bad man. He [Eden] had not consulted his cabinet or Parliament.[4]

Romania and Bulgaria were thus unceremoniously handed over to the Soviets.

Eventually Poland, for which the British had so quixotically gone to war, suffered a similar fate. In 1942 Eden had given an undertaking to the London-based Polish Government-in-Exile that "His Majesty's Government do not propose to conclude any agreement affecting or compromising the territorial status of the Polish Republic."[5] Churchill and Eden soon reneged on this promise but offered another: the Soviets must be allowed their territorial claims in Eastern Poland but the British would

3. F.O. 954/23. P.R.O.
4. F.O. 800/302. P.R.O.
5. Anthony Polonsky (ed.), *The Great Powers and the Polish Question, 1941-45: A Documentary Study in Cold War Origins* (London, 1976), p. 105n.

not recognize the installation of a pro-Soviet regime over what remained of the country. This pledge, too, was broken in 1945 when Churchill joined the Americans in de-recognizing the London-based Poles and accepted a Government based on the Soviet-sponsored Lublin Committee.

This sad record was not caused by Churchill's gullibility or pro-Soviet sympathies. The reality may be gleaned from these quotations reflecting the Prime Minister's private views:

Churchill to Eden, 8 May 1944

The Russians are drunk with victory and there is no length they may not go.

Churchill to Lord Cranborne, 3 April 1945

Always remember that there are various large matters in which we cannot go further than the United States are willing to go.

Churchill to Eden, 17 June 1945

It is beyond the power of this country to prevent all sorts of things crashing at this time. The responsibility lies with the U.S. and my desire is to give them all the support in our power. If they do not feel able to do anything, then we must let matters take their course.

Churchill quoted in Lord Moran's Diary, 22 July 1945

The Russians have stripped their zone [of Germany] and want a rake-off from the British and American sectors as well. They will grind their zone, there will be unimaginable cruelties. It is indefensible except on one ground: that there is no alternative.[6]

But does this not mean that Churchill had arrived, millions of deaths later, at the same view as Chamberlain about the limits of British power? If so, Churchill's education had been an expensive one — most of all for the Poles. One is reminded of A.J.P. Taylor's cruel question:

> Less than one hundred thousand Czechs died during the war. Six and half million Poles were killed. Which was better — to be a betrayed Czech or a saved Pole?[7]

A further query follows: was it worth shedding so much British

6. F.O. 954/20; F.O. 371/48193, P.R.O.; and Lord Moran, *Winston Churchill: The Struggle for Survival, 1940-1965* (London, 1966), p. 278.

7. A.J.P. Taylor, *The Origins of the Second World War* (2nd ed., Harmondsworth, 1963), p. 26.

blood and treasure to ensure that independent Poland should fall under Soviet rather than German servitude? Many will surely not regard Stalin's Communism as self-evidently a lesser evil than Hitler's Fascism. But even those who prefer Stalin to Hitler have to ask themselves whether the difference between them was sufficiently great to have justified the scale of British sacrifice that the Second World War involved. Churchill himself in some moods grasped the incongruity of his having been able to oppose Nazi aggression only by supporting that of Stalin and even apparently found it something of a joke. Harold Nicolson recorded in his diary on the occasion when several notable Chamberlainites protested in Parliament at the sell-out of Poland at Yalta: "Winston is as amused as I am that the warmongers of the Munich period have now become the appeasers, while the appeasers have become warmongers."[8]

Should, then, Senator Jackson add "Churchill" "the Percentages Agreement" and "Yalta" to cries of "Chamberlain" and "Munich" when next he wishes to scourge Presidential pusillanimity? Certainly that would be fairer than not doing so. But maybe he should excuse both Chamberlain and Churchill. For ineradicable military weakness underlay successive British appeasement policies from 1937 to 1945. In the circumstances, neither Munich nor the "Percentages Agreement" should be condemned. Instead, the ineffectual declaration of war on behalf of Poland is perhaps more deserving of criticism. Would Senator Jackson perhaps insist that declaring war for Poland was a moral imperative, at whatever cost to British blood and treasure, and however foredoomed to failure it may have been so far as restoring Polish independence was concerned?[9] But in that case he should surely excoriate, above all, Franklin

8. Nigel Nicolson (ed.), *Harold Nicolson: Diaries and Letters, 1939-1945*. (London, 1967), p. 437.

9. It is just possible that he would. For since this article was prepared, he has warned against rash U.S. commitments to faraway countries that American military strength might not be able to sustain (*Wall Street Journal*, May 13, 1980). Maybe this marks Senator Jackson's belated conversion from the policies of heroic posturing. But, if so, the test will come when he next mentions Chamberlain. Will he praise Munich as a superior alternative to fighting an unwinnable war, and will he argue that what was needed in 1939 was not war for Poland but rather a second Munich?

Roosevelt. For the President made no effort to persuade Congress to declare war in 1939 when Germany invaded Poland. Certainly when it is recalled that the United States had vast numbers of citizens of Polish and Jewish race, while Great Britain had scarcely any, the respective reputations of President Roosevelt as "courageous" and Prime Minister Chamberlain as "cowardly" are difficult to take seriously. And, of course, this same Roosevelt refused to ask Congress to come to the aid of the British and the French in May 1940 during the Dunkirk crisis. Instead, he merely asked Churchill for an assurance that if the British Court and Government had to go into exile King George the Sixth would not be allowed to move to Canada.[10] At a time when Hitler was about to conquer Western Europe, American anti-monarchial sentiment apparently had to be given priority. True, Roosevelt eventually found himself at war with Germany, but only because Hitler chivalrously and foolishly honored his commitment to help Japan in her hour of need. Later, at Yalta, Roosevelt, needless to say, did nothing effective to try to save Polish independence and for good measure gratuitously assured Stalin that all American troops would be withdrawn from Europe within two years. So perhaps Senator Jackson should heap damnation on the memory of Roosevelt instead of Britishers when next he wishes to denounce "Appeasement." But since the Senator's career was founded on loyalty to the Rooseveltian Democratic tradition, he is probably no more likely to do this than most posturing hawks on the Republican side are to clamor for a total boycott on the export of grain to the Soviet Union.

Parallels with American Power Today

Are there any parallels between the British experience during the period 1937 - 1945 and the prospects now facing the United States? Let us consider some possible comparisons.

In 1937 Chamberlain declared that Great Britain was an extremely rich but also an extremely vulnerable Empire. Does not the United States, with its vast global commitments and its unprecedented dependence on foreign oil, also now stand in a similar position?

10. Cab. 65/13, P.R.O.

Another parallel may be that Great Britain in 1937 and the United States in 1980 needed to come to terms with having only recently been much less vulnerable. During the first 15 years after the Paris Peace Settlement, Great Britain had the power to discipline most international delinquents, if only she had had the will to use it. As late as 1935, she could have crushed Italy for the attack on Abyssinia and Germany for repudiating her treaty obligations not to have conscription. The United States probably had even greater power during the years after 1945, particularly during the Presidencies of Harry S. Truman and Dwight D. Eisenhower. The Americans for several years were in a position to destroy with nuclear weapons any city on the face of the planet while their own heartland was invulnerable. Even in the 1960s American military strength outmatched that of any rival whenever sufficient willpower was manifested. Hence the Cuban Crisis of 1962 inevitably ended in Soviet humiliation. Only entirely irrational Soviet leaders could have concluded that they would not get much the worst of an all-out confrontation. President John F. Kennedy proclaimed a willingness to "pay any price, bear any burden, meet any hardship, support any friend, oppose any foe to assure the survival and the success of liberty." But he was able to do so with reasonable assurance that the burden and the hardship were not (during his term of office) likely to be anywhere near as severe for Americans as for any possible adversary. Since the mid-1960s, however, this American advantage has been eroded and maybe even overturned. But not everyone has made the necessary adjustment to his rhetoric and his thinking. The British experienced a similar transformation in their capacity to act as global knights-in-shining-armor. In their case, moreover, the metamorphosis came with astonishing rapidity. As late as 1935 the British, with their French allies, were more than a match for either Italy or Versailles-shackled Germany. By 1937, or at latest 1938, there was no similar assurance. By 1940 the Nazis were in Paris, and by 1942 the Japanese were in Singapore. The Americans today have had a much longer period to adjust to the changing character of the military balance. And the transformation is in any case less drastic. But there remains a doubt whether any American leader is showing the same grasp of the implications of the change as Chamberlain managed in a much shorter period.

Chamberlain's agility of mind during the late 1930s seems in retrospect to have been astonishing. In 1935 he unsuccessfully supported the idea of an oil sanction against Italy, believing quite correctly that Benito Mussolini's capacity to stand up to the British and the French was at that time negligible and that Germany would not get involved. But by 1937 he understood that the revival of Germany could no longer be taken lightly. Now conflict with Italy was a luxury Great Britain could no longer afford. And he was equally alarmed at the risks involved if Japan and Germany should simultaneously attack the British Empire. He was also a realist about the remedies available to him. While regretting that British military power had declined and eager to spend more on defense, he recognized that no amount of rearmament would enable her to re-establish the dominant position she had formerly held when Germany had been effectively rendered impotent by the terms of the Versailles Treaty. Instead of looking back with lamentations about past mistakes and instead of seeking to refight old battles in new circumstances, Chamberlain courageously set out to shape British policy to correspond to the prevailing sombre realities. For a time he was successful, most notably at Munich. But eventually his policies were overturned by those who wished to strike heroic postures whatever the practical possibilities might be. Some similar risks now exist in the United States. Many politicians refuse to accept that there can be no return to the halcyon days of the 1950s and to that global preeminence which, from the American perspective, was so lamentably under-exploited. No doubt with the advantage of hindsight many Americans will acknowledge that there was much to be said in 1954 for John Foster Dulles's desire to "pay any price" to prevent Communists taking power in Hanoi. In fact the price would probably not have been particularly high at that time, any more than had the British shown more resolve against Italy in 1935. But in 1980 there can be no replay of the 1950s. Those who consider that Eisenhower and various allies erred in restraining Dulles in 1954 should not transfer their attitudes to the grievously changed world of the 1980s. For that would be to repeat the mistakes of those Britishers who clamored for war with Germany over Danzig in 1939, in a vain attempt to compensate for feebleness in 1935.

Chamberlain as Prime Minister demonstrated how to swallow

hurt pride and how to relate his country's essential needs to changed realities. At Munich in 1938 he showed a determination not to go to war for causes not relevant to vital British interests – an unheroic but essentially sensible line. But the next twelve months saw too many of his compatriots exert themselves to prevent any repetition. They were no doubt moved by a sense of national humiliation which it is not difficult to understand. And some sincerely believed, without much hard evidence, that Hitler's primary aim was the eventual destruction of the British Empire.[11] But their valor was insufficiently tempered by awareness of Great Britain's inability, given the new military balance, to rescue East European victims of aggression. In some cases, it is fair to add, this want of awareness was based less on genuine ignorance of the military facts than on a willful closing of eyes to the disagreeable implications of those facts. Up to and even beyond Germany's move into Poland, Chamberlain tried to turn back the tide of emotion. But even he was finally compelled to give the nation the war for honor for which it clamored. Poland paid an appalling price for the collective peace of mind of the British "men of honor." Great Britain, too, might well have paid as high a price as Poland. For only monumental errors by Hitler enabled the British to emerge from the catastrophic position in which they stood at the end of 1940. Even apparent "victory" in 1945 turned out to be costly enough. For it finished off the wealth that had hitherto underpinned the British place in the world. As R.A. Butler, a keen supporter of Chamberlain and Munich, wrote in 1942: "We have suffered greatly in the last twenty years through taking on wide and idealistic commitments beyond our strength."[12] For the Americans today, the parallels are not exact. But the risk is that at some stage over-reaction to essentially peripheral humiliations will lead them into undertaking imprudent and ultimately ruinous adventures only

11. A.J.P. Taylor, for example, has argued: "Hitler, like Stresemann, did not challenge the Western settlement. He did not wish to destroy the British Empire, nor even to deprive France of Alsace and Lorraine." Taylor, *op. cit.*, p. 99.

12. It is perhaps necessary to add that the present writer does not use the world "imperialism" in either a sub-Marxist or even a pejorative sense.

tenuously linked to America's irreducible vital interests.

Counsels of Prudence

One of the striking features of the British Empire in, say, 1935 was the extent of the power enjoyed by a mere 50 million people living on an island off the European continent. No doubt the British did have technological superiority in armaments over the countless billions whom they ruled throughout the world. On the other hand, sophisticated weaponry alone would have been quite insufficient to sustain British authority if the subject peoples had not been largely acquiescent. And even where resistance was encountered, notably in India, the British had the good fortune to meet only the passive variety favored by Mahatma Gandhi. Could British power in its totality have been sustained indefinitely? Avoiding involvement in the Second World War was obviously a precondition for this. So, too, in all probability would have been the eventual mobilization of large sections of the British population for service in the Empire — something that would have been politically unimaginable under a system of Parliamentary democracy but maybe just possible under, say, the dictatorship of a right-wing and populist authoritarian. But even these preconditions would probably have been insufficient to do more than delay the decline of the British Empire. For 50 million advanced people, whose lives could not be regarded as cheap, there were limits to effective power once widespread violent resistance to imperialism had begun. It is fair to ask whether 220 million Americans in the last decades of the twentieth century face similar problems if resistance to their admittedly more informal "imperialism" should continue to grow.[13] Are there really enough Americans to maintain indefinitely pro-American governments throughout Latin America if the bulk of the impoverished peoples there should decide to support anti-American movements? Are there enough Americans to sustain medieval, pro-American regimes in the Middle East if anti-American Islamic fervor on the Iranian model should spread? The United States, as good luck would have it, has been able to survive the loss of Iranian oil without industrial catastrophe. But suppose the Iranians had

13. F.O. 954/25, P.R.O.

happened to supply three times as much oil as was actually the case. In that event the Americans would probably have felt constrained to use force in an attempt to secure the necessary supplies. Even supposing that effective force could have been used before the oil installations had been sabotaged, how many Americans would have had to be stationed in Iran on an indefinite basis to hold down 40 million Islamic fanatics? Much the same question may one day seem acute in other Islamic contexts and also in the matter of vital strategic and industrial minerals currently in friendly but threatened hands in South Africa. Are there enough young Americans for these prospective missions? And are such Americans as are actually available too accustomed to a soft and hedonistic lifestyle to be able to match up to the stern requirements they may soon face? Or are they perhaps so "debellicised," after Vietnam and after the ending of the draft, as more nearly to resemble the French in 1940? At all events, 220 million Americans, however brave and however well equipped, surely face too daunting a potential task in maintaining their irreducible vital interests overseas to undertake also the protection of those potential victims of aggression whose fate is not an immediate American interest. A mere 220 million people, occasionally supported by a handful of uncertain and even more "debellicised" allies in Western Europe, are in no position to police more than a fraction of a globe whose total population is more than twenty times as large as that of the United States.

What the United States also needs to accept is that she faces a wide range of potential enemies, not merely the Soviet Union. She would be wise to appraise and constantly reappraise which potential enemies are the more menacing and the more implacable. What may be true in 1980 may need revision in 1985 or 1990. Chamberlain in his time certainly showed this flexibility of mind. As has been seen, he had grasped by 1938 that his country had so many potential adversaries that the "appeasement" of some of them was essential. Great Britain could not risk war simultaneously with Germany, Italy and Japan. And Chamberlain, unlike many of his critics, also believed with much prescience that in the longer term she faced the even more implacable hostility of the Soviet Union. For the Prime Minister the intelligent course was to place these potential enemies in a ranking order. During 1938 he was inclined to be

sufficiently optimistic about the short-term prospect of accommodation with the Fascist Powers that he could show most hostility towards Moscow, whose ideological menace greatly alarmed him. He was relieved to see the defeat of the Communists in Spain, and delighted to exclude the Soviets from the Munich Conference. But during 1939 he was driven, rather against his better judgment, to consider the argument that Germany had become so much of a short-term threat that measures to resist any apparent bid on her part for European mastery must take precedence over his longer-term fear of Communism. Under great pressure from public opinion and from within the Conservative Party, he reluctantly "guaranteed" Poland and even agreed to the exploration of possibilities of an alliance with Moscow. The reaction of Henry Channon, a supporter of Chamberlain and Parliamentary Private Secretary to Mr. (now Lord) Butler, is of interest. On 18 March 1939 he wrote in his diary:

> Now we have begun to flirt with Russia. We must be in very low water indeed to have to do that.

Again, in May 1939, he became conscious, while sitting in the Commons listening to a Debate on the possibility of an understanding with Moscow, that the Soviet Ambassador in London, Ivan Maisky, was listening to the proceedings. He wrote in his diary:

> I looked up at Maisky, the smirking cat, who leant over the railing of the Ambassadorial gallery and sat so sinister and smug (are we to place our honour, our safety in those blood-stained hands?).[14]

Chamberlain's heart, too, was never in the bid for Soviet support and he was clearly relieved when negotiations collapsed. In one respect the Ribbentrop-Molotov Pact simplified matters for him. He persuaded himself for a time that both Hitler and Stalin should be considered "National Bolsheviks" and hence as adversaries. True, he did not actually declare war on Russia though coming close to doing so early in 1940. But he now hoped to forge a genuine anti-Comintern Pact, to consist of the European democracies together with what might be termed

14. Robert Rhodes James (ed.), *Chips: The Diaries of Sir Henry Channon* (London, 1967), pp. 187, 199.

the regimes of the "gentleman Fascists" in Italy, Spain, Japan, and Portugal, directed against Moscow and Berlin. Various factors, not least the anti-Tokyo prejudices of Roosevelt, caused this plan to come to nothing. All the same, Chamberlain clearly indicated that he had decided that Hitler and Stalin were infinitely more threatening than Mussolini, whom he unashamedly sought to woo. And he also had hopes that the Japanese, too, might be bought off, particularly if they could be persuaded to turn against the Soviet Union rather than continue to expand to the South. Butler, then in the Foreign Office and still a close ally of Chamberlain, minuted on 22 September 1939:

> Russia and Japan are bound to remain enemies, and with our position in India and the East it would pay us to make a return to the Anglo-Japanese alliance possible . . . . I do not believe it will pay us to keep Japan at arms length and distrust everything she does for the sake of American opinion.[15]

As between Germany and Russia the choice was never easy for Chamberlain and his thinking revealed some fluctuations. Nazism was self-evidently a less intellectually challenging ideology than Communism. The former's recognizable survival depended on the heart-beat of Hitler, whereas Marxism-Leninism was far too majestic and persuasive an explanation of the world as to be likely to die with Stalin. Moreover, the Soviet Union had longer-term potential in population and resources far in excess of Germany. Yet such was the nature of Germany's immediate threat to international stability in 1939 that some measure of British resistance to her turned out to be unavoidable. But even when going to war with her over the Danzig issue, Chamberlain felt great uncertainty and had private hopes that a compromise peace might soon be patched up. During the Phoney War of 1939-1940 he never lost sight of the possibility of a deal with Berlin nor ruled out the chances of war with the Soviets, whose invasion of Finland caused him to feel deep foreboding. At the same time, as we have seen, he speculated about the creation of a "genuine" Anti-Comintern Pact directed against both Berlin and Moscow. But whether Chamberlain's

15. F.O. 371/23556, P.R.O.

instincts and judgments about the four possible adversaries – Germany, Japan, Italy and the Soviet Union – were at various points right or wrong will be endlessly debated and need not detain us here. What is surely relevant is that he was at least asking himself the right kind of questions. Some of his contemporaries seemed to be so obsessed with appearing courageous that they simply refused at times to admit that British military weakness meant that choices between evils had to be made.

Choosing America's Enemies

For the United States in the 1980s the parallels are interesting though, as usual, not exact. The Soviet Union is widely seen, probably correctly, as representing the most immediate short-term threat to the interests of the United States. Yet China has a vastly larger population and is far less westernized than the Soviet Union. On any long-term view an American policy of building up the Marxist-Leninist regime in Peking is surely risky in the extreme. Only the most overwhelming evidence of short-term Soviet threats to American vital interests would appear to justify such a course. The long-standing tension between Moscow and Washington is, of course, genuine enough. But is it so menacing as to make it wise for the West to ally with, or even to flirt with, a quarter of the human race, most of whom are living in a state of envy at subsistence level and all of whom are controlled by declared Marxist-Leninists who prefer Stalin to Brezhnev and who continue to praise Pol Pot? The latter, needless to say, murdered a larger proportion of his subjects than any tyrant in history – even Stalin – and was such a fanatical Communist as completely to abolish money. If the West faces such problems that alliance with even Pol Pot's admirers is becoming necessary – and it may conceivably be the case – then let us at least recognize the full ghastliness of the straits to which we have been reduced. As Channon wrote in another context: "We must be in very low water indeed to have to do that."

The West may also face more trouble in the long-term from "crazy" Third World states than from the Soviets. Efforts to promote the "New World Economic Order" may come to menace Washington even more than the ideological designs of the "gerontocrats" in the Kremlin. Terrorism sponsored by

the likes of Colonel Qadaffi and oil embargoes organized by mad mullahs may assume a terrifying dynamic in the coming years, whereas the Soviets, instead of promoting Marxist-Leninist revolutions through allied Communist Parties, may find themselves increasingly engaged (apart from holding down their immediate sphere of influence) in gentlemanly essay-writing competitions with such subtle, sophisticated and relatively harmless characters as Enrico Berlinger and Santiago Carrillo, leaving revolutionary opportunities to be seized or missed by such as the Red Brigades and ETA. It is of course by no means certain that either China or the "crazy" Third World states or "Terror International" will eventually replace the Soviet Union as the principal threat to American interests. But it is surely enough of a possibility for there to be an obligation on American statesmen to guard against allowing their thinking to become ossified.

In an ideal world the Americans could thwart all the ambitions of the Soviets, the Chinese and the fanatical advocates of the New World Economic Order. In such a world they would no doubt fight on behalf of victims of aggression whether or not immediate and vital American interests were at stake. But the Americans are now no more able to do this than Chamberlain could hope to act as a successful world policeman against all the aggressors of his day. Even Senator Jackson should thus cease to think of all "Appeasement" as unacceptable. He and his compatriots should instead recognize that disagreeable choices may have to be made and that the first essential is to distinguish between what are and what are not vital American interests. Afghanistan provides an interesting test-case. Her fate is not in itself of central importance to Americans. On the other hand, if the sober conclusion should be reached that Soviet action there is a definite preliminary to an assault on the Gulf, any risk would be worth running to thwart Moscow. But in the absence of decisive evidence that the Soviets are unalterably set on assaulting American vital interests, the Afghans may alas have to be written off as a "far-away people," whom Senator Jackson should be persuaded to remember only in his prayers.

Book Reviews

Kissinger, Vietnam, and Cambodia

WHITE HOUSE YEARS. *By Henry Kissinger.* (Little Brown, New York, 1979)

The first installment of Henry Kissinger's memoirs ends by evoking poor Richard Nixon, alone in the Lincoln Sitting Room. It is the eve of his triumph: January 23, 1973, the day the Paris Treaty was signed:

> What extraordinary vehicles destiny selects to accomplish its design. This man, so lonely in hour of triumph, so ungenerous in some of his motivations, had navigated our nation through one of the most anguishing periods in its history. Not by nature courageous, he had steeled himself to conspicuous acts of rare courage. Not normally outgoing, he had forced himself to rally his people to its challenge. He had striven for a revolution in American foreign policy so that it would overcome the disastrous oscillations between overcommitment and isolation. Despised by the Establishment, ambiguous in his human perceptions, he had yet held fast to a sense of national honor and responsibility, determined to prove that the strongest free country had no right to abdicate . . . Enveloped in an intractable solitude, at the end of a period of bitter division, he nevertheless saw before him a vista of promise to which few statesmen have been blessed to aspire . . . He was alone in his moment of triumph on a pinnacle, that was soon to turn into a precipice.

Henry Kissinger thus tells a history. After four years, the Republican Administration had wrested "honorable" peace terms from North Vietnam. Between the two inaugurations – January 1969 and January 1973 – Mr. Nixon and Dr. Kissinger had reestablished relations with the People's Republic of China, signed the first SALT agreement, and defused the crises of the Soviet missile bases in Cuba and the Indo-Pakistani war. "Nixon entered his second term with an overwhelming public mandate, a strong executive at the height of his prestige, with the nation at the height of its international prestige." The second installment of the memoirs will tell of the collapse of the "structure of peace" and its illusions.

This review first appeared under the title "*Henry Kissinger, le Vietnam et le Cambodge. Decision et retrospection.*" in the French journal *Commentaire* (Vol. 2 No. 8, Winter 1979-1980). With the permission of M. Aron and the editors of *Commentaire*, the review appears here for the first time in English. Translated by Leila Marie Lawler.

Let us shift now from the end to the beginning: January 1969. Although Richard Nixon was a "hawk" in the Vietnam dispute, from 1961 to 1969 he was out of the public eye. It was President Kennedy who first gave the go-ahead to the plot to overthrow Ngo Dinh Diem's government. Then Lyndon Johnson, in 1965, took the initiative in escalating the war, sent an expeditionary force of half a million troops, and made the decision to bomb North Vietnam.

According to his own testimony, Dr. Kissinger had little interest in Vietnam in those early days. It wasn't until 1963 that he saw the need to criticize the policies of the government. "I was appalled by the direct role the United States had evidently played in the overthrow of South Vietnam's President Ngo Dinh Diem, which led to his assassination."(231) According to him, "The presumed military gains could not outweigh the loss of political authority. And we would be much more deeply committed morally to the government we had brought to office." The decision about Diem's overthrow explains (at least in part) the refusal to find a President of Cambodia to replace Lon Nol, even though the latter had displayed his incompetence brilliantly. The effect that Diem's fall exercised on the strategy of Hanoi is unknown to me. In spite of Dr. Kissinger's insistence on this point, I hesitate to attribute the North Vietnamese escalation to that cause. Probably Diem was generally preferable to those who followed him into power. But because he was a Mandarin from Annam, and Catholic, he had become unpopular. (The enthusiasm that greeted the victory of the *coup* was not manufactured by the new leaders.) The project – to compromise with the Communists – that was attributed to Diem's brother served as no more than another motive for the Americans to support those planning to oust Diem.

In 1965, Dr. Kissinger "belonged to the silent majority that agreed with the Johnson Administration's commitment of combat forces to resist Hanoi's now clear direct involvement." In 1965 and 1966, at the request of Ambassador Henry Cabot Lodge in Saigon, Dr. Kissinger made three trips to Vietnam, from which he returned skeptical about the handling of the war and the progress toward peace. At this time, General Westmoreland was using search-and-destroy tactics and Americans were seeking combat with North Vietnamese detachments in order to destroy them. Other Communist forces (Vietcong or North Vietnamese) were destroying the administrative structure of the Saigon Government and replacing it with a clandestine administration.

Between July and October of 1967, messages from Johnson to Hanoi were transmitted through French intermediaries. Dr. Kissinger does not name names, nor will I implicate anyone. The negotiations, in which a cessation of American bombing was offered to the other side, failed. A year later, through other intermediaries, they succeeded: The North Vietnamese agreed not to violate the DMZ or to launch unreasonable attacks on large cities.

At that time, Dr. Kissinger outlined a plan for peace in *Foreign Affairs*. He noted the inability of the Americans to win the war militarily. He defended the sound doctrine that the U.S. should reinforce the South Vietnamese regime, militarily as well as politically, to make it capable of

taking a growing share in the fight and in surviving the eventual American departure. Finally, Dr. Kissinger saw two lines of negotiation: the one, primarily military, between the North Vietnamese and the Americans; the other, political, between the warring Vietnams. This article contained the ideas that inspired the actions of Mr. Nixon and Dr. Kissinger over four years. Vietnam did not represent a vital or even important stake for the U.S.; it was American involvement that made it a vital test. A great power cannot betray an ally without losing its prestige, its moral authority, its "credibility." From 1969 to 1972, Mr. Nixon and Dr. Kissinger pursued the course of war with the intention of preserving national honor through preserving the non-Communist regime in Saigon – a regime for which thousands of American soldiers had already fallen. But how to impose an honorable peace, a peace that would not sacrifice Saigon, when the Viet Minh, then the government of Hanoi, aimed at the objective Ho Chi Minh proclaimed in 1945: the union of the three Indo-Chinese provinces: Vietnam, Cambodia, and Laos under Communist direction?

An Insoluble Problem

Out of curiosity, I have reread my own articles on Vietnam, published in *Figaro*. On July 8, 1969, under the title "Nixon et le Vietnam, Defaite ou guerre prolongee?" ("Nixon and Vietnam, Defeat or Prolonged War?"), I analyzed the situation and made clear the obvious choice: Either Mr. Nixon could consent to the elimination of the Thieu government and, in this case, the U.S. would have lost the war by conceding the objective; or the U.S. could refuse the coalition government (from which the "Thieu clique" would be excluded) and, in this case, anticipate a prolonged war. "In brief," I wrote, "if President Nixon *wants* both to get out of Vietnam and to withhold political victory (a Vietcong government in Saigon) from the enemy, he could hardly find a replacement regime in Saigon. In any case, the Vietnamese reject dialogue with the 'puppets of Saigon' with the same firmness as they always have." And again, "Everything happens as if the Vietcong were relying on the lassitude of the American people enabling them to extract a final victory. In the event that a decision is not reached on the field of battle, the war will become a test of wills." And yet again, "Do Americans, today under Nixon as before under Johnson, have any other choice except between political defeat or prolonged war? There would perhaps be a third way, the day the North Vietnamese judge their enemy as patient as themselves. But by what miracle would they make that judgement?"

On October 30, 1969, I took up the dialogue between President Nixon and his critics. "American intervention had the maintenance of a non-Communist government in Saigon as its objective. Are they now going to give power to the Vietcong under the guise of a coalition government? . . . President Nixon and his counselors are not refusing to 'lose the war' regardless of the cost, if the Vietcong's arrical to power is defined as defeat. They want to protect their one last chance of not losing the war and, above all, of not betraying agreements already made. To impose a coalition government on Saigon would signify such a betrayal. But defeat would be a disaster if the Americans betrayed or seemed to betray their

allies. In this hypothetical case they would lose much of the confidence of their friends and the respect of their enemies."

In his memoirs Dr. Kissinger returns many times to this point: the U.S. could not, without dishonor, subscribe to the North Vietnamese requirement of a coalition government. But the North Vietnamese did not renounce their insistence on a coalition government until October of 1972. Until then, the choice for the U.S. remained the same: either to accept not only military defeat and the elimination of the non-Communist government, but indeed actually to assume the responsibility for that elimination; or, of course, to continue fighting. President Nixon and Dr. Kissinger chose the latter.

In his own 1967 book, Robert Kennedy did not differ from Dr. Kissinger: "Retreat is now impossible. The massive fact of American intervention has created its own reality . . . . Tens of thousands of Vietnamese have risked their life and their fate on our presence and our protection . . . These men cannot be suddenly abandoned to the conquering force of a minority . . . Over there in Asia, a sudden and unilateral retreat would nourish doubts about the 'credibility' of the United States."

Certain commentators scornfully dismissed the argument based on 'credibility' or 'honor.' Without arguing the thesis on which the Nixon-Kissinger strategy was based, one might remark that the liberals – friends of the Kennedys – themselves refused, in 1967 and 1968, unconditional retreat and abandonment of Vietnam.[1] President Nixon and Dr. Kissinger did not change that position – a position that in 1969 implied, to my eyes (and I was not mistaken), many years of war.

The Nixon-Kissinger Strategy

President Nixon and Dr. Kissinger hoped to negotiate peace as soon as possible. But as far back as February, the North Vietnamese attacks appeared to them to be violations of agreements (never made public) Hanoi had undertaken in return for the suspension of bombing above the 20th parallel. In order to respond to these attacks without returning to bombing North Vietnam, President Nixon turned to aerial operations against North Vietnamese bases in Cambodia, quite close to the border. I shall return a bit later to the operations in Cambodia that play such a major part in William Shawcross's book, *Sideshow*, as well as in the renewed polemics against President Nixon and Dr. Kissinger. For the moment let us inquire about the condition of the new U.S. leaders' understanding of the situation. They were resolved not to capitulate, nor to sell out the Thieu regime in the name of a coalition government. What was their perspective?

Of the four principal players – Richard Nixon, Melvin Laird, William Rogers, and Henry Kissinger – President Nixon was the most clearheaded.

1. In pp. 255-256 one can read Robert Kennedy's proposals of early 1968 as well as the program of Senators George McGovern, Eugene McCarthy, and Edward Kennedy in a Democratic Congress. The program was rejected as too moderate, too "dovish."

"The President was the most skeptical. He did not believe that negotiations would amount to anything until the military situation changed fundamentally. He thought Hanoi would accept compromise only if it had no other choice." (261) As for Henry Kissinger, he himself had illusions, as he admits in his book. "I had great hope for negotiations – perhaps, as events turned out, more than was warranted. I even thought a tolerable outcome could be achieved within a year." (262)

Dr. Kissinger admits freely that he did not know the Hanoi government. "We knew too little of Hanoi at that point to understand that its leaders were interested in victory, not a cease-fire, and in political control, not a role in free elections." (267)

All four of the architects of strategy agreed on three major points: there was no possibility of military victory; a retreat – at least partial – of American troops was inevitable as a means to appease critics; therefore "Vietnamization" – reinforcement of the South Vietnamese army – became of utmost importance. If one includes alongside these ideas the refusal to surrender, one is left with the strange admixture that was the Nixon policy: unilateral concession to the enemy through the retreat of American troops, the increasingly generous offers of peace, and the consistent refusal to sacrifice the Thieu regime and its continuity. Why should Hanoi recant its demands when the President himself downgraded his military options and encountered an opposition that grew more and more violent with the passage of time?

What at first glance seems strange, even after the passing years, is that the President and his advisors did not succeed in mobilizing American opinion, in convincing America that they had already offered the enemy terms much more favorable than those of the Johnson Administration, more favorable even than those suggested by doves at the time of the presidential election. President Nixon had already made two main concessions: he abandoned the idea of simultaneous retreat of American and North Vietnamese troops, and also the idea of maintaining an American residual force in South Vietnam. He had implicitly accorded the Vietcong formal status as a counter-government with which the Saigon government would negotiate after the end of the hostilities. These concessions mortgaged the future of the eventual accords that Americans deemed necessary to their sense of honor.

Between the first interview with Xuang Thuy in August 1969 and the encounter of October 8, 1972, the North Vietnamese position did not alter a bit. During these years, the public negotiations that rolled along on Avenue Kleber amounted to operations of psychological warfare. An eight-point plan replaced a ten-point plan. The obstacle that all visible efforts encountered did not budge: the North Vietnamese demanded a political accord at the same time as a military accord. The political settlement would include the departure of Messrs. Thieu, Ky, and Huong, and the formation of a coalition government "composed of a revolutionary provisional government and former ministers of the government of Saigon, provided that they will defend peace, independence, and neutrality" – in other words, fellow travellers. In order to obtain peace and the liberation of their POWs, the Americans were obliged to "betray their ally."

Did Mr. Nixon's critics understand what was at stake? Or, aware of the stakes, did they judge it inevitable at that time – perhaps desirable – that America should surrender? The answer that Dr. Kissinger does not give plainly appears to me to be just as complex today: certain opponents did not grasp the scope of the words "coalition government." They did not understand that the Vietcong had become identical with the North Vietnamese; that Hanoi would not tolerate an authentically autonomous government in Saigon. President Thieu's government had been the object of repeated attacks, many of them justified. The press and members of Congress denounced the conditions of the prisoners and the arbitrariness of the police in South Vietnam. Many Americans favorably received the idea of an extended or coalition government substituted for that of Thieu. They called upon a regime at war, beset outside and in, to respect democratic and liberal values – those same values that the Vietcong and the North Vietnamese held in contempt.

The Democrats, who were responsible for the original American intervention in Vietnam, changed into vicious prosecutors of those who received their inheritance. In the same way that they repudiated themselves, they also exacerbated the divisions within the East Coast Establishment that had inspired the bipartisan diplomacy of the U.S. during World War II. In 1979, the wounds had still not been healed.

So, during the years 1969-1972 and the last stage of the youth revolt, opposition to the Nixon Administration began to merge, at least in part, with the radical opposition to American society. The Harrimans, Vances, and Kennedys, who called for the end of the war, neither hoped for nor accepted American defeat; they differed on the best means to reach the end. Radicals found fault with capitalism and American imperialism; their sympathies went to the North Vietnamese (though some of them saw in the Hanoi regime a model of democracy). The Nixon-Kissinger argument (Do not betray an ally; do not overthrow the government when the enemy has not itself managed to do so) did not convince their adversaries. To some of them, it made absolutely no sense at all. President Nixon and Dr. Kissinger were fighting two battles: one against their critics, for American opinion; the other against the North Vietnamese, for South Vietnam. This double strategy, which led logically to disaster, was miraculously saved when the North Vietnamese offensive was stopped in Spring 1972.

Three Contested Decisions

In this overall strategy, three decisions combined uneasily, at least at the outset: the bombing of the Vietnamese strongholds in Cambodia in 1969, the entry of the South Vietnamese and American troops into Cambodia in 1970, and the South Vietnamese army operations in 1971.[2] Why such offensive operations in the course of a retreat? That contra-

2. I leave aside the final episode that posed exclusively military and strategic problems.

diction disappears upon thorough analysis.

According to Dr. Kissinger, the first bombing of the Vietnamese bases in Cambodia was conceived almost accidentally without an understanding of the whole issue. These bombings constituted an intermediate solution between the resumption of the bombing in North Vietnam and passivity. American headquarters in Saigon had hoped for a long time to attack these bases and in particular to attack the North Vietnamese army's headquarters, which military intelligence thought it could pinpoint precisely, following information given by a deserter.

The bombing of a neutral country, managed with such care for secrecy that a double accounting[3] was established in Air Force records, constitutes in Mr. Shawcross's book one of the major counts of indictment against President Nixon and Dr. Kissinger. These counts are retraced dramatically in the first chapter of that book. The "clandestine" nature of these operations involves the relations between the President and the Congress. In fact, a certain number of Congressmen, notably John Stennis and Richard Russell, Chairmen of the Senate Armed Forces and Budget Committees, were informed; so was the leader of the opposition in the Senate, Everett Dirksen. And in the House, Mendel Rivers and Leslie Arends, Chairman and ranking minority member on the Armed Forces Committee, and the Minority Leader, Gerald Ford. Melvin Laird informed many members of the Senate and the House. None of them, it seems, judged it to be his duty to divulge the "clandestine" operations that were already elsewhere reported in the press. It was after these "leaks" that the President ordered the wiretapping of some White House functionaries.

Henry Kissinger, as he tells it, anticipated protests from Prince Sihanouk or from Hanoi. If that occurred, the President would publicly accept responsibility for the raids and would justify them by the presence of North Vietnamese troops on Cambodian territory. There was no such protest. Prince Sihanouk did not have the military means to prevent the North Vietnamese from installing bases inside his country's borders. He was even less able to forbid the Americans to drop bombs on his country's soil. Since these sectors were unpopulated (Dr. Kissinger avers that there was not a single peasant in the bombing zone; Mr. Shawcross, that there were some, but only a few) Prince Sihanouk looked the other way. The American-Vietnamese fighting was out of his league, and he did not want to be drawn into it.

Did the B-52 raids violate the international law, violate Cambodian neutrality? There is no doubt in my mind that the North Vietnamese, who recognized Cambodia's independence at Geneva in 1954, were the first to violate the country's neutrality. Can the violation of neutrality by the enemy authorize the other party to do likewise? Is the right of "hot pursuit" recognized as an international right? I do not know. But, most of the time, if the U.S. did not pursue the enemy into neutral territory where they sought refuge, it was first and foremost because the

3. William Shawcross, *Sideshow: Kissinger, Nixon, and the Destruction of Cambodia* (Simon & Schuster, New York, 1979).

U.S. either did not have the power, or else feared the consequences. (The bombing of a Tunisian village by the French Air Force in the Algerian conflict was all the more scandalous because the French troops *could* not reconquer Tunisia and *would* not look for Algerians stationed on the other side of the border.) Whether in accordance with or against actual international law, the Americans fought their enemy where they found them. Effective or not, the American raids were neither more nor less immoral than the whole of American action. If the B-52 raids contributed to the defense of liberty, or of a partly liberal regime in South Vietnam against a totally despotic regime, they do not call for a judgment distinct from the judgment on the entire war. They must be considered quite apart from the entry of American and South Vietnamese troops into Cambodia that stirred up a tempest in the U.S. and that is considered the most serious error made by the Nixon-Kissinger team.

Of course to us, in 1979, horrified and powerless spectators to the genocide of the Cambodian people, it seems in retrospect that each of the huge decisions that led to this tragedy is blameworthy, criminal. If we hope to keep our reason and force ourselves to be just, we must turn to the moment when the actors themselves weighed the arguments for or against, instead of concentrating on the course of subsequent events.

Mr. Shawcross does not accuse President Nixon and Dr. Kissinger of having provoked the *coup* against Prince Sihanouk. I was convinced, at the time, that Washington officials, if they were not crazy, had not hoped for the fall of the small prince – who, walking a tightrope, tried to fall neither in the American orbit nor under Communist domination. President Nixon and Dr. Kissinger could not have been ignorant of the fact that neutrality was the lesser evil. The bombings definitely imperiled this neutrality, but the silence of Hanoi and Phnom Penh had sealed the general consent to this dubious, ambiguous situation. The arrival of Lon Nol's team endangered the precarious balance. In March 1970 events led to Prince Sihanouk's fall. It was on March 18 that the legislature in Penh voted to depose the government. On April 4, in his interview with Le Duc Tho, Dr. Kissinger was informed of the Hanoi doctrine: "The war in Indochina had become one . . ." (446) In the discussion between the two, it was Dr. Kissinger who made the plea for Cambodia's neutrality, and Le Duc Tho who rejected the argument utterly. Each posture was equally logical: the extension of the war was in the North Vietnamese interests and not in the interest of the U.S. or of South Vietnam.

The origin of the Cambodian tragedy thus seems to me to lie in the defiance that the Prince's ministers showed toward the Vietcong and the North Vietnamese. The men who upset the man on the tightrope denounced a commercial agreement with the Vietcong on March 12, and immediately announced the reinforcement of the army. On March 18 the Cambodian foreign minister announced that he had informed North Vietnamese and Vietcong ambassadors that all the armed forces of the Vietnamese communists must have evacuated Cambodian territory by March 15 (an exorbitant demand with which the Vietnamese Communists had no intention of complying, but which was the equivalent of a declaration of war).

By March 13, the destiny of the country was still in suspense. If, instead of leaving for Moscow in order "to ask that the activities of the Vietcong and VietMinh in his country be curtailed," Prince Sihanouk had returned to Phnom Penh before the airports shut down, would he have altered the situation in his own favor? No one has ever given a definite answer to that question. What appears to me in retrospect to be incontestable is that Lon Nol and Sirik Matak were exploiting the anti-Vietnamese sentiments of the people to turn out the Prince in the insane hope of driving the Vietcong and Viet Minh out of Cambodia.

The Cambodian army at the time was almost insignificant, and the new leaders strained to find arms and to augment its strength. Of course, President Nixon and Dr. Kissinger reseponded to their appeal.[4] Supplied and armed by the Americans, the Cambodians lost all chance of preserving even an appearance of neutrality – the appearance that Prince Sihanouk had defended by dint of strategems, words, and silences. It was in this context that President Nixon and Dr. Kissinger made the decision with which they are still most often reproached: the decision to attack the Cambodian "sanctuaries."

At the risk of appearing to be Dr. Kissinger's acolyte, I must say that his account-*cum-apologia* made an impression on me. The Vietnamese had expanded their action against Cambodia since the fall of Prince Sihanouk; Le Duc Tho had declared war on the new government in Phnom Penh. The same Prince Sihanouk who had, on the 13th, left for Moscow and Peking in order to obtain support against the Vietcong and Viet Minh, now, after his fall, threw in his lot with the Communists and the Khmer Rouge – against whom he had fought mercilessly as long as he had the power. What was the choice for the Nixon-Kissinger team? Not to intervene, not to uphold the new regime? To let Prince Sihanouk return to power with the help of the Communists? Having gone over to the Vietnamese and the Khmer Rouge, the Prince was no longer the same man. Incapable of continuing his balancing act, he would have been a hostage. He would have camouflaged a regime under the domination of Communists who would have overrun the territory entirely in order to harass American and South Vietnamese troops. The attack on the sanctuaries – actually logistical bases and arsenals for the Communist forces operating in South Vietnam – assured at least a delay to aid Vietnamization, and avoided the moral repercussions of a total Communist victory in Cambodia.

As far as the material results of the American-South Vietnamese incursions are concerned, we have a choice between the optimistic viewpoint of Henry Kissinger and the completely different one of William Shawcross. The latter does not discuss in detail the figures of losses and gains, but turns derisively to the hunt for the elusive headquarters that the American-South Vietnamese forces never did find. Henry Kissinger maintains the opposite stance. What now seems indisputable to me is that all of Cambodia became a battleground. The hostility to the Vietnamese that had

4. Dr. Kissinger recounts the hesitation of American leaders about furnishing arms to the new government. By April 15, the U.S. still had done nothing.

nourished the revolt against Prince Sihanouk now turned against the South Vietnamese troops who, in the name of fighting the Khmer Rouge, had made Cambodia a conquered land.

Is it possible to know whether this was necessary? The U.S. withdrew its troops and at the same time wanted to support the South Vietnamese army. The almost simultaneous decisions to pull back troops and to launch an incursion into Cambodia bring to light the paradox – or contradiction – of a policy with two branches, one turned toward the enemy and the other toward the internal critics. President Nixon could not achieve a decisive success on either front.

Dr. Kissinger and Mr. Shawcross agree that the military operations spread with frightening speed over the whole of Cambodian territory; Dr. Kissinger holds that this extension began immediately (the Prince rallied to the Communist cause on March 20) and that Phnom Penh would have been isolated and soon conquered if the Americans had been uninterested in what was taking place. Mr. Shawcross thinks it would have been more useful to let Prince Sihanouk return to power, albeit with the Communists. He imputes the radicalization of the peasantry and the progress of the Khmers – several thousand soldiers strong in March 1970 – to the American bombing and the civil war.

If the Khmer Rouge victory had taken place in 1970 and not in 1975, if the Americans had abandoned Lon Nol's regime – to which they owed nothing – to its destiny, the destruction of the war would have been reduced and perhaps Pol Pot's regime would have had a different character. In his university dissertation, Khieu Samphan developed doctrines closed to those that carried the Khmer Rouge to power, but the future President of the Republic of Kampuchea recommended moderation: "The people of the country must be treated with patience and understanding." According to Mr. Shawcross, "methods prescribed by this Marxist of 21 years for the transformation of the country were essentially moderate." (243)

Why North Vietnam Signed

I will not trace the continuation of the war in Cambodia: the systematic use of the air force, the incompetence of Lon Nol, the refusal of the Nixon Administration to substitute for him with someone more capable, the inevitable consequences of American aid, the corruption, the swelling of the capital with refugees, the apparent prosperity of the cities.

Now I arrive at what is truly the most difficult question. Why did the North Vietnamese accept conditions in the autumn of 1972 that the Americans had for all practical purposes accepted three, if not four, years earlier?

Dr. Kissinger's interpretation comes down to the following propositions: the North Vietnamese waged an essentially psychological war in 1970 and 1971. They counted on winning the war through American opinion or, in other words, compelling the President to consent to their demands. They contented themselves with maintaining American losses at an adequate level, a few hundred deaths each month, without launching massive attacks on cities. The casualty figures, published consistently,

guaranteed the permanence of public pressure on the President. In the spring of 1972, the North Vietnamese judged that the moment had arrived to strike the *coup de grace*. The South Vietnamese army was reduced to fighting alone on the ground, and the U.S. kept to the air.

The flow of events is well known. A North Vietnamese army offensive, launched across the DMZ, was successful at first. President Nixon responded with an unprecedented intensity. American air power arrived just in time to slow the North Vietnamese advance; the South Vietnamese divisions – some of them excellent – surmounted a defeat that threatened to become a rout. In the autumn it became apparent that military victory was eluding the North Vietnamese. Hence they decided to accept the American peace offer, which was to their liking: American troops would be totally evacuated – the Vietcong (or North Vietnamese) would remain in the South, and American prisoners would be freed. They demanded a political resolution at the point when a military resolution did not exist – except on paper. New infiltrations in the South were forbidden: elections were to intervene, a national reconciliation council was to promote the accord between Saigon and the Vietcong authorities occupying fragments of the territory.

Le Duc Tho and Henry Kissinger quickly agreed on a text to which President Nixon had also consented. President Thieu rejected the text, and Dr. Kissinger was obliged to re-negotiate with Le Duc Tho. He found himself in another impossible situation: his interlocutor knew that the Americans had to sign a peace agreement the moment they judged the conditions acceptable. In effect, this was when the North Vietnamese took up their stalling tactics. They accepted a revision of the text on one point, but immediately rejected a previously accepted version on another point. The negotiations of November-December, undertaken by the Americans in order to get certain modifications demanded by President Thieu, failed. President Nixon ordered the bombing of Hanoi and Haiphong. The negotiations resumed in January and quickly succeeded.

Certain clear facts are revealed in Dr. Kissinger's recounting. The North Vietnamese, like the Soviets in Stalin's day, prolonged negotiations for months – years – without the slightest intention of reaching an agreement. Thus it was in Austria (there were more than three hundred meetings), in Korea (two years of talks in Panmunjon brought to a dead end on the question of the Chinese prisoners' right to choose their place of repatriation). It was the same between 1969 and 1972. Certainly, the North Vietnamese would have probably made peace if Americans had subscribed to the "coalition government." But they did not expect that and they did not hurry. They did not doubt that they could hold out until the eleventh hour.

The 1972 offensive would have made a more glorious victory than that of 1975, since, at that time, American soldiers were still in Vietnam. After the defeat of the offensive, North Vietnam decided to negotiate with the U.S. – if possible, before President Nixon's re-election. The November-December setback can be explained by internal differences in the Praesidium of the Communist Party. They might still have hoped that the U.S. would sign without the agreement of the South Vietnamese

regime – which would have made their task much easier. Finally, however, they preferred the Paris Treaty to the risk of a break, now that the essential elements were all in order.

The mining of Haiphong, the renewed bombing in the North in reply to Hanoi's offensive – all did nothing to hinder President Nixon's visit to Moscow. There is no doubt that heavy support from the U.S. Air Force saved the South Vietnamese army and, at the same time, the Nixon-Kissinger Vietnam policy. The North Vietnamese were more sensitive to demonstrations of force than to professions of faith in good will. In the spring, when the Vietnamese troops seemed to be gaining the upper hand, the usually courteous Le Duc Tho became insolent, almost scornful. Similarly, the Christmas bombings of 1972, which unleashed a fury of indignation throughout the world, appear to have actually been one of the causes of the January 1973 accords. It is through a show of force, not words of peace, that one succeeds in conquering the enemy.

Did the Soviets and Chinese take a part in the modulation of Hanoi diplomacy in October 1972? According to Dr. Kissinger, the Chinese never promised him that they would exert pressure on Hanoi. The aid they gave to Vietnam, they said, did not so much depend on ideological solidarity as on the obligation that ancient China had contracted to protect Vietnam, a debt that modern China wished to discharge.

On the other hand the Soviets, despite negotiations with President Nixon, did not stop supplying the North Vietnamese with arms and munitions. The most that can be said is that at the end of 1972 the Soviets and the Chinese desired a settlement of the conflict. As for the Chinese, they were particularly worried about Cambodia – in anticipation of the subsequent conflict. They probably feared the ambition of the North Vietnamese. The renewal of normal relations with Peking, the conclusion of SALT I with the Soviets, created a favorable framework for the end of the American war in Vietnam; the essentials had been accomplished by the Americans themselves along with the South Vietnamese, in repelling the Hanoi offensive and in refusing from 1969 to 1972 the coalition government. The Vietnamese had been assisted by Moscow and Peking; they had implemented their strategy in their own way and according to their own ideas.

The Judgment of 1973

On January 23, 1973, three days after the evening that Dr. Kissinger closes his book, the day the Paris Treaty was signed, I published an article entitled "*Le cessez-le-feu sera-t-il la paix?*" ("The Cease-Fire: Is it Peace?") in *Figaro*. I endorsed the statements of Le Duc Tho and Henry Kissinger according to which the January accord did not substantially differ from that of November or December. I did not know any more then than now why the negotiations failed in December. Dr. Kissinger himself gives no further explanation. I held to the interpretation that matches Dr. Kissinger's: the decisive concession dates back to October 8, to the North Vietnamese agreement to dissociate the cease-fire from the political solution. "The concession made possible an 'honorable' peace, according to Nixon's definition – in other words, a peace that does not impose a

coalition government on the South, which would simply be the revolutionary provisional government in disguise." And I commented, "The end of 'the' war or the end of 'a' war? No one can say. The future depends on the intentions and the prudence of both sides. President Thieu as well as the revolutionary provisional government will find, if they want, innumerable occasions to accuse each other of violating an agreement that is probably inapplicable and certainly unenforceable."

I followed the events of 1969 to 1972 more as an observer than as a critic. The invasion of the sanctuaries, the extension of the war, seemed to me more the consequences of Prince Sihanouk's fall than the effect of a stupid or criminal decision. I condemned the Christmas bombing of Hanoi with less severity than the world press. If Dr. Kissinger's account of the negotiations is correct, the world's indignation was unjustified.

Six Years Later

How should we judge, more than six years later, the Nixon-Kissinger strategy in Vietnam? First question: Was the objective given by the two men rational in the two senses of the word – had they the means to implement the strategies? Did the objective merit the inevitable cost of attaining it? At the time, judging by my articles (which I have reread), I thought in 1969 that the Nixon-Kissinger team could not do anything else, but that they were condemning themselves to a prolonged war with a precarious outcome. Abandoned to itself, the Republic of South Vietnam had no chance of resisting a militarist regime – the Northern expansionists – for any amount of time.

Dr. Kissinger thought and still thinks otherwise. The prohibition put on new infiltrations condemned the North Vietnamese strongholds in the South to a gradual extinction. The menace of the American Air Force would have dissuaded Hanoi from a general offensive (which would mean open violation of the Paris accords). The promise of American aid, the carrot on the end of the stick, would have deterred the Hanoi Communists from returning to the option of war.

No one can solve the question. What would have happened remains speculation. Let us simply say that, in the absence of Watergate and the resulting tarnishing of the President, the Thieu regime probably would have held on for several more years. Only force would have been enough to break the will of the Communist Party to impose its rule on the whole of Vietnam. President Nixon's U.S. did not have that force, nor the will to use it.

Let us again recall, in spite of everything, that the Americans could not overturn the Saigon regime by moral suasion alone. But that is exactly the unceasing demand repeated during the negotiations by Hanoi. The destiny of the Third Force, of the revolutionary provisional government, provides confirmation, if that is necessary, that there never were more than two sides: that of Hanoi and that of Saigon. The champions of the Third Force, the opponents of President Thieu, lawful or revolutionary, did not outlast the victory of North Vietnamese Communism. They were, often against their own wishes, fellow travellers, auxiliaries.

Now other questions arise: If they thought themselves obliged to reject

the North Vietnamese demand for a coalition government, should not President Nixon and Dr. Kissinger have convinced American and world opinion that they ought not to agree to exorbitant demands? That the negotiations made no sense as long as the other camp held onto its position negating the Thieu regime? In the psychological battles of the peace plans, the North Vietnamese had definitely won, but was the ineptitude of President Nixon and Dr. Kissinger solely responsible for that? In fact, Nixon's critics, more and more, took no interest in the South Vietnamese government; many among them judged it worse than that of the North. According to these memoirs, Ambassador Harriman – who did not accept the retreat of American troops, who recommended the simultaneous withdrawal of American and North Vietnamese troops – thought that "the United States did not 'have any obligation to retain the present government.'" (258) The propaganda against Nguyen Van Thieu ended in discrediting his regime entirely. The critics did not understand that Hanoi was not rejecting President Thieu himself; Hanoi refused everything that symbolized resistance to the North and to Communism.

During the years 1969-1972, was the conduct of the war marked by "errors" or "crimes"? The concealment of these bombings was certainly worthy of condemnation. It was the occasion of the first wiretapping of people within Nixon Administration. One could say that it appeared in retrospect to have been one step on the road to Watergate. As to Cambodia, the decisive event was the fall of Prince Sihanouk, for which President Nixon and Dr. Kissinger were not responsible as far as we know. Those who were responsible were Prince Sihanouk's own ministers, the princes who, at the time, were supported in the cities by students, and by a population that was less opposed to Prince Sihanouk than hostile to the Vietnamese who occupied their land. Perhaps it was a heroic defiance, but it was a mad one; the Cambodians had practically no army nor arms. Prince Sihanouk himself bears a heavy responsibility for changing camps and rejoining the Khmer Rouge, whom he had formerly denounced. As for incursions against the sanctuaries, they accelerated the spread of the war, but, as early as the fall of Prince Sihanouk, the North Vietnamese declared war on the new regime. I cannot see how the Americans could have avoided aiding a regime that wanted to resist North Vietnam.

From this point on, while we await for the second volume of the memoirs, certain criticisms of American action seem pertinent – in particular, the excessive use of American air power and the generous support accorded to Lon Nol. The destiny of Cambodia was sealed the moment Congress limited American aid. The Church-Cooper motion forbade the presence of American troops in Cambodia after June 30, 1970, together with the consignment of American advisors, and aerial operations in support of Cambodian forces. Only operations for the protection of American troops in Vietnam were allowed. In one sense, all the operations in Cambodia could have been considered a contribution to the protection of American troops in Vietnam.

The aerial bombings of Cambodia contributed to the decay of Cambodian society in the countryside and provoked an influx into the cities. President Nixon and Dr. Kissinger overestimated the military effect and

underestimated the political consequences of the bombings. These errors are explained, in part at least, by the prohibitions on the President's sending even military advisors to Cambodia. The strategy resulted in dubious compromises between the President and Congress.

Hanoi counted on the American opposition to President Nixon to carry them through the eleventh hour. The liberals, the Democrats, the Kennedy faithful, overwhelmed the executors of their own heritage. They forgot their responsibilities and the peace programs which they themselves had proposed. They became, knowingly or not, partisans of peace at any price. Are they innocent, if we measure guilt by the consequences of actions? At least they should have admitted their objective: the establishment of Hanoi's government in Saigon, camouflaged by the men of the Third Force and the Vietcong – allies or agents, blind or aware, of North Vietnamese Communism.

In the final analysis, there is only one real question: Should President Nixon and Dr. Kissinger have, in 1969, resigned themselves to defeat pure and simple; and, in one form or another, brought into power in Saigon a government dominated by the Vietcong and hence by Hanoi? After all is said and done, it is easy to maintain that acceptance of defeat would have been less costly to everyone. What could be said about American "treason" by those who, today, reproach President Nixon and Dr. Kissinger for having refused this "treason"?

Raymond Aron

Poverty and Progress

VISIBLE MAN. *By George Gilder.* (Basic Books Inc., New York, 1978)
POVERTY IN THE UNITED KINGDOM. *By Peter Townsend.* (Penguin Books Ltd., England, 1979)

Professor Townsend's study of poverty is described by his publishers as "a massive report on the poverty stricken and the rich, and the startling difference between them in Britain's welfare state today." It is certainly massive, 1200 pages of turgid prose and statistics, and without doubt startling in its improbable conclusions. According to this study 26 percent of the population in Britain are living in poverty, as are 93 percent of unskilled workers with three or more children. Indeed, if "access to resources" is considered over a lifetime, allowing for the periods when people are better or worse off according to age and size of family, Professor Townsend states "for at least some part of the life cycle it is likely that more than half of the population experiences poverty or near-poverty."

The reliability of these figures depends of course upon the way in which poverty is defined, always a matter of some contention. Although it is admitted to be imprecise, the calculation generally accepted as reasonably objective is the relation of available money incomes plus the value of goods and services in kind, to the size and structure of the household and the price of necessities. The latter is extended beyond a nutritional minimum of food, clothing and shelter to include conventional necessities; that is, to what is customary and decent in the society of which the poor form a part. In this sense the measurement of poverty has always had in it some element of relativity, and the minimum subsistence levels have changed over time and place. But for Professor Townsend relativity is all: "Poverty can be defined objectively and applied consistently only in terms of the concept of *relative deprivation*."

This definition ensures that the poor will always be with us, providing limitless opportunities for poverty-mongering by Professor Townsend and his disciples. His study finds 6.1 percent of households poor by public assistance standards (with another 21.8 percent "in the margins of poverty"). But this standard is said to be too severe, and so Professor Townsend makes a further calculation, identifying the household with a level of income substantially and consistently below the mean income for households of each type. By this relative standard, 9.2 percent of households are poor. He therefore finally settles for a "relative deprivation standard" and concludes that 25.9 percent of people live in income units at a level in which "their capacity to fulfill membership of society diminishes disproportionately to income." The proportion deemed poor by conventional standards is thus tripled from 9 to 26 percent. Poverty is no longer defined as a lack of resources for a minimum contemporary human needs standard, but as a failure to be able to keep up with the Jones's.

"Relative deprivation" includes other circumstances said to be associated with low incomes, such as poor working conditions and "deprivation of environment." The arbitrary nature of the measures used to identify deprivation of this kind produces some strange results. Anyone, we are told, who lacks the sole use of a garden, or one of less than 100 square feet, "to sit in the sun," is environmentally deprived – a category which must include the occupants of some of the most expensive apartments of 5th Avenue, or Nob Hill, or Belgravia. Anyone who goes to work before 8 a.m. or works outdoors is likely to be "occupationally deprived," especially if all the facilities deemed necessary are not provided by the employer. Instructions to the interviewers administering the lengthy questionnaire read "We are only interested in facilities provided by the employer. Disregard provisions and facilities which happen to be available e.g. a printer's apprentice who nips out to the local cafe for tea."

In this unreal world it is not surprising to find 42 percent of the population described as deprived in their work situation (p. 475), although elsewhere (p. 471) we learn that more than two thirds of manual workers are satisfied with facilities at work and 80 percent are satisfied with their jobs. How provoking it must be for this ardent champion of the poor that his proteges are so reluctant to recognize their poverty. Half of those

said to be in poverty by the State's standard, or very near to it, said that they never felt poor (p. 475). Hence Professor Townsend complains that "some of the poor have come to conclude that poverty does not exist. Many of those who recognize that it exists have come to conclude that it is individually caused, attributed to a mixture of ill-luck, indolence and mismanagement, and is not a collective condition determined principally by institutionalized forces, particularly government and industry." How tiresome of them!

What purports to be an objective and scholarly analysis of poverty turns out to be an impassioned diatribe against private property and any unequal distribution of incomes. This becomes clear when we look at Professor Townsend's recommendations for an "effective assault" on poverty. "Excessive" wealth and incomes must be abolished, the distinction between owner-occupiers and tenants ended, public ownership and industrial democracy increased, and the distinction between earners and dependants at the very least radically modified by an incomes policy (wage and price controls) and an integrated and improved social security system. These prescriptions read like a sophomore's list of every single flyblown notion which, against all theoretical analysis and despite failure after failure in practice, has buzzed into the minds of socialists of various stripes for many years; their connection with any serious study or appreciation of the problem of poverty could hardly be more flimsy.

Although the dimensions ascribed by Professor Townsend to poverty in Britain must be treated with much reserve, poverty certainly exists, and the question arises why a greater reduction in poverty has not taken place in a period when welfare spending has never been higher and the power of the trade unions, supposed to be the major upward propellant of wages, has never been greater.

Professor Townsend's study might be subtitled the failure of the welfare state, of which he and his colleagues have been most ardent advocates. A system of universal social benefits, the same for everyone, would become, we were told, "the common badge of citizenship,"[1] and would iron out all but the most minor class inequalities. Now Professor Townsend concludes that universal basic benefits "so far from being the most realistic and acceptable method of diminishing poverty and inequality, turn out to be a major instrument for legitimising them." He has discovered what others could long since have told him, for as he says, "There is bound to be some kind of limit which they (i.e. the people) will seek to set to the amount that they will allow governments to extract in taxes – moreover, as the providers of these taxes they consequently expect the beneficiaries not to receive anything like the same levels of net income as themselves." Not only does poverty persist, but in some ways the more affluent may gain more from public social services – for example in the use of higher education – than the poor do: hardly an outcome planned by the architects of the welfare state. However, for certain types of social planners nothing succeeds like failure, and it is not surprising to find Professor Townsend prescribing more of the same in larger and more expensive doses.

A remarkable aspect of this study is that in its whole 1200 pages there

is hardly a glimmering of understanding of the role of the greatest poverty-creative force in modern Britain, namely the power of the trade unions. Professor Townsend does note that there are differences between incomes among unionized and non-unionized labor, and that unions may produce a dual labor market in which relatively high pay and secure employment accrue to the unionized and low pay and insecure employment to the non-unionized (itself a simplification which fits the facts only imperfectly). But it would be too much to expect anyone of his bent of mind to subject the unions to any kind of perceptive scrutiny, for after all their voice is the most powerful in the land in favor of the policy prescriptions presented by him (though in large measure they value them more as slogans than as serious propositions). The truth is that at all levels from skilled to unskilled, British unions keep British workers poorer than their counterparts in countries with less powerful or less unintelligent unions, and far poorer than they would be if there were no unions at all. Hence British unions are the greatest single depressant at the very levels of income and status that give the instructed student of poverty the greatest concern. The unions are also nowadays the strongest force in Britain operating against the open society, the fluidity of which, when unimpeded, makes for the dissolution of class and status differences.

George Gilder's book is a very different study of low living standards and welfare programs. It is a journalist's vivid description of the life and times of a young Negro in "post-racist" America. "Visible" in the title refers to the fact that such people, so far from being part of the invisible suffering and neglected poor or among the under-reported rising black middle class, are the center of public attention in academe and the media. Their difficulties are said to be due to all kinds of social pressures: race, poverty, lack of education, poor housing, etc. Mr. Gilder suggests that we do not know the real influences which make so many of these young men violent, criminal, jobless, living on welfare. Consequently the social remedies applied at vast public cost invariably fail.

Sam is a young Negro accused of raping a white girl, and the book traces how he arrived in this situation. (Mr. Gilder's account is based on two years of group interviews of people familiar with the events in Sam's life.) He has had a job in a public office where he was said to be bright and a good worker, and was trusted with expensive equipment. His lateness and absenteeism were overlooked; he was given loans, legal advice, and special help, but his colleagues felt guilty when he ended in jail. They felt that somehow they had failed him. He had been a lance corporal in the Marines and served briefly in Vietnam, but his enthusiasm for the service waned when he found his promotion blocked by lack of educational attainment. He was interested in the children whom he fathered, and he tried to keep in touch with such family as he had, the men who had been in his mother's life at one time or another. He remembered nostalgically his childhood in South Carolina where he had been lovingly cared for by an aunt, who lived most respectably, until she died.

Many people have liked Sam and have tried to help him. Yet he emerged as an aggressive, violent, jobless young man, living off the income of a welfare mother. His only image of manhood is to be successful in sex and

fighting. Nowhere in his experience does he appreciate the male role as one of support or tenderness. He cannot see the need to earn the right to a woman's affection by care, support, and responsibility. No one expected any of these things of him because the "welfare" provided better than he could. In Sam's district it was well understood that a year's work at the minimum wage was worth about $1,500 less, after tax, than welfare, food stamps, and Medicaid. The ghetto society in which he has lived is matrilineal. Like most children there he was named after his mother's family, rather than the transient and absent fathers. It is also matrilocal since it is the women who make the home and rear the children as best they can. Almost two thirds of children born to women on welfare are illegitimate. Being in receipt of regular welfare payments gives a woman attraction and some independence, but it is limited by fear of violence. Though Sam was living on the welfare payments of his girl friend, he did not hesitate to break her jaw in a passing quarrel.

These unattached males, as the author points out, who come from broken homes with no enduring ties of family, no stable community, and no discipline of paternal responsibility are responsible for almost 90 percent of violent crime. The reason that black men are more than twenty times as liable to be in prison is not due to racial bias in law enforcement but because so many of them are in this rootless, unattached group.

When Sam finally returns to find his real father, it is to a part of South Carolina described in the Black Almanac (1955) as heading the list of the ten worst cities for Negroes. Yet here his relations turn out to be tidy, respectable people, not on welfare (in South Carolina it pays too little), but working and owning their own houses (there is no public housing). But Sam returns to the only life he knows, to the ghetto society which has seduced and demoralized him by telescoping the difference between work and welfare.

Sam's kind are neither blamed nor excused in Mr. Gilder's unsentimental story; but they are very convincingly explained. How the promise and potential of young men like Sam are inhibited by a welfare system which condones self-indulgence, immaturity, and irresponsibility is painfully well-told. Of the district to which Sam returns the author writes "all the rituals of family and community are rapidly dying out. In their place is a congeries of Human Resources Departments, Day Care Centers, Counseling Services, Welfare Offices, Food Stamp Registration Centers, and Medical Bureaus, all designed for one clear effect, to reward people who manage not to marry or work. Yet work and marriage are the crucial ways by which men grow up and become responsible citizens."

Anyone whose withers have been wrung by Professor Townsend's account of poverty should read Mr. Gilder for an awful warning about the counter-productivity of indiscriminate welfare. As Mr. Gilder says, in one of the many striking phrases in this illuminating book, such welfare does something worse than waste public money. It wastes people.

Barbara Shenfield

Terrorism and Prevention

TERRORISM: THREAT, REALITY, RESPONSE. *By Robert H. Kupperman and Darrell M. Trent.* (Hoover Institution Press, Stanford University, Stanford, California, 1979)
THE TERRORISTS: THEIR WEAPONS, LEADERS AND TACTICS. *By Christopher Dobson and Ronald Payne.* (Facts on File, New York, 1979)
TEN YEARS OF TERRORISM: COLLECTED VIEWS. (Crane Russak & Company, Inc., New York, 1979)
CALLING A TRUCE TO TERROR: THE AMERICAN RESPONSE TO INTERNATIONAL TERRORISM. *By Ernest Evans.* (Contributions to Political Science, Number 29, Greenwood Press, Westport, Connecticut, 1979)

Terrorism is a subject on which it is possible to spill much ink and say very little. Conventional journalistic accounts range from sentimental delvings into the sufferings of victims to high dudgeon over the beastliness of the perpetrators to sensational cloak-and-dagger anecdotes. Academic writings have sought – not entirely successfully – to fit terrorism into one or another of the social science disciplines from which the writers have been hatched. Thus, we have histories of terrorism, politics of terrorism, sociology, psychology, strategy, and international relations of terrorism, not to mention a number of permutations of these approaches in addition to "true-life soap opera." What we do not have are (a) a precise definition of what we are talking about, (b) a reliable and publicly available set of statistics that does more than list the terrorist incidents of the last decade and catalogue the nationality and professions of the victims, and (c), most importantly, a consensus on how democratic politicians, professional police and military authorities, and academic specialists can deal with the terrorist threat to themselves and their societies. These lacking concepts all stem from one another, for if there is no universally accepted definition of terrorism, there can hardly be an accurate count or analysis of its incidence or an accepted procedure for dealing with it. When psychopaths who kidnap hostages with razor blades are lumped in with the alumni of Cuban and Libyan training camps and with bank robbers who are mainly concerned with the private enjoyment of their plunder, it is not surprising that policymakers show some confusion as to the proper response.

It is the singular virtue of Robert Kupperman and Darrel Trent's book that it avoids most of these confusions and sticks largely to what is known or what can be documented about terrorism since approximately 1968, when it began to be a serious international threat. What they discuss are the incidents, or crises if you will, caused by well-trained, ideologically disciplined, professional terrorists. Yet the authors' purpose is not to discuss the background so much as it is to design a response that is

realistic in terms of extant political institutions. The general response that they advocate is "incident management," an approach designed to contain, limit, and curtail a terrorist strike once it has been initiated. Perhaps the classic case of incident management was the response to the Hanafi seizure of three buildings and 134 hostages for 39 hours in Washington, D.C., in March, 1977. The response was not entirely successful – there were serious casualties and considerable interference by the news media – but the police did manage to contain the damage and to persuade the perpetrators to surrender. The generally successful resolution of the Hanafi seizure has promoted the art and science of incident management, but there are reasons for believing that the situation was rather unique. Negotiations were possible because the perpetrators made several demands, some of which could be satisfied and some of which could credibly be disregarded, and the terrorists themselves were probably less stable, less well-trained, and less disciplined than is often the case with Palestinian, European, and Latin American types. Moreover, negotiation and its attendant arts can be usefully employed only in hostage-barricade situations; they are not at all applicable to assassinations, woundings, bombings, and most kidnappings and hijackings, which have been far more common terrorist tactics. Finally, it seems that the whole policy of incident – management presupposes that a terrorist attack will occur; it speaks not at all to the fundamental problem, which is to anticipate and prevent terrorist strikes and to apprehend the terrorists. The most reliable form of anticipation is through an adequate intelligence and internal security program, which would include the professional use of all those very unpopular things now discarded by federal, state, and local police forces: the penetration of extremist groups by informants, wiretappings, mail covers and inspections, physical surveillance, and also effective retention and dissemination of information to the appropriate authorities. Messrs. Kupperman and Trent are aware of the need for this kind of intelligence, but the reader must wonder if they are as conscious of its uses as they ought to be. They point out in a footnote on page 9, for example, that "it is virtually impossible to tell when a formerly obscure or inactive group will suddenly spring into prominence." Unfortunately, they select as an illustration the Hanafi incident itself, unaware apparently that Washington police informants in the Hanafis were pulled out about a year before the seizure in the general cutback of law enforcement intelligence.

An especially useful part of the Kupperman and Trent book is their discussion of "catastrophic terrorism" – the terrorist use of nuclear, chemical, or biological weapons or the conventional attacks on "social chokepoints" (reservoirs, power grids, transportation and communications facilities, food supplies, etc.) Their discussion of this threat is readable, technically reliable, and realistic. They emphasize that at least some forms of catastrophic terrorism are within the technical, economic, and organizational grasp of at least some terrorist groups, and much of their later discussion of crisis management and emergency preparedness is related to responding to this kind of attack. While I agree that artificially designed catastrophes are possible, I wonder if the current generation of terrorists is disposed to implementing them. By definition, catastrophic terrorism

would destroy not only existing political structures but also the masses that most present day terrorists seek ostensibly to liberate. Moreover, the training and mind-set of the more prominent and affluent terrorist groups have been oriented toward tactical combat operations against individuals and small groups. If terrorists do take their ideologies seriously, and if they do seek sympathetic publicity as a goal, then it seems improbable that they would resort to catastrophic tactics, especially when there is no effective obstacle to operations on a smaller scale.

Yet another virtue of this book is the inclusion of eight appendices on special aspects of terrorism by a number of experts drawn from different fields. Notable among these contributions are those of Bowman Miller and Charles Russell on the development of revolutionary warfare and of Yonah Alexander on the media's role during terrorist strikes. Dr. Alexander concludes that the media can play and have played a useful role in containing terrorism but that they have often been obstructive to the efforts of the authorities.

A more basic text than that of Messrs. Kupperman and Trent is *The Terrorists* by Christopher Dobson and Ronald Payne. If the former work is primarily useful to advanced students and policymakers, the latter is probably the best and (at the moment) most up-to-date account of the international terrorist onslaught of the 1970s. Messrs. Dobson and Payne devote chapters to the causes of terrorism and the leading personalities and facilities by which it has come to be a threat. They also discuss such special and fascinating topics as the financing of terrorist operations, linkages among international terrorist groups, and state (including Soviet bloc) support of terrorism, and they provide invaluable sections on the guns and bombs commonly used by terrorists. The latter section is accompanied by about 15 pages of illustrated weapons descriptions ranging from the .38 Smith and Wesson revolver to the RPG-7 rocket launcher. Finally, they include a "Who's Who of Terror" and a chronology of major incidents more comprehensive than many of those in print. The chronology extends from the first Palestinian hijacking in 1968 to the end of 1978. The authors appear to have little to say on terrorism that is new, except information that has not previously been available within a single cover, but perhaps the lack of novelty and speculation is one of the refreshing things about this simple, reliable, and straightforward volume.

A far less valuable discussion of terrorism is *Ten Years of Terrorism*, a collection of lectures presented by the Royal United Services Institute for Defence Studies in 1977. Although the lecturers include some of the most eminent students of political conflict in the world – Walter Laqueur, Richard Clutterbuck, Max Beloff, and others – none seems to come to grips with the terrorist problem. There is a certain amount of ambiguity in the use of the term "terrorism" throughout the collection and even within particular lectures, and there is a strong tendency to lapse into generalities, personal reminiscences, and various levels of moral posturing and warning. More useful than the academic contributions are those of the several professional administrators, diplomats, journalists, soldiers, and policemen whose comments on the practical problems of control reflect their often considerable experience. The anthology has a strong orienta-

tion toward the British experience, either internally with the IRA or with the colonial terrorism of Palestine, Cyprus, Kenya, and Malaya. It is unfortunate that none of the speakers undertook a systematic comparison of the internal and colonial conflicts. Since some of the contributors have had experience in both, they might have taken the opportunity to distinguish more clearly between the varieties of terrorism and guerrilla warfare in the different theaters and to remark on the varieties of response available. A frequent theme in the collection is a rather vapid repetition of "the failure of will" or "the need for will" – a subject of which we are beginning to hear much in the United States – but there is no attempt to define or give content to the concept. At the same time, the contributors seem unwilling to entertain the notion that one test of will is the ability to carry through unusual and unpleasant policies – the use of torture under certain conditions, the possible infliction of the death penalty with or without jury trials, the occasional risk of the lives of hostages. Throughout the collection the reader has a vague sense that the contributors suspect that constitutional democracy has no simple answer for terrorist attacks and are unwilling to entertain long-term, nondemocratic responses.

The problem of response is ostensibly the theme of Ernest Evans's monograph, yet by far the more interesting and valuable part of his book is his discussion of the causes, ideology, and strategy of terrorism. With respect to strategy, Dr. Evans identifies five goals that develop from what is by now conventional terrorist ideology: publicity, intimidation, social polarization, international destabilization, and logistical supply (i.e., ransom and freeing of prisoners). Dr. Evans calls up a wide array of terrorist writings and accounts of terrorist incidents to document these goals. His point is that there are fundamental distinctions between terrorists on the one hand and criminals on the other. This is a point that cannot be too often emphasized. Criminals have few goals other than monetary reward, whereas terrorists have a strategy: a pre-calculated plan for overturning the targeted social order. If terrorists have a strategy, it follows that their violence is not merely "mindless," "random," or "irrational," which is how public commentators often portray it. Moreover, the precision, discipline, and risk involved in the major attacks of the seventies – from skyjackings to the abduction of Aldo Moro – show that the perpetrators are not merely spoiled bourgeoisie or alienated hippies. Dr. Evans is quite correct to elaborate the rational and designed character of much international terrorism, but this approach appears to be in conflict with some of his other ideas. He sees "relative deprivation" as a significant cause of terrorism, but this explanation points to a subrational motivation. He also de-emphasizes Soviet bloc support of terrorism. His argument against the presence of extensive Soviet support rests largely on the criticisms of terrorism by Lenin, Trotsky, and other Soviet commentators. Yet he seems to miss an essential point: no terrorist calls himself a terrorist, and to cite Marxist-Leninists' criticisms of terrorism is no more valid than to quote them on "people's democracy" to show that the Soviet regime is not oppressive.

Despite these incongruities, Dr. Evans's book is thoughtful and carefully

researched and presents significant new material: a statistical analysis of the deterrent effect of refusing to negotiate in hostage situations, a content analysis of the 1972 General Assembly debate on terrorism, and the conclusion that U.S. anti-terrorist policy must begin to regard terrorism as political rather than merely criminal. These contributions represent precisely the kind of approach that American policymakers and analysts should pursue, regardless of the validity of Dr. Evans's particular recommendations.

In general, then, these books are useful and, in the cases of the books of Messrs. Kupperman and Trent and of Dr. Evans, indispensable contributions to conflict studies. What emerges from them is that there are not one but many terrorisms, and hence many possible responses, including covert surveillance, crisis management, willingness to make effective use of extraordinary measures, international collaboration, and the direct use of force. It must surely be clear by now that the failure of the Carter Administration to resolve the Teheran embassy seizure was due to its self-limitation to a peaceful solution. From the first, the President appeared to exclude the use of force, and to stake all on the diplomatic, legal, and even moral institutions available. By placing the highest priority on the lives of the hostages, this one-track response reduced the fear of reprisal among the perpetrators and allowed them the widest possible exploitation of their triumph. Even when a multi-track response to terrorism is not clearly effective, the very availability of several different responses introduces an element of incalculability into the minds of the terrorists that, for once, places them on the defensive and gives a tactical advantage to beleaguered authority.

Samuel T. Francis

The Ruling Passion

THE CROSSMAN DIARIES: SELECTIONS FROM THE DIARIES OF A CABINET MINISTER 1964-1970. *By Richard Crossman. Introduced and edited by Anthony Howard.* (Mągnum Books, Methuen Paperbacks, London, 1979).

There are three versions of the Crossman Diaries, one of which is approximately three million words long, one about one million, and the one here under review of only 300,000 words. Most reviewers apparently confine themselves to the 300,000-word edition and I have followed their example although I have done some random checking in the one million

word, three volume edition.[1] Most reviewers also have been very, very pleased, even ecstatic over the book. Myself, I found it rather dull.

But more of this below. Let me begin the review with a discussion of the three versions of the diary. While Crossman was in office he fairly frequently, usually weekly, dictated fairly lengthy accounts of what was currently happening in the Cabinet, in his personal office, and on the general political scene. These were transcribed by his civil service subordinates in whatever office he happened to hold at the time. Since during this entire period he was the holder of very high government offices, there is no doubt that these notes will be invaluable to historians preparing a detailed account of what went on during this period.

After Crossman ceased to be a Minister, and mainly after he had been fired from the editorship of *The New Statesman*, he turned to putting material into publishable form. He "decided that there should be no expurgation and no excision except when passages were trivial, libelous or inaccurate."[2] However, "Since the original, . . . was not written or typed, but dictated very much *ad lib* and often for two or three hours on end, I found that when transcribed it was hardly readable. It was full of passages which were mere repetitions of the previous week, sentences where, while I was fumbling for the right phrase, I repeated what I had just said, and finally there were paragraphs when I got tired but kept on dictating, producing tracks of windy verbosity, devoid of grammar as well as of sense."[3]

The problem with this explanation of what he has put into the three volume edition is that there were three million words in the dictated version and only one million in the three volume version. I have great difficulty in believing that the type of deletions to which he admits would cut out two thirds of the total text. On the other hand, he has put the original transcript in the library at Warwick University where students can consult it, and he had a historian[4] check "that the second version was faithful to the first."[5]

Still, when he refers to it as "a slightly shortened . . . version,"[6] he is clearly using poetic license.[7]

For the average reader, then, the *Crossman Diaries* condensed version is the one to read provided he decides to read anything. Indeed, I would recommend that instead of reading all of it, he selects certain sub-areas in it that seem to him particularly interesting and read them. As I said, I

1. Richard Crossman. *The Diaries of a Cabinet Minister*. Volume 1 published 1975, Volume 2 published 1976 and Volume 3 published 1977. London: Hamish Hamilton and Jonathan Cape.
2. Page 14, Volume 1, Minister of Housing, 1964-1966. (1975)
3. Page 15, op. cit.
4. Dr, Janet Morgan of Nuffield College.
5. Page 15, op. cit.
6. Page 15.
7. There is a lengthy discussion of this problem at the beginning of Volume 3, pages 10-120

found it less than fascinating. The serious student will, of course, have to use the three volume edition and should supplement that by periodic checks in the full three million word transcript in the Warwick library.

Turning to the substance of the book, it is, as it is called, a diary which gives Crossman's account of and reaction to political events of the day. As such it no doubt contains many details which will fascinate historians, but to the general reader it is probably more significant for its general picture of the political scene and of Crossman himself. Both the historian and the general reader, however, should be warned that Crossman frequently takes inconsistent positions on the same issue in different parts of the volume.

To give a brief example on a rather minor issue, Crossman says: ". . . Cabinet minutes are a travesty, or to be more accurate, do not pretend to be an account of what actually takes place in the Cabinet."[8] Then in connection with some detailed discussion of the Rhodesian crisis "If you look in Cabinet minutes you will see that every time she protested she was allowed to speak and be listened to at length."[9] Lastly, ". . . it's important to remember how little historians can trust Cabinet minutes to tell what really went on."[10] This is, of course, a rather minor matter, but Crossman is equally inconsistent on major ones. For example, Mr. Wilson is criticized quite impartially for permitting the cabinet to make up its mind by voting, for imposing his decisions on the Cabinet, for ignoring Cabinet decisions, for depending on the inner Cabinet, and for not giving the inner Cabinet due weight. At other times he is complimented for following Cabinet votes or for using his power as Prime Minister to ignore the Cabinet or making good use of the inner Cabinet. Altogether Crossman seems to have taken all of the possible positions in this general area at one point or another in his diaries. Of course, there is no reason why the man should not change his mind in a period of five years, but the reader should be warned that Crossman frequently did change his mind, and his judgements on one day may differ from those he entered in his diary six months later.

There are certain general elements of consistency in the diary, one of which is deep concern with politics, both inner Cabinet politics and the politics of England as a whole. Another is Crossman's concern for his own personal comfort and convenience. Indeed, there is a lengthy discussion of his desire to retain the office he had held as Lord President of the Council when he was made public welfare "czar" because the office was nice and he had gotten all the chairs arranged in the proper positions. His good fortune in being both a left-wing member of the Labor Party and a member of the gentry by marriage (to the daughter of a landowner who left them his estate) also preoccupies him. Occasionally he mentions the conflict between the two roles, but mainly he simply indicates strongly how much he enjoys his country estate.

8. Page 92
9. Page 156
10. Page 274

Lastly, Crossman appears to have been a very ambitious man who succeeded in part in concealing his own ambition from himself. The end of the diaries, for example, covers the period of the 1970 election in which Labor was turned out. Crossman had been negotiating for the job of editor of *The New Statesman and Nation*, but it is fairly obvious from reading the text that he proposed to keep his options open. He would become editor if Labor lost but, if Labor won, he intended to remain in the Cabinet. Although this is fairly obvious to the reader, Crossman never says this, indeed, sometimes he says things quite to the contrary. I do not think he was consciously lying. Indeed, there would be no reason to do so in his diary. It is merely that he had concealed his real motives from himself although, I suspect, not from very many other people.

This is not the only place where this type of concealment of ambition occurs. Periodically he toys with the idea of eventually becoming Prime Minister of a Labor government himself. In several of the cases where this happens, he directly discusses the issue, but in a number of other cases it is not overtly declared and probably he himself didn't fully realize what was going on in his subconscious mind.

Let us turn to some specific substantive issues. It is well known that statements by the Chancellor of the Exchequer that the pound is sound are usually false. Crossman, who intermittently argues that politicians should be honest, strongly criticizes James Callaghan for avoiding his moral responsibilities to lie in this situation. In the November 1967 pound crisis, Crossman asked Mr. Callaghan if he would be willing to deny devaluation and the Chancellor said he would. As a matter of fact, when the matter came up in the House of Commons question period, Mr. Callaghan evaded the question instead of directly lying. Crossman says: "What the hell was Jim up to? He promised to deny devaluation and stop the rumours." . . . "I must say, that if you ask soldiers to die in battle, the politicians should be prepared to die politically in battle."[11] Seldom has a moralist waxed so indignant at the refusal of a fellow citizen to tell a lie.

Above I said that Crossman did not seem to have any strong devotion to any particular position. That is also the view he takes of most other politicians. For example, discussing the Rhodesian crisis and Wilson's attitude towards it, he says: ". . . I've seen him during this crisis as exactly what his enemies accuse him of being – a tough politician who jumps from position to position, always brilliantly energetic and opportunist, always moving in zigzags, darting with no sense of direction but making the best of each position he adopts. . . . It's winning that matters here, whether by settlement or by defeating Smith. He can't make up his mind, but he is going to go on hammering, manoeuvering, intruding, evading to prove himself right."[12] "His main aim is to stay in office. That's the real thing

11. Page 406

12. Page 282. Note, in the area which I have shown by three dots in the middle of the quotation, Crossman says of Harold Wilson: "But it's far too simple to say he's a simple opportunist" but the evidence Crossman offers for this is Mr. Wilson's devotion to a number of policies, most of which Harold Wilson subsequently gave up.

and for that purpose he'll use almost any trick or gimmick if he can only do it."[13] "When Harold lies he does so with a good conscience."[14]

I could go on dealing with Crossman's discussion of many other policy matters. That he was involved, for example, in improving the boundaries of constituencies in England in order to help the Labor Party and in allocating building funds to various districts for the same objective. As I said above, his general attitude towards governmental activity does not seem to be informed by any very strong policy feeling except the desire for Labor to win elections. He, of course, talks a good deal about idealistic objectives even in his private diary, but his actual behavior rarely is in accord with these high objectives. Further it is not so obvious that he is idealistic in truth rather than in politics. "The luck of my being chosen in 1937 has kept me in Parliament with a huge cast iron majority and with a particular kind of party behind me which has deeply influenced my thinking, keeping me much more on the left than I would by nature have been."

I suspect that the basic reason that this book has received so many good reviews is mostly that reviewers are accustomed to the public statements by politicians of their high moral purpose and interest in the public welfare. As a student of Public Choice theory, I did not have such idealistic views as to how politicians behave and hence did not receive a *frisson* from the exposure of the inner motives of prominent politicians. For those who still have illusions, the book is a good remedy.

On the more general level Crossman more or less confirms the general view that the civil servants in England have immense power. He continually talks about the need to get through the red boxes of papers that they sent to him. He apparently regards his principal duty as acting as their advocate in Cabinet and Parliamentary discussions. Note that, although he acts as their advocate on policy matters, what really counts is expanding the power of the bureau or at least preventing it from being cut.

It is something of a mystery why the political part of the British government finds itself so dominated by the civil servants. This is particularly so since legally there is nothing to prevent them from simply removing the senior civil servants, although this is not done. In fact, there are long discussions between Crossman and the Prime Minister and other high officials about possible changes in the high level civil service which one would think would be entirely a matter of the Minister's decision.

To strike a more modern note, Margaret Thatcher has so far been totally unable to bring the civil service under control. Having given them orders to reduce the total budget, she has observed them reducing it solely by inflicting costs on the voters and not at all by either reducing staff or improving efficiency. Crossman avoided this kind of problem by simply not opposing the bureaucratic empire.

It isn't clear, as I said above, why the civil servants have this kind of power. In the United States the Civil Service Act, which the President cannot repeal because of the separation of powers, together with the

13. Page 283
14. Page 349

fact that civil servants vote, puts them in a position of power.

But in England Parliamentary supremacy exists and there is no doubt that a party with a large majority as, for example, the Conservative Party has now and as the Labor Party had during the Wilson government, could fire anyone. Presumably there is a good political reason why governments don't take advantage of this opportunity, but I must confess I don't know what it is.

This has been something of a digression. The general picture that Crossman presents is, in fact, the conventional one. There are a number of politicians who are primarily interested in retaining power, and who have a relatively short attention span with the result that they never really become experts about anything, except perhaps the political characteristics of their constituency. They are put in charge of ministries where in reality they are very largely dominated by the civil servants. This dominance does not totally invalidate political control of the civil service because, as a general rule, what the civil servants are in favor of is simply expanding, or at least protecting against reduction, the power, prestige and personnel of their particular bureau. They are willing to carry out almost any policy which will achieve this objective and hence will cooperate with Cabinet officers over a very wide range. The individual Cabinet minister then goes to the Cabinet where he attempts to carry out various policies which are beneficial to his ministry and offers at least some advice on more general policy issues. The Prime Minister has varying effects on this policy depending, in the case of Mr. Wilson apparently, on how he happens to feel. He may be essentially a constitutional dictator or he may be simply a pleasant man attempting to arbitrate the differences of his nominal inferiors.

It is notable that Parliament itself plays a very small role in Crossman's discussion of the Labor government. It is always there in the background but only in the background. Even when Crossman as Lord President of the Council had dealings with Parliament as his principal duty, it was not Parliament itself but various party representatives both in his own party and of the other party that he dealt with.

The general picture of the way the government functions is certainly not an inspiring one, but it is accurate. Further those who find it drastically inferior should be prepared to answer the question: "inferior to what." In many ways his picture of the inner function of the British government is simply a picture of the inner functioning of any large organization. The government of England has certainly not had a distinguished record over recent years, but there is no reason to believe that this comes from changes in its structure. In the 19th century the British navy really ruled the sea, the English held an empire upon which the sun never set, were generally recognized as the world's most powerful nation externally; internally they had the highest living standard, the most rapid rate of growth, and the greatest degree of personal freedom of any country in the world. At this time England was governed by Cabinets which no doubt behaved very much like present Cabinets. The change in British fortunes does not come from politicians acting as politicians, for they always did.

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