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Controversy

The Polish Cause

Dear Sir:

I would like to congratulate you upon publishing the article by Leopold Tyrmand, "Notes on the Polish Question," (Spring 1982).

Mr. Tyrmand's writings have always been fascinating to me and my countrymen. After reading the article in question, I am still more impressed. His article is an intellectual and literary masterpiece. It correctly presented Poland's complex situation. It boldly treated many delicate issues of great importance. It would specially have been helpful for readers who were unaware of many facts and specific features of the Polish situation.

By publishing articles like Mr. Tyrmand's and Mr. Paul Johnson's, you have contributed greatly to our Polish cause.

We Poles will remember that.

Zdzislaw M. Rurarz
Former Ambassador of Poland to Japan
Bladensburg, Maryland

Conservative Social Policy?

Dear Sir:

Allan Carlson ("Sex According to Social Science," Spring 1982) offers a provocative critique of past "pro-family" policy efforts. But some of his policy recommendations are not only inconsistent with conservatism, they are also inconsistent with his own analysis.

Mr. Carlson begins with some interesting evidence to bolster Gilbert Steiner's case for the futility of family policy. Scandinavian and British efforts to develop a pro-natalist policy faltered because events overtook demographic predictions, Mr. Carlson argues; the birth rate rose and fell in spite of, not because of, government policy. Since most changes in the family have occurred for reasons independent of deliberate social policy, and since any policy intervention is apt to have some negative consequences, why tamper with family policy at all? Let the family alone, as the standard conservative argument goes.

Mr. Carlson then proceeds to offer two policy proposals that, even if flawed, at least follow from his own analysis. In place of the ambitious social programs developed over the last twenty years to help support families, he argues, why not use tax policy to more effectively but less obtrusively ease the financial burdens of raising a family? Mr. Carlson proposes increasing the personal exemption to a sum more in line with today's cost of living, and he favors reinstating government support of affordable home mortgage interest rates and implementing tax-free savings plans to ease the purchase of the first family home. These proposals certainly have the merit of offering significant help to middle-income families. Indeed, our concern is that these measures would help only middle-income families, the folks who currently pay sufficient taxes to benefit from higher exemptions and who can begin to consider buying their own home. If Mr. Carlson is serious about using tax policy to help families, he should go all the way to support a negative income tax or a children's allowance, which would benefit low-income and higher-income families alike.

But while we have some problems with Mr. Carlson's first two policy proposals, they deserve further exploration and at least have some logical consistency. By contrast, his other major policy proposal, support for the Family Protection Act, totally departs from his otherwise cogent analysis. After quoting and affirming Mr. Steiner's assertion that "government cannot enforce love, affection, and concern," Mr. Carlson goes on to support a bill which aims to do exactly that. We have no problem with his belief that the best nurturing environment for children is a home with both a mother and father, neither of whom is so overworked as to be unable to devote loving attention to their children. We even agree that social scientists have sometimes erred by suggesting that one family form is as good as any other, and that father absence poses no special problem for children at all.

But putting aside the very real question as to whether father absence is a cause or an effect of what ails America, how far is Mr. Carlson willing to go to enforce father presence? In lending his imprimatur to the proposed Family Protection Act, Mr. Carlson is endorsing one of the most coercive pieces of "pro-family" legislation ever designed. Among other things, the Jepsen-Smith bill would bar Legal Services Corporation funds from being used to assist clients on issues related to divorce, including child support and child custody. In short, while the rich could continue to divorce with ease, the poor could only do so without benefit of legal assistance. Similarly, since the proposed bill would bar federal funds for emergency shelters for abused spouses and children, its intent seems to be to promote father presence at all costs—even at the risk of the physical safety of the mother and children.

In the first place, there is no proof that these measures would stop fathers from deserting their families. On the contrary, the Family Protection Act would only make it more difficult for poor women to use the court to obtain a legal divorce and child support after the fact of the father's desertion. Male desertion, which accounted for 49 percent of divorces in 1900, has always been a problem and it remains one today.

Not only would the Family Protection Act fail to prevent father absence, but it also raises serious questions about how far a society which values freedom should go to enforce any family form, however beneficial. Our own view is that social policy must start with the family as it is, not as it ought to be. We therefore favor more limited policy measures, such as part-paid maternity leaves, improved access to day care for those families who want it, and flexible work hours to enable parents both to earn a decent wage and to spend significant time with their children. We acknowledge that these measures may not accomplish the well-intentioned goal of a two-parent household for every child. But the sort of policies we favor, with a minimum of negative consequences and of intrusion into individual liberty, do help mitigate against the detrimental effects of parental absence or deprivation. And that, we believe, is as far as any policy analyst, particularly one who claims to be a conservative, should dare to go.

Edward Zigler
Sterling Professor of Psychology
Yale University
Director, Bush Center in Child Development and Social Policy

Susan Muenchow
Research Associate and Public Education Coordinator
Yale Bush Center

Dear Sir:

In recent years, Allan Carlson has provided some of the most judicious commentary published in the highly-charged field of family sociology and history. "Sex According to Social Science" was no exception. In the course of his discussion, he demonstrated to those open to the evidence that governmental policies that attempt to shape personal and familial decisions rarely have the effects intended by their sponsors.

One would think that the social scientist community would recognize this point rather readily, because Dr. Carlson's evidence points clearly to a conclusion that these social scientists have maintained a consistent agenda, regardless of the policy directions that prompted official interest in their studies. Where the government of Sweden believed the birth rates were too low, the Myrdals recommended greater access to birth control, more sex education (one suspects, given modern version of this theme, classes on the avoidance of conception), and liberalized abortion. They have persisted in offering similar themes in different circumstances to meet quite different problems, hoping governments might adapt to their agenda rather than adapting their research to the goals developed by the governments.

One's concern about the inability of officials to control the social scientists who claim to serve them are eased by two factors. One, given recent electoral trends, people at large are beginning to elect officials less receptive to the agenda buried in contemporary social science. The other saving factor, as we have seen, is that the policies chosen by governments usually produce results contrary to their author's intentions. Given Dr. Carlson's own awareness of this point, one is only left to wonder his reasons for indulging in the set of policy recommendations that he offered as his conclusion, welcome as their substantive direction is.

Edward J. Lynch
Special Assistant
Office of Policy & Resource Management
Environmental Protection Agency

Allan Carlson replies:

Professors Muenchow and Zigler criticize my tax proposals both for doing too much and for not going "all the way" in support of a negative income tax or a universal children's allowance. While it is still not clear to me why true conservatives must either do nothing or go "all the way," the programs mentioned do appear to be acceptable conservative options. I note in passing Milton Friedman's blessing of the negative income tax and George Gilder's embrace of taxable children's allowances as alternatives to the current U.S. welfare system. I, too, hold some admiration for the French family allowance system, particularly as it existed in the 1960s before being altered to accommodate feminist demands. Yet the cost of such a program would be exceedingly—and at present prohibitively—high, ranging anywhere from $30 billion to over $100 billion annually. My concern expressed in the article was more limited: to reverse the recent relative shift of the tax burden onto families with dependent children. Granted, this would not help welfare families nor would it necessarily strengthen tax-paying families. But it seems to be a "do-able" option, and it would alter an exceedingly inappropriate aspect of our current tax system in a "pro-family" direction.

Responding to Dr. Lynch's apparent concern, both my political philosophy and my intuition tell me that the promotion of widespread home ownership is sound social policy, for reasons that

Thomas Jefferson would have understood. Home ownership certainly does not guarantee strong families; the 1970s showed that. Moreover, government assistance in this area must be carefully devised so as not to undermine personal initiative and responsibility. But augmented, government-assisted opportunities to own real property appear to have been characteristic of both historic American "familial" eras—the nineteenth century and the 1945–65 time-span. In the former period, for example, the Homestead Act provided home- and landownership opportunities to persons of quite modest means. In the latter period, federal programs and institutions supporting the home mortgage market, continuation of the tax deduction for the interest paid on mortgages, the maintenance of a relatively stable currency, and the resulting affordable interest rates placed home ownership once again within the reach of the large majority of American families. Both of these efforts, I believe, could be inscribed on the federal government's relatively short list of successful social policy accomplishments. I meant simply to suggest in my article some ideas for restoring home ownership opportunities.

Moreover, the Jepsen-Smith Family Protection Act (FPA) might best be viewed as a generally sound, if less than perfect, *conservative* reaction to a new legal and constitutional situation; what Dr. Walter Berns has called the "nationalization" of family law. Since the late 1950s, the Supreme Court has used the Fourteenth Amendment as a vehicle for striking down an array of state and local statutes affecting the family in areas such as abortion, contraception, marriage, and pornography. At the same time, a number of federal agencies have entered into the promotion of "alternative life styles" through educational programs, litigation initiated by the Legal Services Corporation, the activities of shelters for abused wives, and so on. The FPA would by and large simply place—to the degree possible—some limits on the nationalization process and on such social engineering schemes. Concerning spouse abuse programs, for example, the FPA would not necessarily "bar" federal funds for emergency shelters for abused spouses and children; but it would require federally funded agencies to abide by state statutes affecting domestic relations.

Finally, while I acknowledge that my policy proposals would have a limited reach (affecting primarily those persons, with dependents, who pay taxes), Professors Muenchow's and Zigler's own proposals (paid maternity leaves, greater access to day care, and flexible work hours) would provide direct or indirect benefits primarily to an even more selective and not necessarily poverty striken group—working women with small children. While I may be getting a bit paranoid and while each of these ideas has certain merit, I sense here another partially hidden agenda.

Foreign Business

Dear Sir:

It is odd to encounter an article titled "What's Good for General Motors," (Spring 1982) which says nothing about GM. And the broadaxe attack on the foreign policies of big business mentions the auto industry but once—the quota on import of Japanese cars, a policy opposed by GM.

The title is intended to be completed "...is good for America" in the reader's mind. This cliché of corporate arrogance is a leftist canard: what GM president Charles E. Wilson really said in 1953 was, "...for years I thought what was good for our country was good for General Motors—and vice versa."

Yet the misquoted mistitle is appropriate to the article, which criticizes several American firms on familiar liberal "corporate social responsibility" grounds: in their amoral pursuit of profit, the bad corporations have been doing things the complainer doesn't like—in South Africa or Angola, in Chile or Poland.

A pertinent answer is Peter F. Drucker's characterization of executives' objections to his raising the same issue in 1946: "I had asked GM to make political judgements, to make moral judgements, to make value judgements—all areas in which a business had absolutely no business to be and in which it would be clearly beyond the limits of its authority as well as of its competence."

To what degree a private corporation (or individual) should in its foreign (or domestic) transactions be bound to adhere to the expoused foreign (or domestic) policy goals of government is a tangled question, worthy of thoughtful analysis, not finger-waving.

B. Bruce-Briggs
New York, New York

Dear Sir:

Mr. Krauthammer's piece was glib in criticism but not constructive. He ignores allied fretting about President Reagan's early rhetoric which confronted the Soviets with truth, but proceeds to lament what he perceives as weak actions. The termination of the grain embargo was the fulfillment of a campaign promise, and Mr. Krauthammer provides no basis for comparing the damage done to our grain farmers with the inconvenience to the Soviets who had to buy their grains from Canada, South America, etc.

The author ridicules policy priorities which appear to benefit business and industry, particularly Citibank and Mobil which he describes as monopolists. What economic power do they have? It is not obvious that Mr. Krauthammer qualifies as an expert who should be relieved of the obligation to present cogent thoughts based on documented data. *Policy Review* readers expect and deserve better!

G. M. Wattles
Wickenburg, Arizona

Charles Krauthammer replies:

Mr. B. Bruce-Briggs totally misses the point of my article. Of course, corporations pursue profit. Of course, they look after their own interest. That is how it should be. Corporations should not be asked, "to make political judgements, moral judgements, or value judgements." I never said they should. What I did say is that precisely because corporations should not be making these judgements, it is the responsibility of the *government* to make them. The banks want to salvage something from their Polish loans. Fine. The Administration's function is to decide whether or not extending new credits contradicts the American interest. It is the duty of government to restrain self-interested action on the part of corporations. It is this that the Reagan administration has consistently failed to do, and that is the basis of my criticism.

What's Wrong with Supply-Side Economics

TIM CONGDON

The economics profession has not in the past been noted for excesses of optimism or indulgence in fantasy. If anything can be said in favor of the supply-siders, it is that they have brightened up the image of the dismal science. Economists' traditional role has been to explain that governments have only limited power to influence how much is produced. In practice, this has sometimes required that incoming Presidents be given the unwelcome advice that they are further from omnipotence than their campaign promises have suggested. But the supply-siders' emphasis has instead been on the rapidity and ease with which the American economy will respond to a very popular policy change—the reduction of taxes. It is no wonder that President Reagan should have embraced their nostrums with such vigor, enthusiasm, and naivete.

Disillusionment has set in quickly. There is now a widespread view that the prospective budget deficits are excessive and should be countered, at least in part, by increasing taxes. Unfortunately, the damage has already been done. The Reagan administration may fail not only to stimulate supply (which it could not have done in the short run anyway), but also to eliminate the budget deficit, one of the most potent causes of inflation (which was certainly feasible). As a result, the case for sound finance and free markets may suffer a heavy reverse, both in the U.S.A. and in other countries watching its experience.

The task of critical analysis is complicated by the difficulty of defining supply-side economics. In some versions it appears to be nothing more than the argument that lower public expenditure and less government regulation enable the private sector to operate more efficiently. This should not be controversial. It has been a standard part of free enterprise thinking for many decades and does not need a new label. Other versions are more provocative. Perhaps the most striking idea arises from the Laffer curve, the celebrated geometrical construct which shows that there is a range of tax rates at which cuts in rates are associated with an *increase* in revenue. The paradox is made possible because, in some circum-

stances, lower rates stimulate effort, raise production and therefore expand the tax base. These circumstances are very special. Professors Carl F. Christ and Alan A. Walters have suggested that they may obtain in Sweden where marginal tax rates are about 80 percent.[1] The novel assertion of the supply-siders was that they also applied to the U.S.A. in 1980 and so justified large tax cuts. It was argued that these would strengthen incentives and also, more surprisingly, help balance the budget.

Not much needs to be said about this claim now. The Economic Recovery Tax Act of 1981 has been followed by a major contraction in business activity and a fall in tax revenues beneath expected levels. This fall has contributed to an alarming increase in the projected federal deficit to over $100 billion in fiscal 1983. Of course, the Act was not responsible for the recession which should instead be attributed to the firm anti-inflation stand taken by the Federal Reserve. But, equally clearly, the U.S.A. is not a country where lower tax rates will generate higher total revenue. Its taxpayers are not—and never have been—on the relevant part of the Laffer curve.

Visible and Hidden Taxes

The policy debate has moved into other areas. There is now a tussle between the supply-siders and the monetarists (or, at least, most monetarists) about whether the budget deficit should be curbed by higher taxation or not. If the question is posed in this way, it lacks subtlety. *The total amount of taxes raised by a government is necessarily equal to the total amount of its expenditure.* The reasoning is straightforward. A tax is a claim on the resources of a community which prevents taxpayers doing other things with their money. As all government expenditure involves a claim on resources, it must be matched in its entirety by taxation.[2] The interesting issue is whether such taxation should be visible, when it takes the form of income, excise, and other taxes openly levied, or hidden, when it involves the private sector's foregoing consumption or investment by less transparent means. The difference between government expenditure and visible taxes is the budget deficit, as conventionally understood. In financing the budget deficit, the government

1. Carl F. Christ and Alan A. Walters "The Mythology of Tax Cuts" *Policy Review*, No. 16 (Spring 1981) pp. 84-6.

2. Much of government spending consists of transfer payments which are not direct claims on resources. But they give the right to make direct claims on resources to their recipients and must therefore be covered by taxation.

prevents the private sector from using resources that would otherwise have been available to it. The budget deficit is therefore a measure of hidden taxation.

In what ways does hidden taxation take resources away from the private sector and put them at the disposal of government? There are three important ones. The first is that, in order to sell bonds to cover the budget deficit, the government has to pay an attractive rate of interest. This rate of interest will be higher than some potential private sector borrowers can afford and, in consequence, they will be "crowded out" of the capital markets. Obviously, resources have been transferred from these borrowers to the government. There is a "crowding-out tax."

The second type of hidden taxation occurs when the government fails to sell enough bonds to the general public. In this case it has to finance the rest of the budget deficit by borrowing from the central bank or the banking system, an operation which expands the money supply. If the money supply increases by more than the community needs, there will be inflation. This develops because people try to rid themselves of their excess notes and bank deposits by increasing their expenditure. There is, in the familiar phrase, "too much money chasing too few goods." Such inflation reduces the *real* value of the money balances the community holds and leaves everyone in the private sector worse-off. Here is the "inflation tax" at work.

The third form of hidden taxation is an extension of the second. In the past the government has issued bonds to finance budget deficits. As these bonds have a fixed rate of interest, they represent an obligation to repay certain known sums in *money* terms at specified future dates. If there is inflation, the *real* value of such repayments is reduced and the government does not need to command so large a quantity of resources in future to meet its obligations. Once again the private sector has been deprived of resources because of the budget deficit. This may be termed the "debt debasement tax."

The Supply-siders' Case

The distinction between visible and hidden taxes helps to clarify the issues in the duel between the supply-siders and the monetarists. What the supply-siders are really arguing, when they oppose orthodox measures to reduce the budget deficit, is that hidden taxes are better than visible taxes. What does "better" mean in this context? In the supply-siders' story, something is good if it

promotes incentives and raises the economy's efficiency. So their position can be interpreted as the claim that hidden taxes act as less of a drag on the American economy than visible taxes.

This is an odd and unconvincing claim. It is also at variance with much early supply-side propaganda. The most conspicuous of the three hidden taxes is the inflation tax. Like nearly all supporters of the Reagan administration, the supply-siders are on record as saying that they do not like it. If they were frank advocates of tax cuts and higher inflation, their position would be internally consistent. But they cannot logically recommend tax cuts and promise lower inflation.

It is well known that the President and his advisers are hostile to the inflation tax. The 1982 *Economic Report of the President* states categorically that, "The policies of the Administration are based on the view that the cost of continuing to endure the high rates of inflation of the 1970s would be greater than the costs of implementing a successful noninflationary policy."[3] The *Report* also contains a brief, but quite comprehensive, account of the costs of inflation. These are placed in two categories—those that occur because the inflation rate cannot be accurately predicted; and those that occur when the inflation rate is fully anticipated. Difficulties in predicting inflation cause arbitrary income redistribution and create confusion about relative price movements, which leads to resource misallocation; fully-anticipated inflation requires that too many resources be devoted to price changes ("menu" costs) and to frequent adjustments to holdings of financial assets which are not inflation-proofed ("shoe leather" costs). The supply-siders might be right to favor the inflation tax over visible taxation if they could demonstrate that these costs were lower than the loss of incentives arising from the current burden of visible taxes. But they have never attempted any such demonstration. Instead they have publicly and repeatedly condemned inflation. Their position suffers from obvious incoherence.

So far nothing has been said about the two other hidden taxes, the crowding-out tax and the debt debasement tax. The crowding-out tax is merely a technique for reducing private investment in order to pay for public consumption. It is quite efficient in this role since it relies on the market mechanism and a price signal—a rise in interest rates to squeeze out marginal borrowers. But, again,

3. *Economic Report of the President* 1982 (Washington: U.S. Government Printing Office) p. 61.

there is a clash between the supposed benefits of not raising visible taxes and the inevitable effects of hidden taxation. The Economic Recovery Act treated business income more generously for tax purposes in order to promote private investment. The supply-siders make noises about how savings will rise because of the new arrangements for individual retirement accounts, about how capital spending will be promoted by helpful leasing rules and so on. The trouble is that, to the extent that these changes increase the budget deficit and interest rates, a higher crowding-out tax neutralizes the impact on investment of lower visible taxation. Certain sums of money flowing between companies, the IRS, and the government will be reshuffled and relabelled, but there is unlikely to be any net rise in private investment whatever.

And what about the debt debasement tax? Here the supply-siders have a fiscal instrument of undoubted economic efficiency and considerable political appeal. The point is that government debt held by private savers today was issued sometime *in the past*. The amount of effort savers put into work *in the future* will not be affected adversely by a heavy rate of debt debasement taxation. No one is going to put in less overtime because the real value of his government bonds has been eroded by inflation, but he may well be discouraged by a higher marginal income tax rate. This seems to be an unambiguous case of the superiority of hidden over visible taxation.

But it is also one of the many instances in political economy where considerations of morality and efficiency collide. The debt debasement tax is legalized fraud. It succeeds in extracting resources from the private sector only because it allows the government to repay its debts at a lower cost in real terms than originally promised in money terms. This is clearly dishonest. Moreover, as a means of raising tax revenue, it is subject to finite limits. After a few years of galloping inflation, the real value of government bonds is likely to have been almost completely extinguished so that it no longer represents a tax base at all. Even before this process has been completed, the government will realise that no one is willing to buy new debt it issues.

Presumably the supply-siders do not favor the debt debasement tax, despite the absence of disincentive effects. They may also have qualms about the inflation tax, which undermines trust between government and citizen. Historical examples of governments self-consciously levying taxes by such means are not encouraging. In the five years after the 1917 Revolution the Soviet government

raised about $700 million by the inflation tax, with estimates of implicit revenue being calculated every year by state officials.[4] The evidence is that this "debauchery of the currency" (to use Lenin's well-known phrase) had a devastating effect on the few free markets which continued after the Communist take-over. It is a plausible surmise that the supply-siders would not regard the early years of Soviet Russia as an advertisement for their cause.

The supply-siders have failed to explain why hidden taxes—of crowding-out, inflation, and debt debasement—will have less adverse effects on the American economy than visible taxes. Indeed, many of their public statements suggest that they regard hidden taxes as highly inefficient. The different parts of their case are inconsistent. The conclusion must be that the right course of action is to reduce or eliminate the budget deficit by a sufficiently large rise in visible taxes. If the Administration is not prepared to do this, it must seek further reductions in nondefense expenditure or modify its ambitious defense programs.

The Gold Standard Evasion

The supply-siders often retaliate to sound finance arguments by invoking the gold standard. In the view of some of their most able publicists, re-establishing the gold standard would banish inflation immediately and without cost. They claim that the American people's expectations would be transformed so totally that interest rates could fall, stimulating economic activity and, through the effect on tax revenues, cutting the budget deficit. The supply-siders are lucky to have discovered the gold standard gimmick, as it enables them to evade all the serious issues. By saying "our program will work only if the gold standard is established" they have put themselves into a position which, to the irritation of their critics, will be difficult to demonstrate as erroneous. The supply-siders know well enough that the gold standard will not be restored. In consequence, when their program—of which the centerpiece has always been the boost to the supply side from lower taxes—does not work, they will be able to say that the Administration's refusal to link the dollar to gold was responsible for failure, not the inadequacy of the economy's response to tax cuts. Their position will be empirically impregnable at the level of debate (editorial columns and political dinners) where the supply-siders specialize and

4. J. M. Keynes *Collected Writings*, vol. 4, *A Tract on Monetary Reform* (London: Macmillan 1971) p. 49. The first edition of the *Tract* was published in 1923.

excel. No one can prove what might or might not have happened if a particular hypothetical state of affairs had or had not existed.

But it should be obvious that the appeal to the gold standard is tangential to the debate. If the supply-siders are right about the fillip to expectations it would give, it should be brought back straightaway on its own merits. The case for or against tax cuts is logically separate. In any case, the gold standard would do nothing to shift resources from the private sector to the public sector. If the government continued to spend more than the yield from visible taxes, it would still have to raise money by hidden taxes. All of the analysis outlined earlier in the article would remain relevant.

It should also be emphasised that the gold standard would probably not survive unless the U.S. Government returned to balanced budgets. The gold standard's defining feature is that the central bank should be prepared to exchange the dollar for gold at a fixed rate (and vice versa). One essential condition for this is that there should not be an excessive quantity of dollars in existence relative to the quantity of gold. If there are too many dollars, the price will fall and the fixed dollar-gold relationship will be broken. The objection to budget deficits is that they are a prolific source of new dollars. Unless they can be financed by bond sales to non-banks, they will be monetized and the quantity of dollars will increase, perhaps at a rate incompatible with the fixed dollar-gold relationship. It is worth noting that Britain, which adhered to the gold standard with only occasional interruptions from the late seventeenth century until 1918, had a long tradition of balanced budgets. The budget was allowed to move into deficit during wartime, but otherwise the aim was always a small surplus. Similarly, the U.S. Government, which maintained a less rigorous version of the gold standard from 1934 to 1971, found that the fiscal position was crucial to its viability. The dollar price of gold was successfully held at $35 an ounce in the late 1950s when the Federal budget was in approximate balance; it had to be allowed to rise after 1971 because of the sizeable budget deficits which began during the Vietnam War.

As an entertaining digression, the gold standard proposal has its points; and, whatever else may be said about Professor Laffer, Mr. Wanniski and their disciples, there is no doubt that they have injected much more fun into economic debate. But the gold standard could not endure unless the American Government pursued responsible fiscal policies. The suggestion that tax cuts would not be inflationary if the dollar were pegged to gold may be nostalgic,

provocative, and amusing; it may provide after-dinner speakers with several witty new lines; it is also moonshine.

The British Example

When the supply-siders want an example to support their case, they pick on Britain. In sharp contrast to the Reagan administration so far, Mrs. Thatcher's government has decided to raise taxes in order to pay for extra spending and to keep the budget deficit under control. There is no question that economic performance in the first half of her government was very unhappy. As a result, the supply-siders have started to use the verb "to Thatcherize" as a term of abuse.[5] They may come to regret this.

The boldest budget decision in post-War British history was announced in March 1981. In the middle of the deepest recession since the 1930s, and despite a heavy bombardment of media criticism against their previous sound money policies, the Conservatives raised taxes by £5 billion ($9 billion). The aim was to bring the public sector borrowing requirement back towards a path, laid out in a medium-term financial strategy, to which they had earlier committed themselves. In defiance of that familiar myth, the "politically impossible," a government did what it said it was going to do. As a result, Britain's public sector finances are now among the soundest in the world, a welcome change from the sequence of crises which marked the 1960s and 1970s. In 1981 the current account surplus on the balance of payments was the largest of the leading industrial nations, being twice the size of Japan's.

The supply-siders might protest that these symbols of financial virility are unimportant. In their view, what really matters is output and employment. One of their most insistent themes is that American productivity growth over the last ten years has been miserably slow. They go on to assert that cutting taxes will boost productivity growth and raising taxes will depress it. If they are right, British productivity should have tumbled after the March 1981 Budget, with the financial gains of monetarist policies being bought at a high price in supply-side losses.

But, if the supply-siders were to make this conjecture, they would be completely wrong. In the final three quarters of 1981

5. For a much fairer assessment of the British government's policies, see David Hale, "Reagan versus Thatcher," *Policy Review* No. 19 (Winter 1982). Recent events in Britain are surveyed in Samuel Brittan, *How to End the "Monetarist" Controversy* (London: Institute of Economic Affairs 1981).

productivity in British industry increased by 10 percent. The surge is all the more extraordinary in relation to the normal cyclical pattern. This pattern is for rapid productivity advance to coincide only with rapid output expansion. But output was sluggish over the period. There is abundant evidence throughout the British economy that companies have recently adopted more efficient technologies and better work practices, despite the increase in taxes which Mrs. Thatcher's government has unfortunately had to impose. (Some changes in the structure of taxation, notably the elimination of super-high tax rates, have helped incentives, although their effect has been marginal.) If anything, Britain illustrates that cautious fiscal management is fully consistent with radical supply-side improvements.

The Reagan administration should reject supply-side economics—except those elements in it which have been a standard and uncontroversial part of free market thinking for several decades. The supply-siders' optimistic interpretation of the Laffer curve was never justified: there is no doubt that in the U.S.A. lower tax rates reduce total tax revenue and higher rates increase it. In consequence, if President Reagan wants to eliminate the budget deficit and he is unwilling to curb defense expenditure, he should put up rates of visible taxation. The alternative to higher rates of visible taxation is the present high rates of hidden taxation—or, in other words, a continuation of lofty interest rates and rapid inflation.

Could one suggest that President Reagan should be as courageous as Mrs. Thatcher and seek a large increase in taxes at the worst point of the recession? As the American economy is about seven times the size of the British, that would imply proposing a tax increase of over $60 billion to Congress. Is he brave enough for that?

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The Trouble with Monetarism

ALAN REYNOLDS

In the entire history of this country, before 1968, long-term interest rates were never above 5–6 percent. Since then, however, interest rates have tripled. Young people now think it is perfectly normal that mortgage rates can only go up—as they have in every single year since 1972.

Something terrible happened to the economy after 1968, got even worse after 1972, and deteriorated into acute stagnation after 1979. There has been virtually no increase in real output per employee for nearly a decade. World trade grew by 7 percent a year for twenty-five years before 1973, but that growth was cut in half since then (actually falling one percent last year).

It is time to retrace our steps, to find out what went wrong.

Advice from the familiar economic experts will not be better than it has been. A Keynesian adviser to J.F.K. now argues that budget deficits force the Federal Reserve to print *less* money; a founder of the rational expectations school says deficits force the Fed to print *more*. The head of a huge forecasting empire, built upon the idea that deficits stimulate investment, now casually argues the exact opposite. The monetarist economist for a New York investment bank says the Fed is doing such a great job, that inflation and interest rates must be due to fiscal policy after all. An Ivy League professor, who has always argued that any inflation was a trivial price to pay for the low unemployment that would surely result, is now solemnly interviewed about what to do about inflation. The fiscal expert at a conservative think tank says deficits will be inflationary unless inflation shrinks them. A prominent monetarist who has always emphasized long-run trends in M2 now worries only about ten-week wiggles in M1.

To uncover the source of change, it is useful to look at what has stayed the same. Federal tax revenues rose by 15.8 percent in 1981—far more than the incomes of taxpayers. Marginal tax rates are still going up, not down.[1] Does anyone really believe that the

1. Stephen A. Meyer & Robert J. Rossana, "Did The Tax Cut Really Cut Taxes?" Federal Reserve Bank of Philadelphia *Business Review* (January-February 1982).

economy would have performed better if the tax collector had grabbed an even larger share? Nondefense spending will be at least 17.4 percent of GNP in fiscal 1982, up from 15.9 percent in 1979. Would anyone seriously argue that recession could have been avoided if the O.M.B. had only let federal spending drift even higher?

No, this problem is monetary, not fiscal. For all practical purposes, "Reaganomics" means whatever the Federal Reserve is doing. If interest rates were remotely close to historical normality (namely, 3–5 percent), the budget would be in surplus. In fact, there is substantial evidence that expected inflation causes budget deficits rather than the other way around.[2]

Criticism from Wall Street

The media would have us believe that "Wall Street" is not concerned about monetary policy, but only about deficits. Polls of dozens of institutional investors by Oppenheimer and Polyconomics, however, indicate that this is overwhelmingly untrue. *Fortune's* poll of executives says the same.

Barton Biggs, the managing director of Morgan Stanley, recently described monetarism as "the God that failed." He reprinted a letter of February 22 from Peter Vermilye, Chief Investment Officer at Citibank, saying "the level of interest rates is a better barometer of tightness than the growth of the money supply in this era of conflicting monetary currents." The economists at Morgan Stanley and Citibank are staunchly monetarist, but those responsible for investments are not.

Many other Wall Street traders and economists have long been extremely critical of monetarism, including Henry Kaufman of Salomon Brothers, George McKinney of Irving Trust, Peter Canelo of Merrill Lynch, and Edward Yardeni of E. F. Hutton. The widely-read *Morgan Guaranty Survey* (of February 1981) wrote that the nation "would be ill-served by rigid mechanical monetarism."

"The widely-cited budget deficit problem," says Maury Harris of Paine Weber, "is due importantly to Federal Reserve policies that keep interest rates high." "Until such time as the Fed abandons monetarism," says David Levine of Sanford Bernstein, "our

2. Brian Horrigan and Avis Protopapadakis, "Federal Deficits: A Faulty Gauge..." Federal Reserve Bank of Philadelphia *Business Review* (March–April 1982). Also unpublished studies by Gerald Dwyer at Emory and Roger Kormendi, University of Chicago.

financial markets will be in disarray."[3] These are not uncommon views on Wall Street, though the media decided that this news is not fit to print. Instead, we hear the same tired voices agonizing over the budgetary consequences of monetary disorder.

This is not the first time that the United States has contemplated a fiscal cure for a monetary crisis. The huge tax increases of 1932 and 1968 demonstrated that it does not work.

Today's monetary crisis is not new, but it has escalated into risky territory. The entire dollar economy worldwide is dangerously illiquid, precariously dependent on short-term debt. Long-term financial markets are moribund. People, and the institutions entrusted with their savings, are unwilling to commit funds for long-term uses. Nobody trusts the money. Interest rates are held up by the rising risk of default right now, and by the risk of renewed inflation in the future.

We have the worst of two worlds: Much of the nation is *experiencing* deflation while *expecting* an inflationary "solution." By April 1982, most indexes of commodity prices were at least 15–20 percent lower than a year before. Cotton was down about 25 percent—the same as in 1932—aluminum prices were down even more. Even the broad indexes of producer and consumer prices had posted some monthly declines. Even as the old guard was chanting that budget deficits cause inflation, inflation again went way down as the deficit went up—just as in 1975, or 1933.

Yet even *falling* prices fail to persuade bond buyers that they will not be exploited once again by future inflation. Indeed, the more that current price indexes are squeezed by forcing producers into bankruptcy, the more likely an inflationary bail-out becomes. Existing monetary techniques can thus depress measured inflation for even a year to two without making a serious dent in expected inflation. Trouble in long-term markets requires a *long-term solution*, a credible set of monetary institutions to protect the purchasing power of the dollar.

Selling what exists at falling prices does not necessarily make it easier to produce more at stable prices. Liquidation of inventories, commodities, assets, and real estate has depressed current price indexes, but it has also *raised* the cost of living *in the future*. The value of lifetime savings has fallen, so people will have to work

3. Dr. Harris' remark is from testimony before the Joint Economic Committee, April 22, 1982; David Levine's is from a speech to the New York Association of Business Economists, April 6, 1982.

harder in the future to attain any expected standard of living. That makes the future look relatively grim, causing people to prefer present consumption. In this situation, providing added tax incentives to save will not finance future productive capacity, because any added savings remain in the short-term money market.

The problem is that the United States has no long-term monetary policy at all—nothing that inspires confidence. Instead, the nation alternates between robbing lenders with inflation and bankrupting borrowers with deflation. There is no way of knowing which is coming next, so activities requiring long-term financial contracts are severely restricted. There is no unit of account that is expected to hold its value over decades, and therefore little possibility of building for the future by borrowing against expected future earnings.

No indexing scheme gets around the problem of unpredictable money. A household cannot budget for the future, for example, if monthly mortgage payments can vary in ways that income may not.

Monetarism was fun when it simply involved second-guessing the Fed. The self-appointed "Shadow Open Market Committee" would solemnly announce that there was too much or too little money, without assuming any genuine responsibility.

Things are different now that prominent monetarists are in positions of great authority. Monetarists can and do influence the Fed now, and are even in a position to propose sweeping monetary reform, legislation, or international conferences. Instead, we still get the habitual second-guessing. The Republican section of the latest *Joint Economic Report*, for example, writes: "Looking back, it would have been better if money had grown closer to 5 or even 6 percent per year in the second and third quarters of 1981 instead of at annual rates of 3.6 and 2.9 percent." Such retroactive fine-tuning serves no useful purpose. The bond and mortgage markets did not collapse over the past decade because money growth was one or two percentage points too slow for six months.

Founders of Monetarism

It can, of course, be argued that what we are experiencing is not genuine monetarism. When reality fails to live up to the promise of theory, it is always the fault of reality. Since October 1979, when the Fed did most of what the monetarists advised, interest rates, M1 and the economy have gyrated wildly. The monetarist

response is that the problem originated with lagged reserve requirements in 1968, or the Fed should have stepped even harder and faster on monthly ups and downs of M1 (for example, by pushing the fed funds rate higher in January 1982, when M1 surged).

Is there *any* example of monetarism anywhere that ever worked? Some point to Switzerland, where M1 rose 23 percent in 1978, fell 7 percent last year, and has been far more erratic over short periods than in the U.S. Switzerland has a gold cover on its currency. Others point to Chile, where they stopped hyperinflation by using fixed exchange rates. France tried a quantity rule from 1919 to 1925, but it blew up with a 50 percent inflation rate.

But the fault runs deeper than the Utopian nature of monetarism. The fault lies in the deliberate demolition of *proven* monetary institutions (of the sort now used in Switzerland and Chile) for the sake of a *hypothetical* quantity rule that has never been put into practice.

This requires a brief digression into the development of monetarist policy proposals. The early "Chicago School" of economics, around 1927–41, may have been more favorably inclined toward free markets than Harvard, but not much. Like most academics, the early Chicagoans were intimidated by the intellectual consensus of the day. It was thus conceded that industrial and labor markets were largely monopolized and rigid, so the influential Chicagoite Henry Simons redefined "laissez-faire" as strict legal limits on the size of corporations and the power of unions.

To Simons, the "utter inadequacy of the old gold standard... seems beyond intelligent dispute." The experts would simply "design and establish with greatest intelligence" a "definite mechanical set of rules" for money. Simons' modest proposal involved "above all, the abolition of banking, that is, of all special institutional arrangements for financing at short-term....If such reforms seem fantastic, it may be pointed out that, in practice, they would require merely drastic limitation upon the powers of corporations (which is eminently desirable on other, and equally important, grounds as well)."[4]

The idea of a fixed rate of growth of the money supply originated in 1927 with the even more interventionist left wing of the "Chicago School," namely Paul Douglas. Douglas (later a Sen-

4. Henry C. Simons, "Rules Versus Authorities in Monetary Policy" (1936) in *Landmarks in Political Economy* (University of Chicago, 1962).

ator) was then quite excited about a "planned economy" and "public ownership," and even called himself a socialist.[5]

"The obvious weakness of fixed quantity," responded Simons, "as a sole rule of monetary policy, lies in the danger of sharp changes on the velocity side." Moreover, "the abundance of what we may call 'near moneys,' " Simons wisely added, creates a "difficulty of defining money in such manner as to give practical significance to the conception of quantity." Just as Simons' solution to big business was to make it illegal, his solution to free financial markets was to make them illegal too. Then a quantity rule might work.

By 1948, Keynes had infected even Chicago, as shown by Milton Friedman's "Monetary and Fiscal Framework for Economic Stability." That proposal was to run budget deficits in recessions and "the monetary authority would have to adopt the rule that the quantity of money should be increased only when the government has a deficit, and then by the amount of the deficit." The budget could be balanced over the cycle, or lead to "a deficit sufficient to provide some specified secular increase in the quantity of money."

Some might worry, said Professor Friedman, that "explicit control of the quantity of money by government and explicit creation of money to meet actual government deficits may establish a climate favorable to irresponsible government action and to inflation." "This danger," he added, "can probably be avoided only by moving in a completely different direction, namely, toward an entirely metallic currency, elimination of any governmental control of the quantity of money, and the re-enthronement of the principle of a balanced budget."[6] By implication, that was still beyond "intelligent dispute." Needless to say, the nation did not move in the latter direction, nor did Professor Friedman ever really advise it to do so.

By 1962, in his magnificent *Capitalism and Freedom*, budget deficits no longer worked to stabilize demand. The task had become one of steering between the Scylla of a gold standard and the Charybdis of wide discretionary powers. Professor Friedman initiated the caricature of an "honest-to-goodness gold standard, in

5. J. Ascheim & G. S. Tavlas, "On Monetarism and Ideology" Banca Nazionale del Lavoro *Review* (1979).

6. Milton Friedman, *Essays in Positive Economics* (University of Chicago, 1953) pp. 133-5.

which 100 percent of the money consisted literally of gold." Since that sort of standard is indeed ridiculous, Professor Friedman instead suggested raising M2 by 3–5 percent every year. With practice, however, "we might be able to devise still better rules, which would achieve even better results."[7] This was a return to Paul Douglas, neglecting the doubts of Henry Simons and Frank Knight.

On January 1, 1968, Milton Friedman wrote "We should at once stop pegging the price of gold. We should today as we should have yesterday and a year ago and ten years ago and in 1934—announce that the U.S. will no longer buy or sell gold at any fixed price. . . . That would have no adverse economic effects—domestically or internationally."[8] The advice was taken that March.

Professor Friedman later acknowledged "direct links" between his views and those of Jacob Viner, quoting Viner as saying, "if the mere cessation of gold payments did not suffice to lower substantially the international purchasing power of the dollar I would recommend its accompaniment by increased government expenditures financed by the printing press."[9]

When the term "monetarism" was coined by Karl Brunner in 1968, it represented a healthy backlash against the excesses of fiscal fine tuning. Yet monetarism too was part of the Keynesian tradition of demand management. The tools would be different, but the objective was still to manage the rate of growth of aggregate demand, whether over short or longer periods of time.

Early monetarists were often quite activist demand-siders. John Culbertson, in 1964, argued that the U.S. should "give up our self-imposed constraints" and "make an end of monetary restriction." By breaking all links with gold, he said, we could safely pursue a "moderately expansive" policy of increasing the money supply "something like 6 to 8 percent." As unemployment came down to 4 percent, we might then print a bit less.[10]

Some monetarists still cannot resist offering advice for fine-tuning the growth of money to achieve some cyclical smoothing. Robert Hall (who joined me as a member of President Reagan's inflation

7. Milton Friedman, *Capitalism and Freedom* (University of Chicago, 1962) Ch. 3.

8. Milton Friedman, *An Economist's Protest* (Thos. Morton, 1972) pp. 98–99.

9. R. J. Gordon (ed.), *Milton Friedman's Monetary Framework* (University of Chicago 1970) p. 167.

10. John M. Culbertson, *Full Employment or Stagnation?* (McGraw Hill 1964) pp. 234–235.

task force before the election) wanted to increase the money supply at a 20 percent rate for at least six months in late 1976.[11]

"The year 1973," notes Robert Gordon, "represented the high-water mark of monetarism."[12] By then, all of the old-fashioned obstacles to scientific demand management had been toppled. The U.S. took the silver out of coins in 1964, lifted the gold cover on Federal Reserve notes in 1965, set the gold price free in March 1968, reneged on converting foreign dollars into gold on August 15, 1971, and embraced floating exchange rates by March 1973.

The monetarists cheered. They had provided the intellectual rationale for the demolition of all institutional constraints on monetary policy. There was a promise to replace the old rules with new rules, but it has not happened. What happened is that rules were replaced by random whim.

Henry Simons was right in 1936 to prefer rules to discretion, but wrong to propose an alternative that could only work if flows of money and credit could somehow be tightly regulated.

"The defects of monetarism," writes Samuel Brittain, "are that it concedes too much power to official intervention, underrates the influence of competition in providing money substitutes, and takes official statistics far too much at their face value. Friedmanites are often very good at analyzing how controls and regulations in the economy generally will be avoided or will produce unintended effects quite different from those their sponsors desire. But too often they evince a touching faith in government in their own special sphere."[13]

Meaningless Money

Monetarism is properly a method of analysis or prediction, not a policy. No particular policy necessarily follows from a monetarist view of the world. Monetarists have favored a wide variety of policies, including some sort of commodity standard.

The meteoric rise of monetarism had much to do with its simplicity, and to the persuasive talents and personal charm of its major salesmen. Monetarism begins with a seductive tautology: The rate of growth of spending or "demand" (nominal GNP)

11. *Business Week* (November 15, 1976) p. 26.

12. Robert J. Gordon, "Postwar Macroeconomics" in Martin Feldstein (ed.), *The American Economy in Transition* (University of Chicago 1980) p. 146.

13. Samuel Brittain *How to End the Monetarist Controversy* (Institute for Economic Affairs 1981) p. 84.

depends on the rate of growth of money (M) plus velocity (V). Converting the old quantity equation into annual percentage increases, then M + V = GNP.

If we could count and control M, and if we could predict velocity, then we would reach the Keynesian heaven of managing "aggregate demand." And if we could also predict how much of that rise in GNP would be real growth and how much would be inflation, then we could use all this to "control" inflation. The only trouble is that nobody can do *any* of those things. Even if anyone could, there is no reason to suppose that these devices would actually be used to avoid inflation or deflation.

Basically, the goal of managed money is to control $3 trillion in annual spending through periodic adjustments in about $45 billion of bank reserves. Not an easy task.

First of all, what is money? In March 1979, the Shadow Open Market Committee noticed that "there is now a large and rapidly growing volume of financial assets not subject to ceiling rates on deposits. . .and in some cases not subject to reserve requirements." By February 12, 1982, one member of the Shadow Committee, Erich Heinemann of Morgan Stanley, was showing more concern:

> The improvements in the monetary definitions are unfortunately minor in comparison with the more fundamental conceptual problems associated with measuring money. To what extent are household money market mutual fund shares transaction or savings balances? Are institutional holdings of overnight RPs or overnight Eurodollars transaction balances since they are available each morning for spending? Are institutional holdings of marketable and highly liquid short-term credit instruments such as Treasury bills, certificates of deposit, and banker's acceptances so easily convertible into transaction balances that they should be so treated? If we exclude them from transaction measures, such as M-1, are we missing a large and important source of corporate liquidity? Anyway should holdings of Treasury bills, which are more liquid than CDs, be included in L, while CDs are included in M-3? The questions go on and on, and few of them can be answered unambiguously. The questions linger, and the quality of virtually any definition of money remains uncertain. In this context, the redefinitions are minor refinements in *the hopelessly difficult task of measuring money.*

These sorts of doubts have often marked the beginning of the end of confidence that controlling some arbitrary measure of

money is a practical way to ensure its value. At the end of 1975, I wrote a paper for Argus Research on "The Increasing Irrelevance of M1." In 1979, when some prominent monetarists were saying that money growth was too slow, I wrote (with Jeffrey Leeds) that failure to count money market funds and repurchase agreements was understating the six-month rate of money growth by more than seven percentage points.[14]

Peter Canelo, a top bond analyst at Merrill Lynch, likewise became disillusioned about monetarism through his enormously detailed weekly reports on what the various M's really mean. Lately, Phillip Cagan of Columbia, one of Professor Friedman's first and best proteges, has expressed similar doubts.[15]

On October 6, 1979, the Fed essentially announced that it would let interest rates approach infinity, if necessary, to slow the growth of bank reserves and M1. The C. J. Lawrence survey of bond managers' forecasts for long-term government bond yields went from 9 percent on September 14, 1979, to 12.3 percent in five months.

Now, there is no question that high interest rates can drive money out of M1 and bank reserves, but that also raises velocity. At high interest rates there is a powerful incentive to keep as little money as possible in M1 deposits, which pay little or no interest. Banks have an equally powerful incentive to use "liability management" to make the most loans with the least required reserves, since reserves at the Fed earn no interest.[16]

Money market funds have been more than doubling in size each year and, at about $160 billion, are much larger than the entire stock of currency. You can write checks on most of these funds, or transfer to a checking account with a phone call. Overnight repurchase agreements and Eurodollars usually exceed $40 billion, and are curiously lumped together with 8-year certificates in M2. Such cash management devices have only been significant for two or three years, making the old historical relationships (such as postwar velocity "trends") quite suspect.[17]

14. "Understating Monetary Growth," *First Chicago World Report* (March-April 1979).

15. See James Grant's column, *Barron's* July 27, 1981, and Sanford Roie's column, *American Banker* (Nov. 24, 1981).

16. James Earley & Gary Evans, "The Problem Is Bank Liability Management," *Challenge* (January-February 1982).

17. M. Dotsey, et al., "Money Market Mutual Funds and Monetary Control," Federal Reserve Bank of New York *Quarterly Review* (Winter 1981-82).

MasterCard plans to offer a "sweep account" for small depositors, where check balances are kept within a desired range, and any excess or shortage is moved around from money market funds or other near-monies. If the Fed counts demand deposits at the wrong time of the day, they might not find much. There are other devices on the horizon such as CDs with check-writing privileges, checks on Visa cards, and retail repurchase agreements. The whole idea of measuring M is growing more obsolete by the day.

The Fed makes the rules of the monetarist game, because the Fed defines the M's. The definition has changed four times since late 1978. How could any long-term rule be formulated in terms of a quantity of money when the definition of money is necessarily subject to continuous change?

Money numbers are also constantly revised. In early 1982, we finally learned that a 5.4 percent rate of decline in M1 in the previous May was really a 10.8 percent rate of decline; a 14.5 percent increase in November turned out to be 10.1 percent. How could the Fed possibly stabilize M1 before anyone knows how much it rose or fell?

High interest rates drive money out of M1 into interest-earning, highly-liquid devices that have little or no reserve requirements. So neither M1 nor reserve aggregates (the base) have the same meaning as they did when interest rates were much lower. Most of the financial innovations are roughly counted in M2 or M3, but those measures also contain much larger amounts of longer-term savings.

A fall in interest rates might well induce people to keep more of their income in M1, but that shift from M2 into M1 would *not* be inflationary. An increase in real output would raise the need for cash to finance more transactions, but supplying that demand would *not* be inflationary. A rise in the savings rate would probably increase M2, but that too would *not* be inflationary. It depends on real growth and velocity.

In the fourth quarter of 1981, the interest rate on 3-month T-bills fell from 15 percent to 11.8 percent. The growth rate of M3, which is dominated by interest-sensitive instruments, slowed from 11.2 to 9.2 percent. The growth of M1, which is discouraged by high rates, rose from zero to 5.7 percent. The monetary base slowed down. What does all this mean? Not much.

Monetarists still can't decide on a meaningful and controllable measure of money. Phillip Cagan of Columbia and David Laidler of Western Ontario strongly favor M2. The St. Louis Fed and

Robert Weintraub of the Joint Economic Committee are sticking with M1. Allan Meltzer of Carnegie-Mellon seems to be leaning toward the monetary base. Milton Friedman used M2 last year to show that money growth had not slowed down, but uses M1 this year to show that money growth has not been steady.

It makes a lot of difference. It should be obvious that high interest rates artificially depress M1 and raise its velocity, that the monetary base shows almost no predictable relationship to anything in the past two years, and that broader aggregates are not controllable by the Fed.[18] Besides, the broader aggregates have been speeding-up in the last yar or two, so the traditional Friedmanite long lag with M2 supposedly points to more inflation ahead while M1 or the base does not. (M2 rose 10 percent in 1981; M3, by 11.4 percent.)

Not all of the confusion, however, suggests that money is undercounted. Most of the monetary base and a big chunk of M1 is simply currency. David Whitehead of the Atlanta Fed estimates that most of the big bills (and 69 percent of all currency) are hoarded.[19]

In a period of great financial uncertainty and insolvency, the prospect of a major surge in the demand for currency should not be ruled out, despite the lost interest. In this case, the monetary base would be particularly misleading, as it was throughout the Great Depression. A lot of "currency in circulation" would not really be in circulation.

Volatile Velocity

Monetarists have a double standard when it comes to judging the stability of the money supply or velocity. Comparing percentage changes between fourth quarters, velocity fell in 1967 and 1970, yet rose by 5–6 percent in 1965, 1966, 1973, 1975 and 1978. Robert Weintraub complains that this is "selective and myopic... terribly short-sighted and gives very misleading signals."[20] He insists that velocity data should be smoothed by comparing averages

18. Nancy Kimelman, "Using Monetary Targets as Intermediate Targets: Easier in Theory Than in Practice," Federal Reserve Bank of Dallas *Voice* (December 1981). Patrick Lawler "The Large Monetary Aggregates as Intermediate Policy Targets," Federal Reserve Bank of Dallas *Voice* (November 1981).

19. "Money Supply Gauge May Be Inaccurate," *Washington Report* (April 20, 1982).

20. Maxwell Newton published the exchange in *New York Post* January 15, 1982.

over the whole year with the year before, or better still, by comparing three-year averages.

When it comes to the money supply, however, monetarists certainly do not mind comparing changes between fourth quarters (this is the way Fed targets are set), or even changes between 8–10 week periods converted into compound annual rates of change.[21]

If quarterly changes in velocity are likewise expressed as an annual rate of change, as Professor Friedman does for even shorter periods with M1, then velocity swings *far* more wildly than money —up 13.2 percent in the first quarter of 1981, down 4.5 percent in the second, up 9.5 percent in the third, down 1.2 percent in the fourth, and down 10.5 percent in the first quarter of 1982. Monetarists are able to contrast the "stability" of velocity with the instability of M1 only by hiding the numbers.

Velocity was relatively predictable in the stable world of Bretton Woods, but all models to predict velocity broke down after 1972–73, when the U.S. suspended gold convertibility and endorsed floating exchange rates. Interest rates now move as much in a day as they used to in a year. Thus, a survey on the demand for money by David Laidler laments that "it was never possible completely to get away from the conclusion that the function has shifted after 1972." "After all," Professor Laidler notes, "monetary policy is implemented over time, and unless the relationship it seeks to exploit can be relied upon to remain stable over time it cannot be used successfully."[22]

At the end of 1980, a rigorous study by Robert Weintraub said, "We expect the trend rate of rise of M1B's velocity to drop from 3.2 to about 2% per year, with the spread of NOW accounts. We would compensate for this by adjusting the long run target for yearly M1B growth upward by 1 to 1½%."[23]

Velocity is officially classified as a coincident cyclical indicator, so it fell with the sharp fall in real output from last October

21. Milton Friedman, "Monetary Instability," *Newsweek* (December 21, 1981).

22. David Laidler, "The Demand and Supply of Money Yet Again," paper presented to a Carnegie-Rochester conference, April 1979. See also Albert Friedberg, "Gold and Demand-Side Monetarism," *Bondweek* (November 9, 1981).

23. House Subcommittee on Monetary Policy, *The Impact of the Federal Reserve System's Monetary Policies on the Nation's Economy* (U.S. Government 1980) p. 43. In this model (p. 33) "it takes two to four years for changes in money growth to change the rate of inflation," so the slowdown in inflation in 1981 must have been due to slower money growth around 1977–79?

through March. The only half-hearted expansion the U.S. has experienced lately was between the third quarters of 1980 and 1981. At that time, velocity of both M1 and the base did not rise by 2 percent, or by 3.2 percent, but by *6* percent. Is this the new "trend" for velocity if and when the economy recovers? Nobody has the slightest idea.

Whatever "stability" can be found in long-run trend of M1 velocity is only because M1 has been redefined. The old M1 velocity showed an even clearer tendency to accelerate during each cyclical expansion, averaging 3.1 percent from 1961–69, 3.5 percent from 1970–73, and 4.9 percent from 1975–79. And the gyrations were becoming larger.

The unpredictability of velocity became even worse after the October 1979 emphasis on the M's. "Erratic velocity behavior of the traditional monetary aggregates led the Federal Reserve to redefine the aggregates. However, the new monetary aggregates have also exhibited erratic velocity behavior. . . . Paradoxically, the regulatory framework necessary to control the growth of a given aggregate sets in motion forces that ultimately reduce that aggregate's usefulness in policy implementation."[24]

A popular new theory in Washington implies that the ten-year collapse of bond and mortgage markets is due to the ten-week wiggles in M1 since October 1979. Since the Fed stopped stabilizing interest rates, interest rates have, of course, been less stable. Ignoring what interest rates do to the velocity of M1, monetarists say it is changes in M1 that cause changes in short-term interest rates, rather than the other way around.

It isn't a very persuasive argument, so this is how to "prove" it: First, take a four-week moving average of the volume of bank reserves and calculate the percentage change from the same period *a year before.* Plot this on a scale from 1 to 7 percent. Then put *current* interest rates on three-month T-bills on a scale from 10 to 17 percent. For 1981, believe it or not, these two series do appear to move up and down together (though not in 1980 or 1982).

The Shadow Open Market Committee of March 15, 1982 concludes that "this leaves little doubt that interest rates rise and fall

24. Bryon Higgins & Jon Faust, "Velocity Behavior of the New Monetary Aggregates," Federal Reserve Bank of Kansas *Economic Review* (September–October 1981). Also John Wenninger, et. al., "Recent Instability in the Demand for Money," Federal Reserve Bank of New York *Quarterly Review* (Summer 1981).

directly with growth in reserves." But if 7-percent annual growth of reserves "causes" 17-percent interest rates and 1 percent growth of reserves "causes" 10-percent interest rates, then bank reserves must have been *falling* very rapidly when interest rates were 4 percent (?) A simpler explanation is that the recession lowered both interest rates and reservable deposits last fall.

Output or Prices?

In his classic 1956 restatement, Milton Friedman wrote that "the quantity theory is in the first instance a theory of the demand for money. It is not a theory of output, or of money income, or of the price level."[25] But the elaborate efforts to predict the demand for money broke down with collapse of gold convertibility and pegged exchange rates in 1972–73.

The late Harry Johnson of the University of Chicago decided that monetarism was a passing fad, partly because of the monetarists' habit of "disclaiming the need for an analysis of whether monetary changes affected prices or quantities."[26] Allan Meltzer, for example, acknowledges that "none of our models predict changes in output reliably." Few even try. Two leading Keynesians likewise admit that their models too "were demand-oriented, and paid almost no attention to the supply side of the economy."[27] Hence the supply-side counterrevolution.

But even if the growth of money plus velocity were under control, that is not enough. It is not a matter of indifference whether an 8-percent growth of nominal GNP consists of 8-percent inflation and zero growth or zero inflation and 8-percent real growth. "An increase in real activity raises the demand for real money, which, given nominal money and the rate of interest, is accommodated via a decline in the price level."[28] Real growth is anti-inflationary in fundamental and lasting ways. Yet growth may be stifled by a monetarist regime that cannot distinguish between a demand for cash to finance more real growth (or to guard against insolvency) and some sort of inflationary impulse.

25. Milton Friedman (ed.), *Studies in the Quantity Theory of Money*, (University of Chicago 1956) p. 4.

26. Harry G. Johnson, *On Economics and Society* (University of Chicago 1975).

27. A. H. Meltzer, "The Great Depression" *Journal of Monetary Economics* (November 1976); Alan Blinder & Robert Solow, "Does Fiscal Policy Still Matter" *Ibid.*

28. Eugene Fama "Money and Inflation" (unpublished, August 1979).

When not openly applauding stagnation as a "Phillips Curve" cure for inflation, monetarists sometimes make slow money growth an end in itself. "A renewed economic expansion," said a prominent monetarist newsletter last July, "would not be promising for inflation. . .or effective monetary control."[29] This is what the debate between monetarists and supply-siders is all about. Supply-siders want a monetary policy conducive to increased output at stable prices, not a policy to stamp out each glimmer of economic growth in order to keep M1 down. The supply of money is at best a tool, not a goal, and its value must be judged by results.

Time Lags

Monetarism *has to* postulate a time lag between changes in money and changes in nominal GNP or prices. Otherwise, the results are often perverse. From April through October last year, the monetary base grew at a 2.6 percent annual rate, consumer prices at 10.5 percent. From October to February, the base grew at a 10 percent rate, but consumer prices rose at only a 4.3 percent rate. Without a lag, the uninitiated might suppose that faster growth of the monetary base caused slower inflation, or that the two series are not closely related.

Milton Friedman recently wrote that "the lag between a change in monetary policy and output is roughly six to nine months; between the change in monetary growth and inflation, roughly two years."[30] At the St. Louis Fed, R. W. Hafer says "a 1.0 percentage point increase in the growth of M1B yields an identical increase in the growth of nominal GNP within one year."[31] The President of the St. Louis Fed, however, seems to be defending a *zero* time lag, since his table relates money growth to *simultaneous* changes in GNP.[32] An Atlanta Fed Conference on supply-side economics in April 1982 saw David Meiselman arguing for a lag of 7 quarters, Beryl Sprinkel for a few months. Pick one; something is bound to fit.

29. Morgan Stanley, "Money and the Economy" July 13, 1981. (Lindley Clark of the *Wall Street Journal* has also written of the virtues of anemic growth).

30. Quoted in Antonio Martino, *Containing Inflationary Government* (Heritage Foundation 1982) p. 34.

31. R. W. Hafer, "Much Ado About M2," Federal Reserve Bank of St. Louis *Review* (October 1981). Hafer does not realize that critics of M1 are not necessarily saying M2 is any better.

32. Lawrence K. Roos, "The Attack on Monetary Targets," *The Wall Street Journal* (February 3, 1982).

If the lag is unknown, there is no way to tell if monetarism is right or wrong. There will always be *some* past period of relatively faster or slower growth of *some* M to "explain," after the fact, why inflation or output went up or down. That sort of retrospective, *ad hoc* monetarism is inherently immune to serious testing.

If the lag *is* known, however, rational expectations would make it disappear. Knowing that more money now would cause more output in six months would make it profitable to build inventories right away, thus eliminating the six-month lag. Knowing that more money would cause inflation in two years would make it profitable to speculate in commodity markets and generally buy before prices went up—thus eliminating the two-year lag.

If the time lag were known, people would act on that information and eliminate the lag. If there is nonetheless an unknown lag; then there is no way of knowing which change in output or price was caused by which change in the volume of cash. Monetarism would then be of little value for predicting the future or even explaining the past. If there is no lag at all, then the causality between money and spending could easily be backwards. That is, decisions to spend more might cause an increase in the supply of money, as people sold assets to get cash.

On the face of it, one might suppose that decisions to spend are based on income, assets, and credit conditions—not merely on how much one happens to keep in a checking account. The idea that total spending can be controlled by controlling the forms of wealth became popular largely because of the apparent discovery of lags between money and GNP.

The notion of money having a known effect on something in the future was thus crucial to plausibility of monetarism, but there is still no justification for it in theory or fact, nor any agreement on how long the lags are.

Do-It-Yourself Monetarism

The supply of money provides *some* information, even aside from velocity and price. Table 1 shows quarterly changes and annual trends in the monetary base, M1, and in nominal and real GNP. Quarterly changes in M1 *appear* to explain *simultaneous* changes in nominal GNP in a few periods, but that causality could obviously be backwards (e.g., observe the generous rise in monetary base and falling M1 during the sharp recession in the second quarter in 1980). And what sense can be made of the first and third quarters of last year, when GNP grew very rapidly as

TABLE 1

Money, Spending and Production
(annual rates of change, rounded)

		Quarterly				Year-to-Year			
		Base	M1	GNP	Real GNP	Base	M1	GNP	Real GNP
1980	I	8	7	13	3	8	8	10	2%
1980	II	6	− 3	− 1	− 10	8	4	8	− 1
1980	III	10	15	12	2	8	6	8	− 1
1980	IV	9	12	15	4	8	7	9	0
1981	I	5	5	19	9	7	7	11	1
1981	II	7	10	5	− 2	8	10	13	3
1981	III	4	0	11	1	6	6	12	3
1981	IV	2	6	5	− 5	4	5	10	1
1982	I	10	11	1	− 4	6	7	5	− 2

Source: Federal Reserve Bank of St. Louis

the base and M1 slowed sharply? The task here is to discover the stability of velocity and the appropriate lag.

The older tradition is that longer-term trends are what matter. On such year-to-year comparisons, M1 growth was unchanged between the third quarters of 1980 and 1981, though the base slowed significantly. With money growth unchanged or tightened, depending on definitions, what happened to the trend of nominal GNP? It *rose* by 50 percent over the year. A few months later, Lawrence Roos wrote that "Both M1B growth and GNP growth have been decreasing steadily since 1979."[33]

Do either the quarterly or annual changes in nominal GNP look "too slow" before the fourth-quarter collapse? If so, then the recession after last July might be blamed on inadequate "aggregate demand," requiring bigger budget deficits or more M1. If not, maybe it is time to discard demand management.

It Won't Work

To summarize, rebuilding long-term financial markets requires a credible long-term policy to maintain reasonable stability in the purchasing power of the dollar. Such a rule *cannot* be expressed as a quantity of money because (1) the definition of money is rapidly

33. *Op. cit.*

changing, (2) velocity is increasingly unpredictable, (3) any lags between changes in money and GNP are implausible or at least unpredictable, (4) spending depends on more than cash balances and desired cash balances depend on more than planned spending, and (5) nobody can tell at the time if a rise in money and spending is financing more real output or rising prices (except by watching prices instead of money stocks).

But that isn't the end of it. If a quantity rule for money could somehow pass these hurdles, it still would not work.

If people thought a quantity rule would work, they would expect inflation to average about zero for decades. The rush to buy long-term bonds would quickly drop interest rates to around 3–6 percent. At such rates, the convenience of checking accounts and currency would make it a waste of time to employ complex cash management schemes. The demand for M1 would surge; velocity would fall.

No fixed growth of M1 or the monetary base could cope with such a sudden rise in the demand for cash. Real cash balances could only rise, as desired, if prices fell abruptly. Sudden deflation would surely prompt an equally sudden violation of the rule. Knowing that, people would not believe the rule in the first place.

If the move to slow growth of M1 was done gradually, to minimize the risk of deflation, that too would not be believed. People would rightly reason that the next president or Fed chairman would probably abandon the predecessor's long-term plan. Thus, long-term interest rates would remain high, and velocity might well speed up by more than M1 was slowing down. With rates high, any temporary reduction of inflation would raise real interest rates, causing bankruptcies that would force abandoning the gradual rule.

Advocates of a quantity rule have had 14 years to agree on one and put it into action. Next time, it will not take that long for interest rates to triple again. Does that have to happen before anyone will admit that this experiment with managed money, like the Continental and Greenback dollars, is also a failure? How bad do things have to get before economists will admit that they made a mistake by endorsing the demolition of proven monetary rules from 1965 to 1973?

Price Rules

If monetary policy cannot effectively stabilize prices indirectly, by controlling quantities of M, then why not focus directly on

some sensitive measure of price? If such prices are falling, that would be a sign that the demand for money exceeds the supply—time for the Fed to buy bonds (or gold), or to lower the discount rate or reserve requirements. If prices start to climb, it is time to tighten.

In 1962, this was still the dominant view. Professor Friedman then wrote, in *Capitalism and Freedom*, that "the rule that has most frequently been suggested by people of a genuinely liberal persuasion is a price level rule; namely, a legislative directive to the monetary authorities that they maintain a stable price level."

If monetary policy had followed a price rule in 1928–31, the deflation could have been nipped in the bud. As Lauchlin Currie noted in 1934, "the three years that preceded the depression witnessed a considerable fall in prices not only in this country but throughout the world."[34] Another possible price rule—real interest rates—likewise showed that monetary policy was too tight in 1928–32. Alternatively, the sizable inflow of gold into the U.S. in 1929–30 was an equally clear signal that the supply of dollars was inadequate. The Fed, as Milton Friedman observes, was "contracting the money supply when the gold standard rules called for expansion."[35]

A quantity approach to money, on the other hand, would have given ambiguous signals about deflation until it was too late. There was no significant decline in the money supply until March 1931, and the monetary base continued to rise throughout the 1930–33 deflation, as people held more currency and banks held more reserves. A policy of slowly increasing the monetary base, as some now propose, would not have prevented the Great Contraction. Any price rule or gold standard, however, would have worked.

Broader price indexes, such as the producer price index, are too sluggish, among other problems (they are revised months later; seasonal adjustments and weighing of items are dubious; discounts and quality changes are missed, etc.). Looking at broad price indexes makes it easier to wrongly blame inflation on the "oil shock" of 1974, though commodity prices began rising sharply in

34. Lauchlin Currie, "The Failure of Monetary Policy to Prevent the Depression of 1929–32" in *Landmarks in Political Economy* (University of Chicago, 1962).

35. H. G. Manne & R. L. Miller, *Gold, Money and the Law* (Aldine 1975), p. 75. Also M. Friedman & A. Schwartz, *A Monetary History of the United States* (Princeton 1963) p. 361.

1972. Instead, a price rule must work with instantly available spot commodity prices.

Money and commodity prices often move in roughly similar directions, as Robert Weintraub has noted, so monetary policy at those times could just as well moderate big swings in either one. When the two diverge, however, commodity prices invariably give a more accurate picture of emerging trends in the economy. Growth of M1 was essentially unchanged from 1973 to 1975, at 4.4–5.5 percent, but a price rule would have required a much tighter policy throughout 1972 and 1973, and a much easier policy from April 1974 to July 1975 (when spot commodity prices fell 28 percent).

Table 2 contrasts the monthly information provided by M1 and commodity prices in 1980–81. Either series pointed in the correct direction in 1980, but commodity prices convey a much better picture of the liquidity squeeze from October 1981 into early 1982. The seemingly rapid growth of M1 this period was not sufficient to prevent massive liquidation. An easier policy would have been prudent and desirable, providing people understood that the process would be reversed as soon as commodity prices began to turn up. In other words, chasing the elusive M's from week-to-

TABLE 2

Should the Fed Target Prices or M1?

	1980			1981		
	M1	Commodity Prices	Price Rule	M1	Commodity Prices	Price Rule
Jan.	0.8	2.1	loose	0.8	-2.3%	tight
Feb.	0.8	2.0	loose	0.4	-2.5	tight
Mar.	0	-1.7	tight	1.2	2.0	loose
Apr.	-1.3	-4.7	tight	2.1	1.1	loose
May	-0.2	-7.8	tight	-1.0	-1.4	tight
Jun.	1.2	-3.9	tight	-0.2	-2.1	tight
Jul.	1.1	3.8	loose	0.2	1.3	loose
Aug.	1.8	5.2	loose	0.4	1.0	loose
Sep.	1.4	2.1	loose	0	-2.2	tight
Oct.	1.2	0.8	loose	0.4	-2.0	tight
Nov.	0.5	1.3	loose	0.8	-2.4	tight
Dec.	-0.7	-2.1	tight	1.0	-2.3	tight

Source: U.S. Department of Commerce, *Business Conditions Digest*, Series 85 and 23.

week prevented the only sensible response to an unnecessarily wrenching deflationary experience.

Other sorts of price targets have been proposed, but most are less direct ways of achieving similar results. Ronald McKinnon of Stanford proposes pegging exchange rates with countries that have a somewhat better track record on inflation, such as Germany and Japan. Edward Yardeni of E. F. Hutton and Donald Hester of the University of Wisconsin suggest keeping real interest rates from drifting too high or too low. Stabilizing commodity prices would do all this and more.

If real interest rates are "too high," there is liquidation of commodities, inventories and assets in order to acquire cash. Commodity prices fall. The dollar's exchange rate will likewise be artificially high, due to short-term capital inflows. Stabilizing the price of gold also stabilizes real interest rates, commodity prices, bond yields and exchange rates. Stabilizing any one of those things, if it could be done, would also tend to stabilize the others.

Since broader price indexes are too insensitive, what about narrowing the list to only one commodity—namely, gold—that is notoriously sensitive to every whiff of inflation or deflation (including the inflationary propsect of war)?

The London gold price dipped in February 1980 and fell 17 percent in March, correctly signalling the March-June decline in commodity prices. Gold rose 17 percent in June 1980, announcing the start of the July-November reflation. Gold prices have fallen since just before the presidential election, stabilizing only during the spurt in both money growth and commodity prices in March-April 1981. Watching gold prices works well, and limiting the extremes would work even better. That is no more difficult than stabilizing wild gyrations in interest or exchange rates, which has often been successfully accomplished.

Participants in the gold market are not only concerned about current inflation, but about future inflation. Price movements thus tend to be exaggerated, when *not* on a gold standard, reflecting changing expectations about future inflation. This may be a useful characteristic, because it is the expectation of future inflation that destroyed the bond market.

In October 1979, when the Federal Reserve announced that it would henceforth pay more attention to quantities of money and less to results, the gold price went from $355 to $675 in only four months. Other factors may have been involved, but it looks like a vote of no confidence. Conversely, the gold price fell sharply ever

since the election of President Reagan. No forecaster or monetary aggregate did as good a job as the gold market of predicting how abrupt the disinflation would really be. Money growth was not clearly slow until May–September of last year, and even then the M's were throwing-off conflicting signals.

Convertibility

Paying more attention to the consequences of monetary policy—prices, interest rates and exchange rates—would be a major improvement, but still remains a matter of discretionary management.

In order to institutionalize a price rule, it is necessary to convert dollars for gold, and vice-versa, on demand at a fixed price. The "right price" is that price at which we observe neither inflation nor deflation. The only way that foreigners or speculators could upset the fixed gold-dollar ratio would be by monopolizing the stock of gold or dollars, which is clearly impossible.

Stabilizing the value of dollars in terms of gold is not "price fixing" any more than stabilizing an index of prices would be called "price fixing." "Just as every commodity has a value in terms of the unit," wrote Ralph Hawtrey, "so the unit has a value in terms of each commodity."[36]

There has been a lot of misinformation spread around about the U.S. gold standard in the classical period (1879–1914) or the Bretton Woods era (1945–1973). When the period of managed and floating money since 1968 or 1973 is fairly compared with any sort of gold standard, gold systems show far more real growth, better stability of prices in the short and long run, longer expansions, more world trade, and long-term interest rates never above 5–6 percent.[37] In any case, we can improve upon historical performance by learning from the mistakes.

In 1978, Jurg Niehans of Johns Hopkins observed that "commodity money is the only type of money that...can be said to have passed the test of history," and wondered if "the present period will turn out to be just another interlude." "The analysis of commodity money," Niehans regretted, "has made hardly any

36. Ralph Hawtrey, *Currency and Credit* (Longmans Green 1919) Ch. 1.

37. My Gold Commission testimony is condensed in *Economic Impact* 1982/2 (U.S. Govt. Printing Office), and the Federal Reserve Bank of Atlanta will soon release my talk in the proceedings of an April conference on supply-side economics.

progress in the last fifty years. Actually, more knowledge was forgotten than was newly acquired."[38]

In the past few years, however, there has been a gradual rediscovery of the value of commodity money in the work of such scholars as Robert Barro, Fischer Black, Benjamin Klein, Robert Mundell, Robert Hall, Thomas Sargent, Robert Genetski, Richard Zecher, Paul McGouldrick, Michael Bordo and others. This is just the beginning.

David Ricardo wrote about the central bank in England during 1816, a period of fiat money very much like the present. "In the present state of the law," wrote Ricardo, "they have the power, without any control whatever, of increasing or reducing the circulation in any degree they may think proper; a power which should neither be entrusted to the state itself, nor to anybody in it, as there can be no security for the uniformity in the value of the currency when its augmentation or diminution depends solely on the will of the issuers."

"The issue of paper money," said Ricardo, "ought to be under some check and control; and none seems so proper for that purpose as that of subjecting the issuers of paper money to the obligation of paying their notes either in gold coin or bullion."[39]

The Bullion Committee explained the task before Britain reinstated the gold standard in 1821: "The most detailed knowledge of the actual trade of the country, combined with the profound science in all principles of money and circulation, would not allow any man or set of men to adjust, and keep adjusted, the right proportions of circulating medium in a country to the wants of trade."

Britain took Ricardo's advice and enjoyed over a century of unprecedented monetary stability and economic achievement. Eventually, the United States will do the same. There is no viable alternative.

38. Jurg Niehans, *The Theory of Money* (Johns Hopkins 1978) pp. 140–41.
39. David Ricardo, *The Principles of Political Economy and Taxation.*

Over There

Revolt of the Herbivores

"A week," said the former British Prime Minister, Sir Harold Wilson, "is a long time in politics." Sir Harold has been much pilloried for the allegedly short-sighted cynicism of this remark. Yet its essential truth was confirmed by the events of the seven days beginning with Thursday the 25th of March. On that day Mr. Roy Jenkins, the former Labour Cabinet Minister and now a member of the fledgling Social Democratic Party (SDP), won the Glasgow constituency of Hillhead from Mrs. Thatcher's Conservatives. His victory was a narrow one and it had been predicted by the opinion polls, but it set off frantic speculation about a coming re-alignment of British politics. It was confidently forecast that Mr. Jenkins would shortly be elected Leader of the SDP and, by extension, of the SDP-Liberal Party Alliance; that, with the authority of a former President of the European Commission, he would dominate the House of Commons; that the by-election victory would act rather like a booster rocket for the Alliance which, until Hillhead, had anxiously watched its support in opinion polls decline from a peak of 52 percent to around 33 percent; and that there was an excellent prospect of the SDP-Liberal Alliance, at the very least, holding the parliamentary balance of power after the next election. All seemed set fair. Then, one week to the day after Hillhead, Argentina seized the Falkland Isles and the British task force was dispatched.

How the Falklands War will ultimately influence the course of British politics is a fascinating and unfinished story. It is also another story. All that is relevant here is that, at the time of writing, it has pushed the Social Democrats and Mr. Jenkins personally out the limelight and vastly improved the popularity and political fortunes of Mrs. Thatcher and the Tory Government. Of the many manifestations of this reversal, I will cite just one: in a by-election on the 3rd of June, the Tory candidate won the Merton and Morden constituency from the sitting Social Democrat MP. It was the first by-election since 1960 in which a government had captured a constituency from the Opposition.

It would be premature, however, to write the SDP's obituary.

A party which can achieve over thirty percent in the opinion polls and 80,000 members (each of them paying an annual subscription of $20) in the first year of its existence is clearly a symptom of certain fundamental political feelings in the community. With four former Cabinet Ministers in its leadership[1], moreover, it is armoured against the accusation that sank all previous third parties: namely, that they "simply couldn't form a Government." The Gang of Four, as they have been labelled, feel almost naked without their official limousines. And, finally, the SDP has the sympathy of several national newspapers and good prospects of attracting financial support from corporations which believe that a three-party system would provide a climate of political stability helpful to business.

Collapse of Stout Parties

But why was the SDP born in the first place? Why did four major politicians decide to break long-established and emotional political ties and defy the conventional wisdom that third parties cannot succeed? And what then accounts for the party's rapid rise? The usual explanation is that voters and politicans were seeking a haven from the two unpopular major parties. That is true but profoundly misleading. In 1981, there were very different reasons for the unpopularity of the Labour and Tory parties; in brief, the Conservatives were unsuccessful and Labour was extremist.

Since coming into office in 1979, Mrs. Thatcher had presided over a deep recession, rising unemployment, and stubbornly high inflation. Ministers argued, of course, that these ills were transitional effects of policies that would eventually bring about rapid economic growth and low inflation. And indeed, now in mid-1982, there are signs of Thatcherism succeeding; inflation has dipped into single figures, production is beginning to rise, corporate profits have increased, and productivity has soared beyond even Japanese levels. But as long as the principal economic statistics were gloomy (as they have been until recently), Tory political prospects were also bound to be dismal. Hence, in November last year, Mrs. Shirley Williams captured the normally safe Tory constitu-

1. Mrs. Shirley Williams, a former Education Minister, Dr. David Owen, formerly the Foreign Secretary, Mr. William Roders, the Transport Minister in Mr. Callaghan's Cabinet, and Mr. Jenkins himself who is a virtual Pooh Bah, having been Chancellor of the Exchequer, Home Secretary, and Aviation Minister. All were formerly in the Labour Party.

ency of Crosby with a swing that had psephologists calculating that the Conservatives would be left with only 80 seats after the next election.

A sense of historical perspective is required at this point. It is almost a political convention in Britain for Governments in mid-term to suffer dramatic by-election losses because of economic discontent, and yet to recover sufficient popularity to have a fighting chance at the election proper. We must wait and see if Mrs. Thatcher will follow this pattern. But, whether she does or not, it is plain that her unpopularity will be as lasting or as brief as the economy's woes. Occasionally, some overheated 'moderate' orator will declare that Mrs. Thatcher and Mr. Tony Benn, the left-wing Labour standard-bearer, are equal but opposite extremists. But that is buncombe. Only lunatics and professors believe that the Tory Party is a threat to democracy, or that it plans to censor the press, or that it would favor a military coup. Voters may have judged the Government incompetent; they have not assessed it morally unfit to govern.

Labour's unpopularity is derived from exactly opposite causes. An Opposition party, facing a Government in conditions of economic distress with almost three million unemployed, should be riding high in the opinion polls. Instead, Labour's percentage support has rarely risen above the low thirties, and its by-election candidates have come third with embarrassing regularity. This surely points to a fundamental loss of political appeal. The clear explanation is that the voters, including many once fervent Labour voters, nurse a fear that the party is falling under the sway of Marxist activists with a highly ambiguous attitude to democracy. (They claim to favour "the democracy of the committed," i.e., an oligarchy of zealots.)

This fear goes back several years. As a political journalist, I accompanied Mr. Denis Healey, then Chancellor of the Exchequer, on a campaign tour of a Leeds textile factory in 1979. His audience of low-paid women workers seemed, on the face of it, to be 90 percent natural Labour territory. Yet Mr. Healey was baffled and discomfited to be asked several times: "What are you going to do about the Trotskyists in the Labour Party?"[2] Such anxieties

2. They in turn were baffled by his somewhat "in" reply. "Aye, lass, we're all worried about infiltration," he said. Then, pointing to me, he added: "this lad here is from the right-wing *Daily Telegraph*. He thinks that dangerous left-wing extremists have taken over the Tory Party."

must have intensified greatly in the intervening period which has seen three Labour conferences dominated by the scowling Left; the revelation that the Trotskyist *Militant* "Tendency" has infiltrated constituency organizations on a large scale; the rise of Mr. Tony Benn who all but won the Deputy Leadership on a far-Left platform; and changes in the Labour Party constitution which, among other things, have given labor unions the pre-eminent say in electing the Labour Party leader and endowed constituency Labor organizations with the power to "automatically reselect" sitting Labour MPs. This last change means that Marxist-dominated constituency associations will be able, in effect, to dismiss moderate Labour representatives and replace them with candidates of a more reliable fanaticism, thus over a period transforming the political complexion of the Parlimentary Labour Party. There have already been several entertaining atrocities on these lines.

Once, these reactions would have affected the Labour Party's electoral changes only marginally. There used to be a strong conviction among most working class people that the Labour Party was, in some sense, *their* party to be supported in all circumstances. Stories about Marxist infiltration or tenderness towards Soviet Russia were dismissed as "Tory scares" which, of course, in most cases they were. But class feeling in Britain is on the decline. Psephologists Robert Worcester and Peter Hutton[3] point out, for instance, that the number of people who thought of themselves as working class in 1981 was only 15 percent of the total. This was less than half the 1964 figure of 32 percent. As Labour's automatic psychological hold on this segment of the electorate loses its force, such voters are more likely to be concerned about the advance of the Marxist "polytechnocracy" in the party and to wonder whether such a party can be safely entrusted with power.

Surely the reason for distinguishing between the different causes of Labour and Tory unpopularity is now clear. If the Tories are unpopular because of temporary economic circumstances, then their supporters are likely to return to the fold either when the economy improves or in opposition when memories have faded. But if voters and activists have withdrawn their moral confidence from Labour they are likely to desert it permanently and to seek an alternative political vehicle for their desires. On that reckoning,

3. *What's Ahead for Britain's New Party?* (Public Opinion, December-January 1982).

the Social Democrats (or, in irreverent political slang, the Soggies) are a long-term threat mainly to Labour from whom they are likely to draw a disproportionate number of their members. Is this borne out by surveys of the new party?

Who's Soggy Now?

In November 1981, the British television programme *Weekend World* presented the results of a survey of over 5,000 members of the SDP, carried out by the respected Opinion and Research Center. The social profile of the membership revealed in the survey, at first glance, seemed to contradict the above thesis. Fifty-four percent of the SDP members live in suburbs, 32 percent in rural areas and a mere 14 percent in the declining inner cities which are Labour strongholds. Still more startling, 57 percent described themselves as having professional/managerial status, 10 percent as clerical, office, or sales, 5 percent as skilled manual workers and, again, a mere 2 percent were unskilled manual workers who have traditionally provided the bulk of Labour's vote. A moderately knowledgeable observer, provided only with this information and asked to guess which party membership it described, would almost certainly plump for the Conservatives. The profile is almost a caricature of Southern English, suburban, home-owning, commuting, managerial man who is popularly supposed to form the backbone of modern Toryism.

But there were surprises buried in the answers on previous political allegiance. For a start, no fewer than 67 percent of SDP members had joined a political party for the first time. They had previously been apathetic, or at least resistant to the charms of the two established parties. Of the remaining 28 percent, moreover, only 7 percent had earlier been members of the Tory Party. More than twice as many, namely 15 percent, had been Labourites, and 5 percent Liberals. As for how they had voted in the 1979 election, fewer than a quarter had voted Tory (24 percent, in fact), compared to 33 percent who had voted Labour and 32 percent Liberal. This seems all the more remarkable when we recall that the 1979 election was a striking Tory victory. If the question had been based on the 1974 election won by Labour, we would almost certainly find the Tory share of SDP members falling to below 20 percent.

How do we reconcile these various statistics? A brisk unscientific explanation would suggest that the SDP members come from two groups within the middle class. First, the traditional middle

class contains an important minority of people whom Michael Frayn has christened "herbivores." They favor social reform, dislike class-flavored politics and have misgivings about a vigorous foreign and defense policy. Such people have never felt comfortable with the Tories, who are the carnivore party *par excellence,* but socialism, trade unionism, and most of Labour's ideological baggage are hardly to their taste either. The SDP, in contrast, is the political equivalent of vegetarianism. Secondly, Britain has a very high rate of social mobility (contrary to the American view of English society that has been fostered by *Masterpiece Theatre*). Since the war many people from working class backgrounds have settled into a comfortable middle-class *niche.* These members of the "new" middle class often retain a childhood distrust of the Tories, but they no longer feel that they have much in common with the Labour Party of Michael Foot and the Militant Tendency. They too gravitate to the moderate, classless image beamed out Mrs. Williams and the SPD's other mild luminaries. So the SDP is the party of the anti-Tory middle class which Labour's drift to extremism had left temporarily homeless.

And this interpretation is largely borne out by the views on policy expressed in the survey. On economic policy, for example, 60 percent preferred to expand the economy in order to reduce unemployment, compared to 36 percent who were more concerned about preventing inflation; 79 percent wanted the government to give investment aid to certain industries, as against only 19 percent who favored reliance on the market; and 73 percent favored legislation to put worker directors on corporate boards. Perhaps most revealing of all, 55 percent supported raising taxes for the sake of higher public spending as against 44 percent who took the opposite view. Yet, when specific taxes came to be examined, self-interest peeped shyly forth. Sixty-three percent favored a wealth tax which they almost certainly expect never to have to pay themselves. But only 32 percent of the home-owning SDP endorse—and 64 percent indignantly reject—the idea of reducing tax relief on mortgage interest payments. As Mr. Peter Kellner of the leftist *New Statesman* tartly observed, SDP members want "a form of progressive politics that doesn't impinge too much on their personal lives." It is the party of reform at someone else's expense.

A second theme that emerges from the replies is the strong appeal that centrism has for the SDP rank-and-file. Only two questions offered the respondents a choice between three alternatives,

roughly corresponding to right, left, and center positions. And, in both cases, they plumped firmly for the middle option. Fifty-four percent would allow Britain's independent schools to remain in being, but would also take away their present charitable tax relief. This compares with 18 percent who want the state to run them and 28 percent who support the *status quo.* Similarly, no less that 72 percent want to keep the present mixed economy boundaries between nationalized and private industry, while 21 percent would like some privatization and a miniscule 5 percent more nationalizations. Even more significant are the statistics on the three questions that are almost a definition of centrist respectability in British politics: membership of the European Common Market, wage controls, and proportional representation. All obtain crushingly large majorities. Ninety-two percent want Britain to remain in the EEC; 89 percent favor wage controls; and 90 percent thought proportional representation either an important aim or *the SDP's single most important aim.* All this is summed in the findings that 65 percent of its members think the SDP should be a party of moderate reform rather than one of a radical change. Here, at last, is the party for what Malcolm Muggeridge, mocking pious liberal editorials, is wont to call "moderate men of all shades of opinion."

Well, not perhaps *all* shades of opinion. There is not much sign of sympathy for right-wing or conservative attitudes in the survey. Asked whether the SDP-Liberal alliance should form a coalition with Labour or the Conservatives if it holds the balance of power after the election, 47 percent prefer Labour and only 36 percent the Tories. Considering that Labour was holding its prolonged Trotskyist fiesta when the survey was conducted, this suggests a profound distaste for the Conversatives.[4] Moreover, on only two issues are right wing opinions supported by the majority; 72 percent would like to curtail labor union immunities, and 76 percent are opposed to unilateral nuclear disarmament. But these are the two issues on which Labour's right-wing MPs have long been heretically anti-left, volubly in the case of nuclear weapons, discreetly on union immunites in deference to the powerful union leaders. Peter Kellner shrewdly sums up these results as follows: "SDP members...want the sort of policies that bear an uncanny resemblance to the strategy being put forward by Labour moder-

4. Among SDP *members,* that is. I suspect that voters intending to support the SDP would have mainly preferred a coalition with the Conservatives.

ates in the 1960s." Exactly so. We have been here before. The SDP is a Center-Left party, as Labour was in the middle sixties.

Center-of-Left?

But, since the party's leaders *are* the Labour moderates of the 1960s, this should at least promise a reasonable convergence of views between the leadership and the grass-roots. That happy outcome is most likely if Mr. Jenkins is elected SDP leader over Dr. Owens. Mr. Jenkins is thoroughly disenchanted with socialism and equality after the traumatic experience of a lifetime in the Labour Party and almost incarnates that "moderate reform" which the majority of the members preferred to "radical change." Mrs. Williams and Dr. Owen, on the other hand, still hanker nostalgically after schemes of social and political radicalism. At the time of writing, it still seems likely that Mr. Jenkins will triumph. But Dr. Owen's stature has risen sharply as a result of his strong speeches backing the Government over the Falklands dispute and the leadership election will be a "damn close-run thing." If Mr. Jenkins is successful—and the reader will probably know the result—then the party will be more centrist than left.

Only two issues loom up as possible disputes between the membership and a Jenkins leadership. The first is the apparent preference of the rank-and-file for a coalition with Labour in the event of no party enjoying a clear parliamentary majority. Most of the SDP's major figures (and Mr. David Steel, the Liberal Leader) had hoped to engineer an alliance with a Tory Party which had by then ditched Mrs. Thatcher for a much "wetter" figure, say Mr. Francis Pym, the present Foreign Secretary.[5] And Mr. Jenkins himself, who as Chancellor in 1969-70 was a closet monetarist, may secretly find Mrs. Thatcher a much more acceptable partner than he can at present let on. What is certain is that Mr. Jenkins and his senior colleagues would find it immensely difficult to coalesce with a Labour Party that in large measure regards them as turncoats and secret Tories. (Indeed, such a coalition might well provoke a *second* Labour split.) The likelihood is, therefore, that the SDP MPs would simply ignore their members' feelings on this and approach the Tories for a deal.

Economic policy is the other possible source of trouble. After

5. Mrs. Thatcher's post-Falklands prestige within the Tory Party is now so considerable that a rebellion to replace her by Mr. Pym is no longer a practicable proposition, even after an election defeat.

all, senior SDP figures like Mr. Jenkins and Dick Taverne tried to implement some of the interventionist ideas favoured in the survey when they were Treasury Ministers in Labour Governments. And they have emerged from the experience as chastened believers in the market economy, quite attracted by "supply-side economics," skeptical of notions like state investment subsidies, anxious to prune public spending rather than raise taxes further, and convinced that defeating inflation is a more practicable object of policy than reducing unemployment. The contradiction between these opinions and the survey results can be camouflaged in Opposition by vague talk of the need for a mild reflation. In government, however, the rank-and-file may not take kindly to policies which could look remarkably similar to the evils of "Thatcherism." Only in favoring some form of incomes policy do leaders and led reach agreement (and even here Mr. John Horam, the SDP economic spokesman in the House of Commons, is a skeptic.)

Foreign policy is an area where the leadership has a largely free hand. And under Mr. Jenkins, SDP foreign policy is likely to be a slightly more pro-American version of Herr Schmidt's and the German SDP's approach. It would hew to the distinctive European policy on the Middle East, with its tilt towards the Arabs, but adopt a more anti-Soviet attitude on NATO and European issues, like Poland, than the West Germans. Defense policy, however, threatens a serious split not between leaders and led, but between the SDP and the Liberals. The SDP is passionately opposed to nuclear unilateralism at all levels. It was one of the main issues on which the Gang of Four left Labour. But, to the consternation of *its* leadership, the Liberal Party annual Assembly adopted unilateralism as party policy last Fall. This has given a handy issue of principle to those Liberals who dislike the SDP as trespassers on the Liberal center ground and who wish to end the alliance. (There are also tensions over which party should represent the Alliance in the most promising constituencies.) But Mr. Steel shares the SDP's views on defense. He will doubtless manage to fudge the issue.

The SDP Mystery Tour

But is this discussion of an SDP government's policies not somewhat premature? The Alliance is only registering 22 percent in the opinion polls at present, compared to 51 percent for Mrs. Thatcher's Conservatives. That is, of course, a respectable total for a third party at a time when voters are likely to feel the tug of

traditional loyalties. There is obviously a considerable reservoir of potential support in the country, and some at least of this is likely to return to the SDP as the Falklands crisis recedes. But that conclusion still leaves open such riddles as "how much?" and "when?" What are the factors likely to determine the party's prospects?

The first point to note is that, even when the Alliance was far more popular than the other two parties last year, its lead was extremely fragile. Messrs. Worcester and Hutton[6] point out that very few voters supported the SDP because they thought it had the best policies. A MORI by-election survey in Croydon showed that only 6 percent of voters believed that the SDP had the best policies on unemployment which was then considered the most important issue facing the country. Similarly, on inflation. And a MORI poll, taken just before the Crosby by-election, showed that voters felt that the Conservatives had better policies on the major issues. Yet the SDP won. Voters probably pay more attention to policy as the election approaches. Will the SDP have established its policies as attractive in the public mind by then? If not, its chances of recovery are slight.

If not policy, then sheer novelty was probably an important part of the SDP's appeal. But there is a howling contradiction between the claim of offering an entirely new political start and the more reassuring boast of experience in government. Mr. Jenkins and Mrs. Williams are not political virgins, but former Cabinet Ministers with political records as long as your arm. These can be pointed to and attacked. And what is true of personalities is no less valid for policies. An SDP Manifesto is likely to include an incomes policy, higher public spending and continued British Membership of the Common Market. There is doubtless much to be said for these policies, but no-one could claim that they are in the least novel. They have been pursued by every government for the last twenty years, with less than ideal results. Much will therefore depend on whether or not the other two parties succeed in dramatizing this contradiction and so undermining the charm of the SDP's novelty.

That charm is also threatened in a very specific way. So far, more than twenty Labour MPs have decamped to the SDP, but there has been only one Tory defector in the Commons.[7] In the

6. Ibid

7. He is Mr. Christopher Brocklebank-Fowler, a persistent critic of Mrs. Thatcher's monetarist economic policy and a vocal "wet" (a public school term meaning "weak" or "appeasing"). Indeed, Mr. Brocklebank-Fowler is so wet

changed political situation following the Falklands crisis, it seems highly unlikely that any more Tories will cross the floor. This has inevitably, and not wholly unjustly, given the SDP the appearance of being a Labour Party Mark Two. But if the SDP is to come even close to winning power, it will have to shake off its leftish appearance. Much trust is reposed in Mr. Jenkin's authoritative manner which is thought likely to impress Tory voters. But will that alone be enough? It hardly seems likely. And if not, what else can be done? No one knows.

In the end, of course, the SDP's electoral fate will be decided by events in the real world outside the party's control. What, for instance, will happen to the economy? If it improves markedly and unemployment is falling in the months before the election, Mrs. Thatcher will lose few Tory voters to the Alliance. And, at present, the economic auguries are for a modest recovery in 1982, gradually gathering steam in 1983. Bad news for the SDP. Similarly, will peace break out in the Labour Party and a rickety facade of moderation and unity be constructed in time for the election? It has happened often enough before in election years. And the labor union leaders, who provide the party's cash, are insisting on fraternal amity—or else. But, somehow, the young Trots of the Militant Tendency do not seem interested in bourgeois elections. Nor are they amenable to discipline. Good news, therefore, for the SDP. Above all, what will be the eventual impact on British politics of the Falklands War, the most momentous political happening since Suez? At present, it seems to be an unqualified benefit for the Tories. Mrs. Thatcher has been transformed from a partisan politician to a great national leader. No less than 84 percent of the people—and 96 percent of the 18–24 years old—think that the Government's handling of the crisis has been correct. And polls show that the Tories have majority support not only in the population at large, but also in groups where they normally lag behind, such as the 18–24 year olds, skilled workers and men. All seems set fair.

But the election is perhaps two years away. And a week is a long time in politics.

John O'Sullivan

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that it has been said of him that he is "as wet as a Dogger Bank trawler." Mr. Ferdinand Mount of the London *Spectator* promptly re-christened him Mr. Christopher Dogger-Bank-Trawler.

El Salvador—True and False

Mark Twain once remarked, "Get the facts first and then you can distort them as much as you please." Some opponents of U.S. policy in El Salvador have taken his advice to heart. They recite a depressing array of statistical facts about El Salvador that are intended to shock the public into opposing military and economic aid to the Salvadorean government. These facts surface in news reports and opinion articles published by the *New York Times, The Washington Post, Newsweek*, and others. As a result, they often become institutionalized truths.

Statistics which are most often used to distort the reality of El Salvador include the following: 2 percent of the population owns 60 percent of the land; 50 percent of the population has a per capita income of $120 or less per year; 50 percent of the children die before age five; unemployment is more than 40 percent; and economic and social conditions were worsening during the 1970s leading to increased social unrest. After these facts are listed, the point is usually made that they are evidence of horrendous conditions in El Salvador which caused the "indigenous uprising" of the "peasant" guerrillas. Now El Salvador is certainly a poor country (as are most countries). But as poor as El Salvador is, its social and economic conditions are not as bad as they are portrayed. The facts are quite different from the "facts."

First, 2 percent of the population do not own 60 percent of the land. Since March, 1980, El Salvador has undertaken a significant program of land reform. About 260 of the largest farms (500 hectares [1235 acres] or more) have been expropriated. Another sixty were sold voluntarily to the government. These farms encompass about 370,000 acres of the country's 1,600,000 acres of cropland, or about 23 percent. In addition, tenants and sharecroppers working small farms which they did not own have been made legal owners. Although the newly elected Constituent Assembly appears to have suspended the implementation of this phase of the land reform program for one crop year, the basis of the program is still intact. The large estates are not affected by the Assembly's action and the Assembly overwhelmingly approved a clarification of the suspension which reaffirms the right of tenant farmers and sharecroppers to ownership of land which they worked before the suspension. In short, despite the suspension, the land reform of 1980 considerably reduced inequality of land tenure. Moreover,

when land reform was enacted, the government also nationalized the banking system as well as the export of coffee, cotton, and sugar.

The assertion that 50 percent of the people have per capita incomes of $120 or less per year is also untrue. This figure probably comes from a study by William Durham which shows that the monthly per capita *cash* income of peasants in one of the poorest parts of the country was $10 or less. But cash income is not total income; indeed the income of rural peasants in poor countries is mostly income in kind, that is, crops which they produce for themselves. Data on income distribution are neither very good nor very recent; but the most recent show that, in 1969, 18 percent of the population had annual per capita incomes of $75 or less. In 1969, the overall per capita income was $250, and in 1980 it was $680. Since per capita income almost tripled during this period, it is obvious that the percentage of the population with per capita income less than $120 is no more than 18 percent and probably less.

Child Mortality and Population Growth

The claim that 50 percent of the children die before age five is wildly inaccurate. The correct figure is 8.3 percent, which is bad enough but nowhere near the absurd figure tossed around by Ed Asner, the North American Congress on Latin America, and other supporters of the Marxist-Leninist Left. All informed observers agree that the rate of population growth from 1970 to 1980 was 3 percent, primarily because the overall death rate declined from 10 per 1,000 in 1970 to 7 per 1,000 in 1980. Clearly, the population could not grow at 3 percent a year if anywhere near 50 percent of the children died before age five. It should also be noted that the 3 percent population growth rate and the low overall death rate are both evidence that the people live better than the crude per capita income data might indicate.

Unemployment *might* be 40 percent, but no one really knows because, like all poor countries, El Salvador has no reliable data on unemployment. Whatever the actual rate is, it is high—the result of an economy that is a shambles because of the civil war. The 40 percent figure may refer to the *peak rate* of unemployment among farm workers during the off season, not to the labor force as a whole.

Reporters and academics have frequently claimed that the increase in violence during the 1970s resulted from worsening economic and social conditions. But the evidence shows that the country

was making considerable progress until the violence increased in recent years. From 1970 to 1978, Gross Domestic Product, adjusted for inflation, increased by 5 percent a year and real per capita product increased by 2 percent a year. Moreover, food production increased by 44 percent the second highest increase among the nineteen Latin countries, exceeded only by Brazil. Per capita food production increased by 16 percent, again second only to Brazil.

During this period, life-expectancy increased, the death rate decreased, and illiteracy declined. To a very great extent, these improvements were the result of government policy. The percentage of goverment expenditures spent on public health, housing, and education was consistently among the highest in Latin America. These expenditures were financed by one of the highest levels of taxation in Latin America; in 1977 tax revenues were 17.4 percent of the Gross Domestic Product, second only to oil-rich Venezuela among the Latin countries.

The Institutionalization of Error

There is one other frequently mentioned "fact" about El Salvador that is also a distortion, and which provides an instructive example of the institutionalization of error. In 1932, a communist-led uprising was crushed by the military. The most authoritative account of this uprising is Thomas P. Anderson's *Matanza: El Salvador's Communist Revolt of 1932*. Discussing the number killed in this tragic event, Mr. Anderson shows that the estimates range from as low as 2,000 to as high as 40,000. Mr. Anderson puts the most likely figure at 10,000. Yet whenever the 1932 revolt is mentioned today, the figure quoted used is 30,000. In a recent conversation, Mr. Anderson expressed some frustration about this, and added that if he were to make an estimate now, it would be *less* than 10,000. This is a clear example of how numbers are used by the left to demonstrate how "repressive" El Salvador was and is.

There is, of course, no doubt that poverty and inequality plagued El Salvador and that the political system was repressive. In short, the internal conditions of the country were typical of an underdeveloped country, although El Salvador is far from the poorest or most repressive. These conditions contributed to the outbreak of violence in the 1970s so that it is true that some of the fundamental causes of social turmoil were internal. However, the American Left has exaggerated the severity of economic and social conditions in El Salvador to make the case that the civil war is a purely inter-

nal uprising of oppressed peasants. Cuban and Nicaraguan involvement is dismissed as minor or nonexistent. In addition, by deliberately distorting El Salvador's past progress and the present efforts at reforms, the Left hopes to convince the American people that El Salvador's government does not deserve U.S. assistance.

Yet there can be no doubt whatsoever that the social turmoil in El Salvador has been exploited by Cuba and Nicaragua, and the result has been a sharp increase in the level of violence in 1980 and 1981. Because of the high level of violence and the convincing evidence of Cuban and Nicaraguan aid to the insurgents, military aid from the U.S. is essential and justified. But the campaign of disinformation, including the use of the specious statistics, has weakened the Reagan administration's case for continued military and economic assistance to El Salvador. A most disturbing aspect of the publication and continued use of phony statistics is that, except for unemployment data, the correct data are readily available in standard sources, such as the Statistical Abstract of Latin America, the publications of the World Bank, and the Inter-American Development Bank. The suspicion that those who regularly use spurious data are deliberately misleading the American people is a most unworthy one. I hope that no one will encourage it.

Joseph P. Mooney

YALTA VICTIMS MEMORIAL

"The story of the enforced repatriation of a host of Soviet citizens . . . sent home to be shot, starved, and driven to death in labour camps or tortured by Stalin's police, is one of the most disgraceful chapters in our history."

Edward Crankshaw in *The Observer,* 1979

"They provide a valuable reminder of the dangers of excluding elementary considerations of justice and humanity from the conduct of diplomacy in the misguided belief that this can serve the national interest."

The Times, leading article, June 1979

"The British did completely the wrong thing in putting these people back across the border, as *we* did completely the wrong thing in shooting them all!"

Milovan Djilas, Vice-President of Jugoslavia until 1954, in an interview in *Encounter,* 1980

Official permission has been received to set up a fountain in memory of the many hundreds of thousands of innocent people who were repatriated by Great Britain and her allies to the Soviet Union and Yugoslavia between 1944 and 1947. The site chosen for the fountain is an ideal one in the centre of London, on the grass triangle on the north side of Thurloe Square, opposite the main entrance to the Victoria & Albert Museum.

But provisions must be made for the upkeep of the fountain and the cost of water supply in perpetuity. The Yalta Victims Memorial Fund Committee has been immensely encouraged by the desire of hundreds of individuals to take part in atoning for a dishonourable policy including Members of Parliament of all parties, many former members of the British armed forces and several retired members of the Foreign Service.

The sum of £13,000 has so far been raised, but to meet the ever increasing cost of constructing the fountain and securing its future, a further sum in the region of £8,000 will be needed. Those who have already subscribed—some of them more than once—are most warmly thanked again. If other friends and supporters can follow their generous and constructive example, the target will very soon be reached.

YALTA VICTIMS MEMORIAL FUND
Coutts & Company, 440 Strand, London WC2R OQS

Yes. I have enclosed my contribution to the Yalta Victims Memorial Fund.

☐ $5.00 ☐ $10.00 ☐ $20.00 ☐ $30.00 ☐ $50.00

☐ *Please send me more information on this worthy cause.*

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Toward A Moral Nuclear Strategy

WILLIAM A. STANMEYER

Then said I, Ah, Lord God! behold the prophets say unto them, Ye shall not see the sword. . . but I will give you assured peace in this place.

Then the Lord said unto me, The prophets prophesy lies in my name: I sent them not, neither have I commanded them. . . they prophesy unto you a false vision. . . .

Jeremiah 14:13-14

In 1981 the ageless debate over the morality of war took on new urgency as the Reagan administration sought to bolster sagging American military capability at the same time as some vocal Christian bishops and other clerics began preaching a new gospel of unilateral disarmament.[1] These events took place in a context of heightened world tensions exacerbated by the Soviet Union's relentless assertion of *Realpolitik* in Poland, Central America, and Afghanistan. Christian laymen of powerful intellect were puzzled by the problem.[2] It is likely that an enormous philosophical schism has opened between laymen who understand geopolitics and clerics who do not. Yet their ignorance does not deter them from pronouncing first-strike anathemas on policies for which many of their co-religionists had voted.

There is danger, first, that the word peace will suffer the same fate, through the systematic distortions of television and pulp magazines, as the word love already has suffered. Just as a gushy feeling of momentary togetherness is not true love, neither is the mere absence of war the same as true peace. On this point the modern pacifist position is highly vulnerable, for its routine refusal to discuss the connection among freedom, justice, and peace misstates the just war theory and, in purported rebuttal of the theory, manages only to bury the wrong corpse.

1. E.g., Archbishop Raymond G. Hunthausen of Seattle, *Catholic Northwest Progress* (July 2, 1982); Bishop L. T. Matthiesen, speech at "peace rally" dated November 25, 1982; Pastoral Letter of the Episcopal House of Bishops, "Apocalypse and Hope" Title III, Canon 20, Sec. 2(F) (October 1981).

2. Christopher Derrick, *New Oxford Review* (September 1982); Michael Novak, "A Closed Church," *National Review* (February 5, 1982) p. 113.

True humane peace must include substantial human justice. But true justice for human beings must include extensive civic freedom and a political order that protects individual rights against the state. As St. Augustine observed, "peace is the tranquillity of order"—and *at root this order is moral, not merely physical.* Every totalitarian regime represses essential human rights and thus violates the moral order at its root. When a government purposefully destroys the order of justice and subordinates all individual rights to the ruling elite's will to power, it declares war, in fact if not in word, against its own citizens. Like the Polish martial law regime imposed in December 1981, such governments destroy the moral dimension of the order they impose, leaving only the physical quiet in the streets and silence in the camps: an empty shell, the fake "peace" of a jail filled with innocent prisoners. This is the counterfeit tranquillity of immoral order. As John Courtney Murray wrote twenty years ago in a brilliant analysis deserving close study today:

> There are greater evils than the physical death and destruction wrought in war. And there are human goods of so high an order that immense sacrifices may have to be borne in their defense. . . . The tradition of reason has always maintained that *the highest value in society is the inviolability of the order of rights and justice.*[3]

The pacifist silence on the results of unilateral American disarmament—e.g., immediate helplessness to defend, say, Israel against likely Soviet attack; eventual surrender of the United States itself to Soviet domination—vitiates the entire pacifist/unilateral-disarmament argument. It reduces what should be moral analysis to a eudaemonic calculus of material profits and losses. Surrender as a step to a worldwide Gulag is thus seen as better than war to preserve freedom. It is implied (though rarely argued clearly) that because to preserve one's physical life is the greatest good, it is better to live for a bit longer in an unjust society without freedom than to die sooner fighting to establish or preserve a just society with freedom.

It cannot be stressed enough that morality is not some sort of reverse body-count: as if that nation is more "right" which brings about the death of fewer people than the nation which brings about

3. John Courtney Murray, "The Uses of a Doctrine on the Uses of Force: War as a Moral Problem," *We Hold These Truths* (1960, 1964) p. 249. Italics added.

the death of more people. The pacifist who tolerates radical or fundamental political immorality so as to avoid the pain and death of war confuses the material and the spiritual. If one decided the immorality of a nation's entry into war solely by the physical deaths it would cause, the North's entry into the Civil War was not moral, and neither France (for a short time, until defeated) nor England (for a long time, until victorious) fighting World War II was acting morally. In each case, they could have reduced the killing by the simple expedient of quick surrender—and acquiescing in what even the pacifist, one hopes, would admit was an even greater moral evil than the damage self-defense brought in its wake.

Those who take up arms in defense of justice, law, and humane order are the true defenders of peace; for justice at times needs the protection of force, and peace itself must sometimes be defended against violation. Among the good things human society can accomplish "there are some human goods"—surely justice is among them—

> of such importance for the human community that their defense against an unjust aggression is without doubt fully justified. Their defense is even an obligation for the nations as a whole, who have a duty not to abandon a nation that is attacked.[4]

Christianity and Peace

Military power is a function of both technical capability and moral stamina or will. When Christian bishops lead the laity to believe that Christ's teaching condemns what the layman's instincts tell him is legitimate self-defense, the bishops create a kind of cognitive dissonance or spiritual tension among their followers, whose will to resist unjust aggression weakens in proportion to their moral confusion. This weakness will eventually translate, through the ordinary processes of a democratic republic, into na-

4. Pope Pius XII, Christmas Message of December 24, 1948, "On the Christian Will to Peace." Quoted by Bishop John O'Conner, *In Defense of Life* (Boston: St. Paul, 1981), p. 47. The O'Conner book is essential for any student of this issue concerned to find an accurate statement of the Roman Catholic Church's position; it also contains important asides on the correct translation of some of the Pope's statements. For example, a passage in Paul VI's speech before the United Nations is usually rendered: "If you wish to be brothers let the weapons fall from your hands." But the *official* statement in the original French stated: "On ne pas aimer avec des armes *offensives* dans les mains;" O'Conner, p. 44.

tional policy. Thus when a bishop attacks the Trident submarine as immoral,[5] he may, in time, destroy it as effectively as if he had sabotaged it with a physical bomb. It follows that the Department of the Navy is entitled to take defensive philosophical measures against such spiritual attacks: to point out that they are faulty philosophy and incorrect theology.

The peace proposed in the Christian scriptures cannot be simply translated into the peace of worldly arrangements. We have Jesus' own words:

> Peace is what I leave you; it is *my own* peace that I give you. *I do not give it as the world does.* Do not be worried and upset; do not be afraid.[6]

The spiritual peace is the tranquillity of soul of the just man who fears not the future, who worries not about weapons and wars—even if he be a soldier in battle—because through faith God is with him. The man or woman who confuses the cessation of military hostilities (an external, political, measurable event in the public life of nations) with the internal and personal sharing in the untroubled spirit of Christ is a person who looks to political and public events to provide the peace promised by Jesus. Yet Jesus' own words tell us that *His* "own peace" is *not* to be found in political and public events and thus will not be found in political/public disarmament. The fact that physical disarmament is not Christ's route to His peace is evident also from Matthew 24:4: "You are going to hear the noise of battles close by and the news of battles far away; but do not be troubled. Such things must happen."[7]

5. Archbishop Hunthausen, "Nuclear Weapons Freeze Campaign," speech. (given on June 12, 1981 and October 24, 1981) *supra* n. 1.

6. John, 14:27, Italics added.

7. Jesus Christ had ample opportunity to preach pacifism, yet he never took it. On one occasion, for instance, a Roman centurion approached (Luke 7) to ask for his servant's cure. An army officer in the world's greatest military machine, which had engaged in numerous imperialistic wars, he was a perfect audience for a sermon on conscientious objection; but the Scripture records not a word from the Founder of Christianity complaining that the centurion had not unilaterally beaten his sword into a plowshare. One might also wonder what the Good Samaritan (Luke 10:30–37) should have done had he come upon the mugging in progress on the road to Jericho, if he had a sword to dispatch the thieves; but an essay of this brevity cannot adequately develop these points. I enter them on the record to forearm those who seek Scriptural guidance on political matters: the "peace of Christ" is internal and personal, not external and public. It is a distortion and a deception to try to co-opt the Scriptures into being a legal brief for disarmament. The teachings of Christ do *not* mandate unilateral disarmament, a point the Second Vatican Council made abundantly clear: "Peace must be born

In a statement on peace in October, 1980, the Episcopal bishops of the United States asserted: "...we are compelled to say that never before has it been so clear that reason forbids the use of violence, or the threat of it, as a means of securing one society against another."

They imply that "reason"—moral philosophy—has always forbidden "violence" or its threat even in legitimate self-defense, and that this truth is clearer today because of nuclear weapons. Yet this denial of the right of self-defense was *never* Christian moral teaching. Moreover, the confusion created by the deliberate use of the nuanced word, *violence*, when the more neutral word, *force*, would do, is almost dishonest and begs the question. In the criminal codes of every state an affirmative defense against the charge of illegal use of deadly force usually appears under the heading, "Use of Force in Self-Defense." Books on ethics commonly deal with the question of moral "use of force."[8] Therefore, precise reasoning should begin with the distinction: power applied against another person or nation is neutral; the reasonable use of power is to be called force; the unreasonable use of power is to be called violence.[9] The Episcopal bishops' pronouncement would have made deterrent use of military force against Germany in 1940 "forbidden" by "reason." This position is a prescription for surrender to any tyrant who has a big army and small scruples.

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of mutual trust between nations rather than imposed on them through fear of one another's weapons. Hence everyone must labor to put an end at last to the arms race, and to make a true beginning of disarmament, not indeed a unilateral disarmament, but one proceeding at an equal pace according to agreement, and backed up by authentic and workable safeguards." *Gaudium et Spes*, sec. 82. Also, the Council stated: "As long as the danger of war remains and there is no competent and sufficiently powerful authority at the international level, governments cannot be denied the right to legitimate defense once every means of peaceful settlement has been exhausted." *Gaudium and Spes*, sec. 79. See, for the English translation of this and other Council pronouncements, Walter Abbot, ed., *The Documents of Vatican II* (New York: Guild Press, 1966) p. 293 and 296.

8. E.g., Austin Fagothy, *Right and Reason: Ethics in Theory and Practice* (St. Louis: C. V. Mosby Co., 1967) p. 27, 207-08, 233-34, and 255.

9. In private affairs the distinction is obvious: when a parent spanks a naughty child, with severity proportioned to the evil perpetrated, it is the reasonable application of power and is morally justified; when a police officer threatens to shoot an armed robber unless he surrenders, again it is reasonable (because conforming to the moral order) and thus is justified force. But if a parent or policeman beats up a child or captured suspect, it is child abuse or civil rights violation: it is unreasonable and properly called violence.

To account for this confusion one must understand that the pacifist mentality has never been able to bridge what to it seems two irreconciliable opposites: the evil in using force to protect rights and the evil in surrendering rights to the aggressor. Lacking a principled theory by which to distinguish when the use of power is right and when it is wrong, the pacifist simply assumes that because it is sometimes wrong, it is always wrong. And because it is easier for the imagination to dwell on the physical evils consequent upon self-defense than for the mind to perceive the moral evils consequent upon failure to defend, the pacifist, when discussing U.S. defense, conveniently neglects to consider what surrender will do to his family and his country. Yet what the KGB and those generals who recently brought "peace" to Poland would do if they were to get their hands on us should clearly be part of any moral equation.

Because the evils of warfare are indeed horrendous, I know of no easy way to turn the imagination, with the mind, to the more abstract—but crucial—level of moral reasoning, save to start with analogous person-to-person questions. Since social or political morality is an extension, with appropriate qualifications, of private morality, the traditional moralist must begin with the perennial doctrine of *individual* right-of-self-defense against unjust attack. And because pacifists are usually highly idealistic and sometimes religious persons (who confuse a counsel with a commandment), the most compelling example goes along these lines:

> A sadistic perpetrator of child-abuse, who has admitted killing six children, kidnaps your neighbor's five-year-old little girl. Luck combined with some detective skill enable you to discover them just at the moment the kidnapper is about to murder the child. The only way to prevent her death is to shoot the kidnapper. You may do so, and neither the legal system nor traditional moral reasoning would find any fault or wrong in your action. (You also may do so if the intended victim were yourself or some other adult.)

This example, which is universally admitted, deserves analysis. Note that there is a physical evil that the rescuer commits: he kills the kidnapper. But this is not a moral evil. As a matter of fact, *not* to save the child when one could have done so is itself a serious moral evil: i.e., not to cause a physical evil (death-of-kidnapper) is immoral because it is a conscious refusal to defend the moral order being violated in the suffering victim. The reason lies in the clash of rights. Though the kidnapper, as a human being, has a

general "right to life," by denying that right in the innocent child, he denies it universally. (He claims, in effect, that *he* has the "right" to torture and kill in any case; or, more likely, he claims in effect that there simply is no moral order of rights but "the law of the jungle"—in which case there is no moral order to protect him, either.) Another expression of the argument is to approach the problem as a *collision of rights*.

> By the very fact that the assailant's attack is unjust, his right to life yields to that of the person attacked. The right to life of the two parties is no longer equal, but the aggressor temporarily loses his right to life by his aggression. Killing in itself is not wrong, but what makes it wrong is its *injustice*, the invasion of another man's right. If that right is extinguished, there is no injustice present to make the act of killing wrong.[10]

In his preoccupation with externals, the pacifist generally misses the point that killing *in itself* is not a moral evil unless it is unjust. This confusion of the physical and the moral is not unlike the confusion between force and violence. It leads some pacifists to connect the anti-war and anti-abortion movements in a mistaken belief that because both are "pro-life" they both have the same moral philosophy,[11] as if physical life and not moral innocence were the central point.

The conditions for legitimate self-defense using deadly force are these: (1) the motive must be self-defense alone; (2) force must be used only at the time of the attack; (3) when there is no other way of preventing the evil; (4) and in proportion to the evil: no more injury may be inflicted than is necessary to avert actual danger. These points apply to warfare as well.

The Just War Theory and Soviet Imperialism

Correct application of the just war theory will lead to four related conclusions. First, *the Mutual Assured Destruction strategy is probably immoral*, if we grant the usual distinction between "innocent" civilians and "non-innocent" military, since the strategy uses the directly willed (intentional) killing of civilians as a means to the good end of national survival.

10. Fagothy, supra n. 8, p. 236, explaining the position of John de Lugo, De Justitia et Jure, Disputation X, Sec. VI, #149. Italics in text.

11. Steve Levicoff, *Building Bridges: The Prolife Movement and the Peace Movement* (Toviah Press, 1982), an unsophisticated analysis that would have benefitted greatly from the insights provided by Murray, *We Hold The Truths*, supra. n. 3.

Second, *the Counterforce strategy is moral*, since one wills the destruction only of combatants and only permits collateral harm to civilians. A corollary is that limited nuclear war is, morally, permissible if one respects the injunction not to will directly the destruction of innocent civilians.

Third, *an ABM defensive strategy*, designed to destroy incoming enemy missiles and planes, *is undoubtedly moral*. Indeed, it is to be preferred. From unclassified documents it appears that the state of the art is far enough along to make anti-ballistic defensive systems entirely feasible. To render our homeland and world-wide bases relatively invulnerable would create immense advantage for our offensive weapons systems, thus enabling us to reduce our expenditures for such systems and, if ever needing to use them, to apply them surgically to counter-force purposes.

Fourth, because a Counterforce strategy limits and does not will civilian death, and because an ABM defense prevents civilian deaths, it is immoral *not* to substitute such approaches for the dubiously moral MAD strategy. And, in proportion as someone could influence public policy toward a strategy such as ABM defense which both protects freedom and preserves innocent lives, but instead urges policies that will do neither—as do the unilateral-disarmament Christians—he shares in the immorality of those who could do good but instead counsel evil. I will summarize the reasoning that leads to these conclusions in the following paragraphs.

Simply put, the just war theory requires: (1) lawful authority, which means the decision is by government and not private parties; (2) just cause, which includes (a) sufficient proportion, (b) last resort, and (c) fair hope of success; (3) right intention; (4) right use of means. Murray adds that in the nuclear age there are new corollaries: (1) all wars of aggression, whether just or unjust, fall under the ban of moral proscription; but (2) *a defensive war to repress injustice is morally admissible both in principle and in fact.*[12]

The major objections to the just war theory are these: first, it is said that there is no adequate proportion between the harm America's weapons will inflict on Russia, should war break out, and the values we would preserve here. Second, even if proportion existed, some claim it is impossible to avoid the direct and intentional killing of millions of people we have no right to kill—i.e., the "good end" of self-preservation does not justify the "evil

12. Murray, supra. n. 3, p. 243 & 246.

means'' of directly willing ultimate evil for innocent people. Third, even if there be proportion and no direct willing of numerous deaths of innocents, supposedly we have no fair hope of success—i.e., ''in a nuclear war, nobody wins.''[13]

Let me deal with these objections. As to proportion: as I have already argued, this cannot be solved by simply comparing the numbers of deaths on each side. However awful the prospect of countless Russian and American deaths, the central question is spiritual, not material. We must attempt to balance the moral/spiritual evil suffered by western civilization in choosing surrender instead of self-defense, against the moral/spiritual evil entailed in defending one's country and civilization. While individual claims of private citizens for life are a factor, here the prime point is the structural rectitude and moral values of each society as a whole. And it is reasonable and moral to seek to prevent an entire civilization—the West—from consignment to the Gulag for an unknown number of generations. There are fates worse than death. (Further, the Just Social Order with, so many of the clergy tell us, immense governmental payments to the poor, will not occur under tyranny: *all tyrannies are poor nations, because the precondition of prosperity is freedom.* Moreover, as the essential condition of civil rights, religious activity, intellectual growth, and a just public order, freedom must be defended lest we yield our children and the whole world to the tyrant for centuries to come.) The quiet of a conquered people is compulsory acquiescence in immense moral evil: *a permanent public ''order'' that is radically and essentially unjust.* Further, it is reasonable to expect American surrender to the Soviets logically will follow from unilateral disarmament. Those clergy who preach such disarmament but do not admit this result subtly insinuate a deceptive *political* judgment as premise to their moral conclusion. They presume either (a) that life will go on in

13. I pretermit, because it is unworthy of serious notice, the argument from social welfare priorities, viz., building B-1 bombers takes food stamps from the poor. This is not a moral but a political argument; and it applies as well to funds for the National Endowment for the Arts, salary increases for soldiers and congressmen, funds to enforce the Clear Air Act, loans to students to attend college, Foreign Aid, and government-sponsored cancer research. Such an argument presumes what it purports to prove: that ''the poor'' have a claim on *all* items in the budget, that any political decision to reduce redistribution of wealth is per se immoral that as a *moral* matter it is more ''right'' to provide soup for some citizens than to defend the freedom of all citizens. Our fighting World War II was not made ''immoral'' simply because building B-29's surely diverted some Federal funds from helping the poor.

America as before we disarmed; or (b) that even if we disarmed, we would not have to surrender. Both premises are arrant nonsense, a fact which probably explains why they are scarcely ever urged openly.

The second objection, based on the correct principle that the end does not justify the means, overlooks the corollary. Someone *may* act using a neutral or good means, even if as a side-effect he brings about *foreseen but unintended* evils. Here we must examine mutual assured destruction and "massive retaliation." If we assume a sharp dichotomy between civilians and military personnel,[14] then the massive retaliation against Soviet cities will be immoral, even if, as is manifest, the Soviet Empire as a society lacks structural values claiming our respect. For innocent civilians as individuals, collectively aggregating millions, have a right to live which we may not deliberately abort. But since the *moral evil* lies in the *will* and not the event, self-defense with nuclear weapons is permissible under a strategy, such as Counterforce, that does not use the direct and intentional killing of masses of civilians as a means to the end of self-preservation. Further, anti-ballistic (ABM) or laser defensive strategy to destroy incoming enemy ICBMs far enough out in space that no civilians are harmed at all meets *every* criterion of the just war. Both strategies are quite permissible under ends/means analysis.

Indeed, the silence of the disarmament bishops on the immense life-saving potential of such a defensive strategy belies their asserted concern for the moral imperative to limit nuclear war. The imperative arises from the moral duty to respect innocent human life; consequently, strategies and weapons which are discriminating in their targets, controllable in their effects, or removed from civilians in their theatre of use, have moral priority. Such are space-weaponry systems. In my judgment, silence about the moral superiority of such weapons calls into serious question

14. In modern times it is no longer clear that this conceptual distinction accurately reflects reality; both because in some sense many civilians do endorse and acquiesce in their nation's unjustified attack on the defending country, and because functional division of labor is such that many "civilians" such as scientists and farmers-feeding-soldiers are really engaged in military activity. (One might ask whether those German civilians who in World War II enthusiastically and knowingly supported Hitler's genocide and wars of aggression should be considered "innocent" even if not wearing a uniform or engaging in military tasks. How can an individual member of a collective body politic escape guilt for the immoral acts that body undertakes in his name?)

either the knowledge or sincerity of the unilateral disarmament lobby—as does the disdain it and some bishops show toward civil defense measures. At least one bishop has urged hospital administrators under his authority to refuse cooperation with any Defense Department planning for nuclear emergencies.[15] One is at a loss to perceive how religious leaders, who purport to be outraged at the immorality they discern in widespread civilian deaths, can refuse to assist in practical steps to limit and prevent the deaths they claim to abhor. Or, on a more general level of moral/military strategy, how they can reject military measures which would deter the enemy from attacking cities or at least redirect their assault to military targets.

What Winning Means

One fears that the refusal to consider ABM space weapons and civil-defense hospital planning arises from an emotional desire to justify depicting the problem as so horrendous and intractable that the *only* "solution" is to throw up one's hands in surrender, stop reasoning about messy calculations like strategy and proportionality, and embrace a sloganized procrustean solution—unilateral disarmament—that needs no further analysis and admits no extended qualification. This is bumper-sticker politics, not moral argument. It is a mirror image of the stereotypical "hawk's" presumed reaction to a political/military crisis such as the Iranian hostage situation: "Nuke 'em!" But the tradition of reason deserves a better witness from men whose Church set up great universities where once students blended the philosopher's logic and casuistry with the scientist and lawyer's care for fact and nuance. My impression is that many of the "peace bishops" have made up their minds without considering all the alternatives. The possibility that defensive measures could bring a future war clearly within the rules of the just war theory would undercut their *a priori* conclusion. Not wanting to rethink their position, as they are not really interested in fact or nuance, they close their minds to the strategic and moral superiority of military/civilian defense. Needless to say, self-inflicted blindness to a moral alternative to assertedly immoral actions renders objection to those actions hollow—and raises serious doubt whether the self-blinded should guide the rest of us.

15. Archbishop John R. Quinn, "Instruments of Peace, Weapons of War," speech given October 4, 1981, reprinted in: George Weigel, *The Peace Bishops and the Arms Race* (Chicago: World Without War, 1982) p. 15.

The final objection is that nobody will win. But this ignores the crucial fact that *the West has already won*. For the past thirty years, its nuclear deterrent has both prevented a war breaking out *and* preserved Western civilization from the moral and spiritual evil of Soviet domination. This fact should make clear that the notion of victory is not a simple one, but a question of political, military, and sociological judgement, upon which bishops speak with no special authority. There are different definitions of victory and, consequently, different moral attitudes that are appropriate in each case. The Soviets, masters of utilitarian calculus, are far less pessimistic; they construe "winning" to mean survival of their political control, plus the ability to impose their will on us. If by "winning" we mean no American cities are destroyed, then, because our presidents and bishops have left us defenseless by not building ABMs, we cannot "win" if an all-out nuclear war breaks out. But that is only one possibility and, on the experience of the last thirty years, the least likely possibility. (It might, of course, become more likely if the "peace movement" undermines the strategic foundations of that thirty years' peace.)

If by "winning", however, we mean preserving the moral/spiritual values of our society free at last from the tyranny the Soviets would impose, then winning may well be possible. As a political matter the Soviet Empire has a weak underbelly: the seething restiveness of the captured peoples (*vide* Poland). The loyalty of the Warsaw Pact armies in a long war is seriously in doubt. Thus anticipated disruption of Soviet political/military control of their own peoples during war is a major deterrent; it is possible, given the "correlation of forces," that the prospect of U.S. interdiction of the chain-of-command could so disrupt and delay Soviet aggression in Western Europe that the leadership would avoid the risk. Moreover, it is obvious that an "all-out" war will cause even greater disruption—and consequent possible overthrow of the regime—than a "limited war." Thus the assumption that the Soviets' preferred option is total war is controvertible; indeed, it is quite possible to conceive a scenario in which the nuclear exchange is minimal—Sir John Hackett has done just that in his extraordinary book on the Third World War[16]—or

16. General Sir John Hackett & Other Top-Ranking NATO Generals & Advisors, *The Third World War August* 1985 (MacMillan, 1978), exp. chpts. 24–26.

even avoided altogether as both sides restrict themselves to conventional war from motives of prudence.

My final point is that it is naive to assume that unilateral American disarmament will embarrass the Russians into doing the same. History teaches the opposite: as Hitler demonstrated, a power vacuum invites attack. Prudence mandates that Americans follow a course most likely to reduce hostilities to manageable levels: that is, to convince the Soviets of our ability to prevent them from winning. But insofar as we fail to modernize our weapons and even disarm those we have, we send just the opposite signal. As we stumble out of the arms race they run all the harder,[17] and their overt imperialism intensifies in direct proportion to the spread of pacifism in America. The preachers of disarmament bear a frightening resemblance to Neville Chamberlain, who boasted that his adroit mix of negotiation and compromise had achieved "peace in our time." May they not get the same results as he did?

As a matter of morality, it is immoral to refuse to consider the evil consequences of an ostensibly good course of action. Yet the disarmament lobby will not discuss the moral evil of American surrender necessitated by its military helplessness. It is immoral not to help prevent genocide, yet unilateral disarmament will so weaken the United States that we could do nothing to prevent genocide against Israel if the Soviets embarked upon, or encouraged, such a war in the Middle East. It is immoral not to consider alternatives that will both preserve peace and freedom and protect civilian lives, yet the disarmament lobby is utterly silent when it could urge building defensive ABMs to knock out incoming Soviet missiles, thus sparing millions of innocents in both America and Russia the military application of the MAD theory.

Truly, the preachers of the Apocryphal Gospel of assured peace without sacrifice do prophesy a false vision.

17. That the Soviets are "running hard" in the arms race and aim to win, no matter whether the United States disarms a little or a lot, is a sobering fact well known to serious students of military developments, even if not perceived by the news media or the episcopacy; see., J. Muravshik and J. E. Haynes, "C.B.S. vs. Defense," *Commentary* Vol. 72, No. 3 (September 1981), p. 4455.

Helping the Poor Help Themselves

ROBERT L. WOODSON

For the past five decades it has been an uncontested proposition that government should be responsible for people who are incapable of caring for themselves. Republicans and Democrats, liberals and conservatives, wittingly or unwittingly, accepted that premise and built forty years of policy around it. Today, the principal debate in partisan terms focuses on the question of how government discharges that responsibility. Should grant-in-aid be discharged through a centralized bureaucracy in Washington or through state and local government—a position favored by the Reagan administration?

Neither approach, however, comes to grips with the realities of helping the poor. Bureaucratic solutions from any level of government are *intrinsically* incapable of solving the problems of the underclass. Most often those who design the solutions are members of the academic elite or the professional service bureaucracy. The programs they produce are "parachuted" into poor neighborhoods where they are administered by a professional staff of outsiders who have little in common with those they serve.

In addition, the bureaucratic agencies involved attempt to deliver services directly to individuals, although most lower-income people seldom feel comfortable dealing directly with these structures. In times of crisis, and when in need, the people usually turn to local churches, ethnic subgroups, family members, and other voluntary associations for assistance in negotiating with the larger institutions of society. These local institutions, which in sociological language are called mediating structures, often solve problems which have defied the best attempts of the service industry.

Traditional human service approaches have not only failed the poor, but have often exacerbated the very problems they set out to solve. Consider, for example, public policies and practices that affect children under the control of the public child welfare and juvenile justice systems. Although children between the ages of fifteen and twenty-one years make up only 9 percent of this country's population, half the number of people arrested for crimes fall within this age group. Yet many of the children who commit crimes have been raised in the child welfare system that some-

times seems to be a government funded incubator of youthful offenders.

Foster Care and Adoption

Some children come into the foster care system as a result of abuse or neglect by their parents, who are compelled to surrender custody by court decree. Others are voluntarily committed to the child welfare system by parents who are ill, incapacitated, or experience personal problems that render them incapable of adequately caring for their children. In either case, the responsibility for these children rests with public authorities who place the children in foster care for what is supposed to be a temporary period until the child can be returned to his natural home. If that is impossible, the authorities are responsible for finding an adoptive home. Each year federal, state, and local governments spend over $2 billion for the care of these children. Unfortunately, foster care too often becomes a permanent way of life for many of them, not the temporary haven it is supposed to be. Once public care begins, adoption is inadvertently discouraged. A body of administrative regulations has grown up around child placement procedures that over the years have become mistaken for immutable principles or "standards." In addition, more money is made available to agencies to hold on to children than to place them in permanent homes. As a result, children are routinely collected in agency care, remaining there for most or all of their childhood years, deprived of emotional security and reciprocity until predictable personality dislocations set in.

It is generally accepted that the state is the worst parent for a child, and that prolonged institutionalization injures and disorganizes normal psycho-social development. Official policy, therefore, is to move children quickly out of containing institutions, out of group homes and foster care into permanent homes. Yet, the evidence shows that child welfare agencies are not responding to this policy.

For example, the efforts of child care agencies are severely limited. Some children wait five to ten years for a home and the overwhelming majority spend their childhood moving through a series of foster homes and institutions.

Money for care of child wards[1] is often diverted. One agency

1. Child wards are wards of the state; children in "out-of-home" care, not adopted, and not returned to parents.

accumulated a multi-million dollar stock portfolio while spending as little as $2.96 a day per child to feed and clothe their wards.[2] Since they received $24,000 a year for each child in care, the suspicion is unavoidable that adoption is less attractive to the child-keepers than is keeping the income the child brings in. In a typical recent year, four homes were given $6 million to place 2,000 children and placed only ten.[3]

Both children who need homes and families eager for children simply do not learn about each other. Inquiries are discouraged and an anti-family bias shapes decisions by the agency staff. Applicants for a child are too old, too young, too poor, too fat, single, the wrong religion or otherwise, in ways to numerous to count, rejectable.

Efforts to return children to their natural parents are also severely limited. Children are often placed in foster homes or institutions far from their parents' home. Visiting a child in "temporary" care is made difficult and often results in natural parents and children becoming estranged. Many parents are too poor to keep traveling to visit their children.

Meanwhile, the children experience hurt and rejection. The child ward is abandoned psychologically and often literally by the public systems that take over responsibility for him. There is no check on the quality of services to children and no cross-system monitor of practices.[4] Large care loads and voluminous paper work assure that workers have no time to get to know the children or to maintain contact with families. Workers are often unprepared to deal with family problems. In any case, even a well-run institution is not a family or a home.

Juvenile Justice System

The performance of the juvenile justice system reveals the same pattern of inertia, self-interest, and careless harm to young people who come under its authority. Diversion of youthful offenders from the juvenile justice system and deinstitutionalization of young offenders have been strongly urged to prevent the injury

2. Nicholas Pileggi, "Who'll Save the Children?" *New York*, December 18, 1978, pp. 53-56.

3. *Ibid.*

4. *See* "Audit Report on Foster Care Agencies Achievement of Permanent Homes for Children in Their Care," the City of New York, Office of the Comptroller, Harrison Goldin, Comptroller, 1977, and subsequent analyses by comptroller's office, 1978, 1981.

inherent in incarceration. Yet, even the father of the diversion policy, Edwin Lemert,[5] openly admits it has failed because, in fact, no one has been diverted. From the start, diversion quickly took on the carnival aspect of a bait and switch game. Advocates of a liberal policy toward juvenile offenders tried to raise money for alternatives to jail by citing statistics on the rising rate of serious youth crime. Government and private donors were baited to give, with horror stories about the worst index offenders, but when the money appeared, the serious offender was ruled out of any new programs. In a quiet switch behind scenes, programs were created to include a new population altogether.

For example, in 1972 the state of Florida won an award from the National Council on Crime and Delinquency for having the most community based alternative beds for juvenile delinquents.[6] But in the same year that 1,000 alternative beds were funded, the state training school population did not drop by one. No one was deinstitutionalized. All they did was grab 1,000 youths previously on probation at home and put them in half-way houses, spreading the control of the system at great public expense and, incidentally, in no way disturbing the people whose jobs rely on the continued use of secure lock-up for youth.

Mr. Lemert has called this common practice "net widening."[7] Definitions of cases and offenses are manipulated to protect funding and the jobs of staffers. Then, with money available for diversion, social workers begin to take in youths who would have been ignored previously, thus *decreasing* diversion. More offenders are classified as "detainable" after the program is set up than before, and fewer are released to parents. There is also an increase in arbitrary discretion exercised by police and probation people.[8] As a result of funding for diversion and jail alternatives, police power has extended now over youth and types of behavior not previously subject to control. Thus, more than one worthwhile objective has been defeated, but the greatest harm is to the children.

5. From, "Lemert Believes Diversion Has Backfired," *Criminal Justice Newsletter*, Vol. 12, No. 9, April 27, 1981, pp. 3-4.

6. Jerome Miller, Director, National Center on Institutions and Alternatives, Washington, D.C., transcripts of American Enterprise Institute Conference on Mediating Structures and Public Policy, Washington, D.C., May 1981.

7. *See* "Lemert Believes. . .," *op. cit.*

8. *Ibid.*

Reordering Government's Responsibility

The failure of many government programs can be traced to the underlying premise that centrally designed programs could be "parachuted" into poor neighborhoods and implemented by community action agencies *created by government*. This approach has resulted in a dependency relationship that is regarded even by the poor themselves as unworkable and inherently undesirable.

America's most vital, dynamic resource in solving urban economic and social problems lies in people working at the grassroots level. The keys to revitalization of our cities are the removal of barriers that prevent people from becoming productive, self-reliant members of society and the creation of incentives to realize their fullest potential.

In poor neighborhoods throughout our nation there already exist formal and informal groups that hold neighborhoods together in time of crisis, working to improve a quality of life that has been adversely affected by internal and external forces. Addressing problems of child care, urban violence and youth crime, housing, economic inequities and community development, these groups are the very foundation of neighborhoods.

A key characteristic of such community groups is their entrepreneurial nature. With little capital, but a great deal of "sweat equity," they have successfully attacked social and economic problems that traditional programs have exacerbated. Yet their efforts have gone largely unrecognized. Given little financial support from either government or the private sector, their operations have been characterized by challenge, complication, and risk. At the same time, the recognition of these difficulties by other neighborhood residents has served to give community groups the respect lacked by superimposed institutional structures.[9] Let us look at a few examples.

9. Five years ago, the American Enterprise Institute began a major policy study of grassroots neighborhood organizations. The purpose of the research was to identify the potential role community groups have in addressing urban economic and social problems.

The project's policy model is a monograph entitled, *To Empower People: The Role of Mediating Structures in Public Policy* (American Enterprise Institute, Washington, D.C., May 1981) written by Peter Berger and Richard J. Neuhaus. Its thesis is that mediating structures are essential to a vital democracy and should be utilized to realize social goals. It concludes that public policy should encourage mediating structures and remove unnecessary barriers to their development.

House of Umoja

Over the past years there has been a marked decline in the incidence of gang death and juvenile crime in Philadelphia. The people largely responsible for this change are members of the family of David and Falaka Fattah, the founders of the House of Umoja, a family home for youth gangs and street kids. Umoja grew out of the personal concern of one black mother, Sister Falaka Fattah, for her own son and for her neighbors' children who were in the gangs at the time Philadelphia was famous as the gang warfare capital of the world.

In 1974 the Fattah's sponsored a "No Gang Warfare" campaign at the height of the homicidal gang activity in Philadelphia. They held a "gang conference," something unprecedented in the history of gangs anywhere. The result was peace pacts among the gangs and the creation of a United Nations-type of inter-gang council to resolve problems of the streets by talking, not fighting. Gang-related deaths began to drop dramatically from over thirty-two a year before the conference, to less than one a year in recent years.[10]

Sister Fattah in the House of Umoja has made a family out of the roughest of the rough, those kids regarded by professionals as so violent and dangerous they are unfit for anything but the lock-up. The only commitment the family made to the young people was to help them stay alive and to keep them out of jail. Since the gang structure had provided security, acceptance, and defined expectations to the youth, the Fattahs substituted the extended family concept for the gang, and positive activities for crime and violence.

Even professionals now acknowledge that the dramatic drop in youth homicides and gang violence in West Philadelphia is due to the House of Umoja program. As a measure of community confidence in Umoja, the juvenile courts now send their worst cases on to Umoja for care. Evidence of the effectiveness of this care can be seen in Umoja's recidivism rate. The Philadelphia Psychiatric Center at one time conducted a survey of re-arrest rates at three conventional juvenile jails and at the House of Umoja. They recorded a re-arrest rate of up to 87 percent for juveniles who had been in conventional care, but only a 3 percent rate for Umoja kids.[11]

The effectiveness of Umoja's work with youths "at risk" in the

10. Jack Anderson, syndicated column, January 7, 1979.
11. *Encore American* and *World Wide News*, July 21, 1975.

high crime areas of Philadelphia has been reported and praised in newspapers across the country. It has also been the topic of professional studies. Sociologist Frank Zimmring, at the time the Director of the Center for Studies in Criminal Justice, reported in 1979 a positive increase in murders associated with gang warfare nationwide, *except* in Philadelphia and New York. In New York the rate was steady, but in Philadelphia alone the rate was *decreasing*.[12] Other studies confirm the fact and attribute the change to Umoja.

Self-funded through most of its existence, Umoja still struggles along at a fraction of the cost of the typical professional agency. Yet, despite its shoestring operation, Umoja has survived and continues to attract other street youth looking for shelter. It has recently purchased twenty-one houses on Frazier Street and rehabilitated half for youth residences and office space. Most of the renovation of the interiors is done by youths at the House of Umoja.

In addition to crime prevention services, the House of Umoja activities include escort programs for the elderly, neighborhood patrols, and installing dead-bolt locks in the homes of the elderly and female-headed households. The Fattahs are now building a Security Institute that will house training programs for hundreds of youths in security, first aid, and life-saving techniques. The Institute will also seek major contracts for security services for shopping malls, warehouses, and factories.

Detroit's Homes for Black Children

Over half of the children in the nation's foster care are black. Many professional service providers mislead the public into thinking that the reason more than 300,000 black youngsters are in foster care system is because of fundamental weaknesses in the fabric of black family life in America. They argue that black families are not interested in adopting children, particularly if the youngsters are older than four years of age or suffer from a disability. They further contend that because of economic conditions, black families would be unwilling or unable to share what scarce resources they have with a child in need of a permanent home. Their contentions are groundless.

But, fortunately, alternative approaches to child care already exist and are succeeding. In Detroit over the past twelve years a

12. *U.S. News & World Report*, August 20, 1979.

model agency for child placement has been demonstrating that the real interests of children need not be sacrificed to bureaucratic ineptitude. Within its first year, Homes for Black Children placed 139 children. This exceeded the number placed by all thirteen of the other Detroit agencies combined. And over the past ten years, Homes for Black Children has placed over 700 children in adoptive homes.

What makes Homes for Black Children different is its fundamental basis in the community it serves, rather than in professional traditions. Aggressive recruitment of prospects, sensitive handling of inquiries and mutual respect between case workers and prospective parents have made all the difference. Homes for Black Children draws on an informed grasp of the cultural realities of the minority groups served. The myth that black parents do not adopt has been shot down. The black foster child who used to be homeless for most, or all, of his childhood no longer has to wait.

To help them serve the children better, Sydney Duncan, Executive Director of Homes for Black Children, has drawn up a set of four principles that she finds account for the success of her agency.

First, Homes for Black Children sees its task, not as a job, but a "cause"—it is important to define *what* is to be done and *for whom* specifically. Success is to be measured in terms of product (the number of children placed), not process, i.e., man hours spent, tests given, or some other professional activity.

Second, staff is committed to the cause, rather than to any preconceptions regarding politics, life-styles, or "type" of adoptive home. Only the applicant's capacity to love and parent a child is regarded as relevant. Social workers usually think of themselves as accountable to fundgivers and voters, but Homes for Black Children is to be accountable first to the black children they serve. The staff refuses to be shackled by institutionalized procedures, doing "it" a certain way just because "it" has always been done that way.

Third, instead of focusing on statistical abstractions about need for black adoptions, Homes for Black Children transposed statistics into specific living children, placing the pictures and stories of these children on television and in the Detroit papers. Instead of presenting the community with the "burden" of hard-to-place or special-needs children, they showed the joy of Detroit black families who were achieving parental satisfaction. Instead of dis-

cussing racism or poverty, they presented a hundred specific children who could have homes where they would get love, food, and a place to live in peace.

Fourth, as the adoption needs change, Homes for Black Children changes its program to serve the new needs. After a year and a half of operation, so many black infants had been placed that there was a waiting list of families wishing to adopt. Homes for Black Children accordingly began to focus more on the placement of older children and "special" children. Other agencies are often more concerned with obtaining financial support for themselves than they are with orderly distribution of services.[13] In addition, Sydney Duncan has been personally very effective in persuading the courts to deal with legal aspects of adoption in a more timely fashion. When other agencies in Detroit realized what was happening, they altered their own practices to replicate this model in other communities.

The Church: A Model for Self-Help

Recent studies have confirmed that the survival of urban neighborhoods is closely tied in with the vitality of its churches.[14] For example, the Reverend Johnny R. Youngblood of St. Paul's Community Baptist Church in a low-income Brooklyn area is one of many who are successfully using the church to leverage positive changes in distressed neighborhoods.

"We had our back to the wall," said one deacon, recalling the depths to which the church had fallen, "so we just turned him loose, and see what happened."[15] A lot happened. Today the church has 1,200 members, more than half of whom tithe. Two years ago it moved into a spacious former synagogue in East New York. Under Mr. Youngblood's leadership, St. Paul's has plans for ambitious social projects, including a private junior high school, a meeting place for tenant groups, and a center for the elderly. Like many black churches, it is feeling a new sense of urgency, spurred by fears that the Reagan administration's cuts in

13. *The New York Times*, January 14, 1972.

14. Roper Organization Report, "Private Initiatives and Public Values," The Roper Center for Public Opinion Research, survey report to American Enterprise Institute, Washington, D.C., November 14–21, 1981.
EVAXX Incorporated report, "Grassroots Black Omnibus Poll," survey report to the American Enterprise Institute, Washington, D.C., August 1981.

15. *The New York Times*, "In Poverty A Church Is Thriving," September 5, 1981.

social programs will bring new hardship and scarcity into their neighborhood. But their new urgency has also helped to bring the traditional role of black churches into sharp focus.

Mr. Youngblood places great emphasis on education as a chief means to combat poverty. He forsees the school as closely allied to the church in helping the community to survive. The school is a place where Christian values can permeate education, linking manners and discipline to learning. St. Paul's is renovating a dilapidated building as its own junior high school. In addition, the church has set up a scholarship fund upon which a growing number of members are calling to help finance a college education. At the beginning of each new school semester, Mr. Youngblood takes time during services to underscore the benefits of schooling. Report cards are read aloud in church and praise and recognition of achievement distributed. St. Paul's Baptist Church now spends $25,000 per month in social services in its low-income Brooklyn neighborhood, and is the driving force behind a new local effectiveness in neighborhood collective action.

La Playa de Ponce, Puerto Rico

La Playa was long considered a place too dangerous to walk through and was generally avoided by outsiders. Rates of juvenile delinquency and crime ran twice as high as those of Ponce itself. The district was written off as too problem-ridden for effective programs of social reconstruction. Today, however, there has been a dramatic reduction in youth crime and delinquency and a burst of economic activity as a result of the work of Sister Ferre of the Order of Missionary Servants of the Holy Trinity.

The Dispensario San Antonio, Inc., is a corporate name for the original program founded in 1948 to provide health care, which is the most critical need of neighborhood residents. Over the years, it broadened its program activities and has evolved into a multipurpose, decentralized organization with programs in delinquency prevention, alternative education, and community health and development. A noted criminologist, Charles Silberman, after an intensive five-year study of American juvenile justice, praised the La Playa approach to youth problems as the best rehabilitation program he has seen anywhere in our system.[16]

La Playa project has developed an interesting concept for alter-

16. Charles E. Silberman, *Criminal Violence, Criminal Justice*, (New York: Random House, 1980) pp. 589–605.

native and vocational education which it calls the Vocational Enterprise Project. The vocational enterprise projects are broken down into part-time, four-hour shifts so that as many participants as possible can benefit from the education and vocational training. One such project is the silk screen greeting card enterprise. During the first year of the enterprise, 6,000 cards were produced in three months, using four people on a part-time basis. In 1980, they improved their production methods with eight full-time people and produced 24,000 cards. In 1981 they produced 50,000 cards.

La Playa's agriculture project grows coffee plant seedlings. Despite the fact that experts advised the La Playa project that coffee could not be grown in the Ponce area, the group managed under contract with the Agriculture Department of Puerto Rico to produce coffee plants for sale to coffee growers in the interior. The La Playa project also generates revenue from a small pottery enterprise which provides youth employment and training. A new project, just begun, is a book binding company. Although this project is still technically in a vocational training stage, the rudimentary equipment is in place and residents are being trained in book binding techniques.

Jeff-Vander-Lou

In St. Louis a community organization called Jeff-Vander-Lou began as an effort to combat the dislocation and costs to the neighborhood associated with urban redevelopment. The community set out to realize its own alternative housing plans in 1966. Under the leadership of a clergyman, a retired school teacher and a local shop owner, Jeff-Vander-Lou incorporated as a non-profit organization, learned how to attract financing from banks and lending institutions and began to attack the whole roster of problems in their dilapidated area. In the course of its development, Jeff-Vander-Lou has become both an employer of its own local unemployed and a resource counselor to the surrounding business community.

By now, Jeff-Vander-Lou has constructed and rehabilitated over 800 housing units, more than $23 million worth. Besides completing the rehabilitation of a slum, the organization has expanded to deal with both youth crime and with other business development in the area. Their efforts brought in the Brown Shoe Company that employs 435 local people in the community. Through a grant from Monsanto, the organization has built a shopping mall into a po-

tential capital resource with fixed capital outlay of $300 to $550 million in assets. The money from leases will return to the community for the continuation and expansion of capital-producing programs.

These efforts have reduced local crime to the point that the area is now insurable. Day-care centers, an emergency medical center, and a sophisticated communications system have been established. Other plans are being developed to meet specific community needs as they arise. Jeff-Vander-Lou is one of the most advanced of the hundreds of thousands of local self-help activities expressing themselves through a community mediating structure.

Barriers to Self-Help

The irony of these programs conceived and run by community people, is that they operate outside the mainstream and are either unknown or rejected by professional people responsible for developing programs for the poor. Often occupational regulations are barriers that mediating structures face as they attempt to reach their goal of self-reliance. Most regulatory policies are established with the intention of "weeding out the quacks" and improving the quality of services delivered. Most regulations, of course, have done little of either. Instead, they have increased costs, created markets for professional educators and severely limited the capacity of poor and minority communities to use their own members as paid workers. Many of the people participating on state regulatory decision-making bodies are professionals themselves and often act in protection of their guild.

For example, in Phillipsburg, Kansas, for twenty-three years the Borum Gentle Care Home had provided shelter, food, and care for thirteen elderly people too infirm to care for themselves—yet not so helpless that they needed a nursing home. The home was located in their own neighborhood, in easy walking distance of friends and stores, and operated without government aid. The neighbors often aided it in times of stress. When the $305 monthly charge was no longer sufficient to cover the rising cost of fuel and food, six of the thirteen residents were unable to meet the increased cost. The remaining seven received basic public assistance, plus a $4.19-a-day housing supplement.

But with the $4.19 housing allowance came a list of both state and federally mandated regulations: the administrator must have a bachelor's degree; the residents' every activity must be monitored and recorded daily; intake forms must be filled out and so

on. The regulations proposed would not, in fact, improve the well-being of old people, even if they were affordable. If the Home is forced to close—and the list of requirements makes this a possibility—its residents will be compelled to go to a more expensive nursing home, far from their families and friends, where they would be cared for at far greater public expense and in excess of their needs.

Building codes, zoning, and institutional certification provide other examples of barriers to self-help. At a recent Public Policy Week conference in Washington, D.C., Thomas Dewar, a noted policy expert, cited some of the adverse effects public policy had on urban neighborhood enterprise:

> Building codes and zoning often add more costs onto neighborhood enterprises than any other factor. Developed primarily for new structures, they do no easily accommodate adaptation of existing structures to new uses. Homebased enterprises, cottage industries, child care services, and community alternatives to the institutionalization of young, old, and unusual people frequently run up against significant and costly requirements. They never seem to fit.
>
> Furthermore, each agency has its own philosophy, staff, and style. So instead of dealing with all the requirements at once, in a coordinated fashion, they get strung out by a parade of inspectors and prescriptions. This often leads to frustration, anger, and fatigue—and in a distressing number of cases leads groups to "give up."
>
> Community groups are often overwhelmed with the paper work and changing guidelines that result from these kinds of regulations. It saps energy and resources away from other work, and deflates the enthusiasm so vital to these efforts.[17]

Too often the creativity and effectiveness of indigenous neighborhood efforts are ignored by professionals and policy-makers because they fail to understand or refuse to accept phenomena outside of their own theoretical beliefs or because these programs require skills they do not possess.

Professionals who dominate the policy-making apparatus have a seller's market in that professionals themselves decide when, to whom, and how to serve. The result too often is the paradox of careless care, leading many of the poor to conclude that they must

17. Thomas Dewar, "Barriers to Self-Development," unpublished paper presented at an American Enterprise Institute conference, December 1981.

be saved from their champions. Professional control over the means of social help should not become an ideology. There is an effective alternative in the mediating structures approach.

These are some of the facts we should keep in mind as policy toward human service delivery and economic development is debated. First, to empower a class of trained specialists as social helpers is also to generate a class of client dependents whose so-called deficiencies the helpers themselves define as requiring help. In this system, clients and helpers remain forever unequals and outsiders to each other. In turn, help that presupposes a deficient client undermines the self-respect and positive initiatives of the client and generally exacerbates his problems.

Professionally conceived and publicly funded social help also generates a helper industry that, unlike a business, is not supported by the buyers of its product. Accordingly, having no particular accountability to its clients, it operates a seller's market. This means that difficult cases and people can be rejected as falling outside the scope of the service, and clients served can be neglected at best and positively injured at worst. Since professionals also control the criteria of professional success and the definitions of its categories of clients and their needs, professional services can survive any malfeasance and continue in business, unlike a friendship, a family, or even a true market enterprise. Professionals themselves determine whether they have succeeded or failed and, if the latter, what the remedy should be.

Thus the self-perpetuating service industry perversely extends the very problems it purports to solve. The presence of public money for service, where service delivery is through an impersonal agency, provides an incentive to *keep* people in need, and a disincentive to solve social problems and conditions that generate clients. Service workers can be found actively extending their own control through manipulating treatment and the categories of the treated at the expense of those exposed to their help. In effect, public funds underwrite an industry that benefits staffers at the expense of their clients, and "the helping hand strikes again."

In contrast, the sensitivity and effectiveness of the mediating structures is being demonstrated daily in our urban communities. The low cost alone of such services warrants our consideration and support of them.

Saudi Arabia's Oil Crisis

S. FRED SINGER

Saudi Arabia today must surely be at the pinnacle of its power, both economically and politically—or so it would appear. The rapid and undisputed succession to the Saudi throne by Crown Prince Fahd upon King Khalid's death certainly would confirm this impression of a stable, monarchic family ruling a prosperous and peaceful kingdom. But the world oil market is beginning to contract drastically, partly because of Saudi misjudgments about oil pricing, and the consequences to the Saudi regime are likely to be serious.

During 1980, Saudi Arabia's oil revenues exceeded $100 billion. In 1978 they were "just" $32 billion, and in 1972 less than $3 billion. One of the world's largest oil producers, Saudi Arabia also has the largest proven reserves, some 180 billion barrels of crude oil, with a current value of $6 trillion. (These figures compare with $900 billion, the value of all stocks on the Big Board.) Saudi oil wells are among the most productive in the world, yielding an average of 10,000 barrels per day, compared to only 17 barrels per day for the average U.S. well.

Large-scale refineries are being built at Jubail and Yanbu, on the east and west coasts of Arabia, to add more value to the oil and sell oil products to the world, in competition with refineries in Europe and elsewhere. Saudi Arabia is also completing a $20 billion gathering system to collect the natural gas which is produced jointly with oil. Most of this associated gas is currently flared and wasted. The gas system will handle some two trillion cubic feet per year, worth nearly $10 billion on the basis of its heating value. The gas will be used partly as a feedstock for a giant petrochemical industry involving investments of some $10 to 20 billion. A number of Western companies are partners in these endeavors. In return for their up-front investments, they will be guaranteed access to oil at the future world price. In essence, Saudi Arabia is collecting advance payments for future oil deliveries!

As a result of its oil income, Saudi Arabia's finances have been soaring to new heights. In 1978, its expenditures of some $40 billion were beginning to draw down their accumulated surplus, but

the price doubling of 1979 and the continued fighting between Iran and Iraq (which allowed Saudi Arabia to expand its oil production at the new high price) have increased profits substantially. The Saudi government's accumulated surplus is estimated to be in excess of $100 billion.

The economic strength of Saudi Arabia is being translated into political strength as well. Its two major rivals, Iran and Iraq, are engaged in a bitter struggle and appear not likely to present a challenge for the time being. Syria has internal political difficulties. In fact, most of the radical Arab states and movements are preoccupied with internecine wrangling and with Israel; they are not inclined to go after Riyadh which, along with Libya, is their main benefactor and supporter. Egypt is unlikely to become a rival for Arab leadership, being *persona non grata* in the Arab and Islamic world for having made peace with Israel. Ethiopia is involved in conflicts with Somalia and with Islamic independence movements. Even the Soviet Union is currently tied down in Afghanistan, and appears unprepared to start any direct adventures in the region. And as far as Soviet proxies are concerned, the situation in the Yemen is quiet—as of now.

Going beyond the Middle East, European nations are paying obeisance to Arab oil-producing states, presumably because they believe that this will assure them secure oil supplies. (They seem not to have learned as yet the simple lesson that "access" is automatic to those willing to pay the market price.) Even the United States is making concessions to Saudi Arabia that were hardly contemplated a short time ago. The Carter administration was willing to give in to the Saudi demand to discontinue filling the Strategic Petroleum Reserve, and started to make major sales of long-range offensive weapons, such as the F-15 aircraft. The Reagan administration may continue some of these policies, perhaps in the belief that Saudi Arabia could become a "bulwark" against Soviet expansion in the Middle East.

Yet all of these appearances of strength and power can be deceiving. The Shah of Iran was once thought to be the strong man of the Middle East, one of the two "pillars" of the U.S. strategic plan under which the indigenous nations could be trusted to protect oil supplies vital to the Western nations. The downfall of the Saudi monarchy may already be underway for reasons quite different from those obtaining in Iran. A realization of this possibility can help us to plan for the strategic defense of the region and for assistance to the Saudi family.

Saudi Strategic Error

It's a matter of some debate as to whether the Saudis have acted wisely in trying to maximize their oil income and in minimizing their political risks. The thesis of this article is that they have not, rather they have adopted a short-term instead of a long-term viewpoint, and this blunder could lead to their demise.

Saudi Arabia made a serious error in 1979 when it permitted the price of oil to more than double. The price jump has set into motion a number of economic reactions which are by now probably irreversible. To be sure, the price jump increased the oil income of every producing country, including Saudi Arabia—at least for the short term. But the longer-range effect—on Saudi Arabia and on others with large reserves—must be to reduce their oil production and income.

The Saudi Oil Minister, Sheik Ahmed Zaki Yamani, now appears to be aware of the danger of having the oil price go too high too soon. It is quite possible that his planners and consultants misjudged the effect of a price increase on the demand for oil. This relationship, the so-called "price elasticity of demand," has been calculated based on past data of oil product purchases and prices, with a statistical analysis designed to disentangle prices from all other factors that might affect consumer demand. Some dozen studies by Western economists have given rather low values for this elasticity, therefore predicting a small reduction in demand following a price increase. But these results are subject to correction when the methodology is examined more closely.[1]

In any case, nothing was done in 1979 to restrain the price jump which followed the collapse of the Shah's regime and the drop in Iranian exports. The Saudis could have increased their production—or at least announced plans to increase production capacity. They could have issued assurances of higher *future* production to oil purchasers in order to stem the panic-buying and stockpiling of oil, and thereby kept spot prices from jumping higher. For whatever reason, whether ignorance of the consequences or just plain greed, the Saudis not only permitted the price of OPEC oil to rise to a level where it has priced itself out of

1. For example, James Eyssell, in a recently completed paper, points out that adopting a more appropriate econometric analysis of the data gives elasticities twice as large as those published in studies during the past few years, i.e., a much greater consumer response to price increases than previously assumed.

a large market, but they abetted the panic. Twice during the crucial period following the fall of the Shah, the Saudis suddenly slashed oil production: once on January 20, 1979, a few days before an oil auction; and again on April 1, following the signing of the Camp David accord. In between and thereafter, they increased production and reaped profits by increasing their contract price in gradual steps, from $13 to $32 per barrel, to follow the upward leaps of the price on the spot market.

One must argue that the 1979 price jump was psychologically based, rather than on strict economic considerations. Following the Shah's departure, the Iranian production plummeted. Panicky buyers drove up prices on the spot market and started to fill inventories which had been depleted during 1978. The extra purchases increased spot prices and the fear of even higher prices. But there were no fundamental changes in the world oil market during 1979 (as there were in 1973)—no change in ownership and in decision-making about production and pricing. Iranian exports were simply taken over by other producers, and there was no increase in actual oil consumption, even though purchases increased. The upward price spiral should therefore have collapsed quite suddenly into a downward spiral whenever oil purchases and producers recognized that prices were no longer increasing. (The heavy costs of holding inventories causes holders to liquidate the excess; but this depresses the price and encourages others to dump their inventories, and so on. At the same time, oil producers will want to sell all the oil they can lift before the price drops too much, thereby of course dropping the price further. This would be the clearest example of why it does not pay to "keep oil in the ground.")

But the price did not drop in 1979 and 1980, mainly because oil consumers remained panicky and concerned about world events in the Middle East which signaled possible oil cutoffs: the Iraqui attack on Iran; the Russian invasion of Afghanistan; the coup attempt in Saudi Arabia followed by the takeover of the Great Mosque of Mecca. It was only by early 1982 that the dumping of excess stockpiles gained considerable momentum, speeded up by the expectation that prices were likely to fall considerably—the price spiral in reverse.

Decision-making about Saudi oil production is probably not monolithic, and different points of view within the Saudi family must be taken into account in arriving at what is an internal political compromise. There may be those, like Sheik Yamani, who believe in rational economics and try to maximize a stream of an-

nual profits over many years—with future profits suitably discounted. Then there may be zealots in the Saudi councils who hold ideological views—that the infidel West, and especially the U.S., must be punished by high oil prices and forced to make political concessions to the Islamic nations in return for oil. Others may believe their own economic propaganda, including the myth that oil in the ground appreciates faster than dollars which are destroyed by inflation. (This argument is patently false; oil prices would not continue to rise yearly at a rate faster than the rate of interest. And dollars, or equivalent currencies, are of course invested and not simply buried in the sand.)

But if I had to choose the one reason why the Saudis let the oil price rise in 1979, I would bet on fiscal conservatism. As Professor Eliyahu Kanovsky has reminded us, Saudi spending has always kept up with rising oil income; but in 1978 it exceeded it. I can imagine that the deficit, which forced Saudi Arabia to dip into capital and draw down its accumulated surplus, frightened the conservatives enough so that they welcomed the 1979 price rise. The prospect of higher profits in the short term would also suit those Saudis who doubt the long-term stability of the kingdom. For them there is no point to oil income ten or even five years hence—but their behavior may be self-fulfilling, as we shall see.

Global Consequences of the Oil Price Jump

As a result of the 1979 price jump, it can be safely predicted that economic forces already at work will speed up their operation and will result in the replacement of oil by cheaper energy sources, principally for the generation of heat and steam. Throughout the world this is the predominant use of oil, with transportation requiring only a small percentage of oil use, less than 20 to 30 percent in most countries. The United States is quite atypical, and one should not draw conclusions about the rest of the world from U.S. data. In the U.S., more than half of the oil is used for transportation, about 10 million barrels per day (mbd) out of a total consumption which has now fallen to less than 16 mbd from a 1978 peak of 18.5 mbd. Assuming that oil will continue to be used mainly for transportation purposes—for cars, trucks, and airplanes, both in the form of gasoline and diesel fuel—the oil consumption of the industrialized countries, down to 35 mbd from a 1979 peak of 42 mbd, could drop towards 20 mbd by the next decade, as cheaper alternatives, mainly natural gas, coal, and nuclear energy, replace oil as a boiler fuel.

This replacement will be speeded up by several existing or incipient technologies. One of them is a technology for creating stable coal-water mixtures—simply ground-up coal mixed with water. A number of companies around the world are perfecting this new fuel as a quick and easy substitute for the heavy fuel oil used in existing oil-fired industrial boilers. Other technology advances enable refineries to extract more gasoline and motor fuels from a barrel of oil, at the expense of heavy fuel oil, so that the output of refineries can keep pace with the changing demand pattern. The capital investments may be large, but they can be recovered quite quickly. In fact, we are seeing billion-dollar refinery conversions taking place, mainly in the U.S. and in Europe, to accommodate also the heavier and higher-sulfur crudes which are coming from Alaska and the Middle East. As oil consumption shrinks, many refineries will close down, especially those that are still producing heavy fuel oil for export.

The price increases have produced a structural change in the use of oil in the major industrialized nations, which is evident by looking at the ratio of oil consumption per dollar of gross national product. During 1973-1978, this ratio declined at an average rate of 1.9 percent per year (from 0.8 percent in the U.S. to 4.3 percent in Japan). But during 1978-1980, this decline accelerated to an average of 7.0 percent (6.0 percent in the U.S. and 9.0 percent in Japan). These declines are the result of three factors: pure conservation (e.g. less driving); more efficient use of oil; and introduction of alternatives to oil. Economic recession and the drawdown of large oil stockpiles added to the decline in oil demand in the short term, especially during 1981–82.

The conversion to coal and nuclear is proceeding apace throughout much of the world, but not yet in the United States where environmental considerations are generally given more weight. But what happens in the U.S. is not as important as what happens in the rest of the world, since the amount of fuel oil used here is relatively small; e.g., only 11 percent of electric power in the U.S. comes from oil-fired boilers as compared to 60 percent in Japan.

The displacement of oil by cheaper fuels will make itself felt in the world oil market no matter where the replacement occurs. Oil is a fungible substance, and a decrease in demand anywhere has worldwide consequences. That is why the rapid expansion of nuclear energy in many countries, like Japan, Korea, Taiwan, or France, throws off benefits to other oil-consuming countries as

well. Even Russia, with its immense fossil fuel resources, is believed to be building 1000-megawatt light-water nuclear reactors on a standard production line at a rapid rate, to displace oil now used as a boiler fuel in the western U.S.S.R. and make it available for export. They are reported also to be switching to coal in the Asian U.S.S.R.

According to the scenario given here, world oil consumption passed its peak in 1978–79 and will now decrease steadily, with some fluctuations, in spite of the fact that the world population is growing and that world GNP is increasing. Heavy fuel oil will continue to be replaced rapidly, while at the same time new coal and nuclear plants are constructed. Light fuel oil used in residential and commercial establishments will also be replaced by cheaper substitutes, principally by natural gas, but also by electricity, and by geothermal heat and solar energy wherever appropriate. Energy conservation has not yet reached its limits and can be expected to make a substantial further impact in gradually reducing the need for heating fuels for homes and buildings. Investments are being made in better insulation, as well as in more elaborate, but proven technologies, such as co-generation, district heating, and heat pumps.

I have assumed that oil will continue to be the primary transportation fuel. Most forecasts show that gasoline consumption will drop sharply in the United States, by as much as 40 percent by the end of the next decade, as new fuel-efficient cars enter the fleet and improve the mileage of the average car. General Motors promises us an average of 31 miles per gallon in their 1985 suite of cars, well above the legislatively mandated 27.5 mpg. In the rest of the world, the improvement will be less pronounced since they are already using small, fuel-efficient cars, and their number is increasing. However, oil use could decline substantially if more electric cars penetrate the market, or if minicars having fuel efficiencies of more than 50 miles per gallon are accepted by consumers and become widespread. Gasohol (or alcohol) is not likely to make a great impact, but could be useful in special situations or in particular countries, e.g., in Brazil, where its economics may be favorable.

Natural gas can displace oil in many ways: in power stations and industrial applications, but preferably as a heating fuel in homes and commercial establishments. In the U.S., the use of gas has been misdirected by conflicting governmental interventions, including price regulation, which have held back investments.

Following years of shortages in the early and middle seventies, a partial release of gas prices has created a current glut in which many domestic wells are shut in while at the same time we import more expensive gas.

The U.S. has been the largest world user of gas, both in absolute and relative terms; nearly 30 percent of our energy consumption is derived from natural gas. But gas is now becoming available in many parts of the world in increasing quantities. It is bound to displace oil once methods of transportation and distribution are improved. Natural gas can be liquified and transported as LNG, and replace light fuel oil. Or it can be turned into methanol, or even into gasoline, for example by the economic Mobil-M process now being adopted in New Zealand. Gas now flared and wasted in many oil fields has a gasoline potential equivalent to about 5 percent of free-world oil production.

In addition to cutting oil demand greatly, the new higher price of world oil will also stimulate the search for oil and its production around the world. Many prospective basins have not yet been explored, especially in Africa, Asia, and Latin America. Enhanced recovery of *known* deposits has yet to be fully implemented; the average recovery has been only about 25 percent of the oil in place, but it can be increased at additional cost. The high price would make it economic also to develop more of the existing deposits of heavy viscous oil, many of which are on the verge of becoming commercial, especially in Canada and Venezuela.[2] As exploration drilling for ordinary crude oil increases on private and public land, onshore and offshore, it is safe to assume that the Western hemisphere, and some other regions, will achieve essential independence from overseas oil by the end of this decade. While U.S. production will decline slowly, Alaska and Canada may increase modestly; but Mexican output is judged to rise to beyond 5 mbd by the late eighties, making it one of the world's largest exporters. The U.S. could even become a net exporter of energy, principally in the form of coal.

The Saudi Response

What are the implications of such an oil scenario, in which world demand decreases by a factor of two or more? When oil demand decreases, then world production must also decrease. But

2. Shale oil is another candidate for commercial production in the more distant future.

whose production will be cut? Neither Canada, the U.S., or Mexico are likely to shut down their oil wells, nor are North Sea wells going to be abandoned. OPEC will have to take a major cut, and inevitably, the producers of the Persian Gulf—unless they cut prices. Even then, political pressures within the consuming countries may act to keep out cheap imported oil in order to protect their energy investments.

Saudi Arabia is in a particularly difficult position here. From 1974 to 1978 at least, they assumed the role of the "swing" producer, along with the emirates and sheikdoms on the Arabian peninsula, by supplying the difference between world demand and what was produced by other countries, including those of OPEC. In essence, Riyadh can set the world price by controlling Arabian production. A production increase causes a glut and reduces the price; a production decrease causes a "shortage" and increases the price.[3] If the Saudis were to act in a completely rational way, they should try to maximize their total profits over a few decades of production, all discounted back to the present. As pointed out earlier, the price jump of 1979 was definitely not along the "optimum price curve" calculated by a mathematical model. And according to the prediction of such a model, the Saudis must now face the consequences. The short-term gains of 1979 and the early 1980s must give way to a long-term loss of future oil markets; the attendant loss of income will likely cause economic and political problems for Saudi Arabia.

It is probably too late now to reverse the effects of the 1979 price jump. The consuming countries, as explained above, are making investments to "back out" both heavy and light fuel oil. The producing countries, including Saudi Arabia's close and belligerent neighbors, Iran and Iraq, are now used to the higher oil price and would not like it if their profit margin dropped back to the pre-1979 level. The Saudis evidently appreciate this point and have not tried to reverse the price jump by greatly increasing oil output. But neither are they cutting production to increase the world price. Instead, they have followed an in-between course: reducing their output slightly to induce other OPEC members to share with them

3. While it has been commonly believed that OPEC sets the price of oil as a cartel, it can be shown fairly conclusively that this is a myth. Up until March 1982, OPEC had never set or enforced production quotas on its members—the hallmark of a classical cartel. Price was set by Saudi Arabia's choice of oil output; but how they make this choice is a little more obscure.

in joint production cuts in order to firm up the price; and then adopt their "unified price strategy" which would increase the price henceforth to keep up with inflation and with increasing world income (which they hope will increase oil demand to the 1978 level and beyond).

But there is no economic basis for price increases in real terms while world demand is declining and production "overhang" increases. (OPEC's actual production has fallen from 32 mbd in 1978 to less than 17 mbd in 1982, while their capacity to produce is estimated as about 38 mbd by the *Petroleum Intelligence Weekly*.) Prices can increase only if supply is tightened by further production cutbacks, but there is little hope that Saudi Arabia can enforce such cutbacks on OPEC members beyond the Arabian peninsula.

The Saudis have indicated from time to time that, if it were not for their concern for the well-being of the West, they would prefer to cut their production level to as low as 6 mbd or even 4 mbd, roughly one-half of their recent 10.2 mbd peak. It is safe to assume that, under Saudi duress, proportionate cuts would be made by their partners on the Arabian peninsula, including the United Arab Emirates and Kuwait. However, it is doubtful whether Iran or Iraq would want to cut their production or could be threatened. On the contrary, their aim would be to expand oil exports as rapidly as possible, simply in order to recover badly needed income. Iran and Iraq, of course, face not only current expenses, but also the great cost of restoring what was destroyed in their conflict, plus the need to prepare for the next round, even if the present conflict can be settled.[4]

This then is the environment in which Saudi Arabia has to make its production decisions. As non-OPEC supply increases, as Iranian and Iraqi production recovers toward the preconflict levels and perhaps beyond, and as world demand drops further, Saudi Arabia and its satellites must reduce production if they wish to keep the world price reasonably level. The real question is how far they can reduce production. The geological, financial, and political ramifications would need to be considered, as well as the fate of their investments in refineries, in petrochemical plants,

4. But as the conflict swings in Iran's favor, there are demands for reparations to the tune of $50 billion or even more. Saudi Arabia, which reportedly has "loaned" some $20 billion to Iraq, may now be forced to buy off Iran with a much larger amount.

and in the gas-gathering system. And then there is the overriding question of what happens when Saudi Arabia can no longer cut production or does not wish to do so. How will this affect the world price of oil and the world oil market?

Price Cutting by OPEC

In order for oil to sell on the world market, in the face of dropping demand and rising non-OPEC production, the price of oil may have to be cut considerably. The *oil-consuming* nations would then be placed into an interesting position. Because they still believe in higher future oil prices, embargoes, etc. and because of their desire to avoid the risks due to uncertainties in future prices and supplies, these nations are continuing to make substantial capital investments in energy resources: high-cost oil wells, nuclear power plants, expensive pipelines from Alaska or from Siberia, and even synthetic fuel plants. Once locked into these, however, they might not be willing to admit lower-priced oil from the Middle East and shut down these facilities. Great political pressures could arise in consuming countries, like the U.S., demanding protection for domestic energy investments. Their aim would be either to declare an import quota or to impose a tariff in order to insulate the domestic price from the fluctuating OPEC price.

A problem could arise if other industrialized countries, for example Japan, decide to admit OPEC oil without a tariff, and use this cheaper oil to manufacture products for sale on the world market, thus underselling U.S. competitors. But this possibility may not arise. Agreements can be made among consuming countries, for example. And in any case, by then Japan will have locked itself into many high-cost nuclear plants. If these investments are considered as "sunk costs," then the decision would be between cheap imported oil and the incremental costs of operating nuclear plants—really just the cost of nuclear fuel, but not the amortization of the plant itself. A simple calculation shows that oil would have to sell at less than $4 per barrel in order to make it attractive to idle the nuclear plants. (A similar argument applies to gas pipelines and other energy facilities.) In the case of solar energy installations the operating costs would be negligible compared to the initial capital investments.

Even if the major markets for oil are foreclosed, there will still be some openings. Many Third-World countries may not have made the conversion away from oil; they would benefit directly from price cutting of OPEC oil. OPEC, and especially Saudi Ara-

bia, could also try to invest heavily in oil-intensive industrial activities, such as oil refining, petrochemicals, electric power for aluminum production, as a way of selling more hydrocarbons. But such schemes are risky and require large up-front investments. So far, the Saudi investments amount to only a few percent of the world market in petrochemicals.

Threats to the Saudi Kingdom

Even if the Saudis can finesse the immediate oil glut problem by moderate cutbacks in output, their moment of truth will come quickly, perhaps within the next year or two, if OPEC maintains the high price and demand for oil continues to decline. They will reach a decision point where they will not wish to reduce their oil production any further. Even before then, they will try to persuade the other members of OPEC to take further production cuts so as to share the burden of reduced oil income. My guess is that Saudi Arabia will not be successful. The other countries, quite rightly, will recognize that, with the demand for oil steadily decreasing they will be asked to make continuing and increasing production cuts. These cuts would reduce their oil income well below their budgetary expenditures. No ruler or politician wants to face that situation until he has to. Their aim, therefore, will be to persuade or force Saudi Arabia to reduce its production all the way to zero. Iraq or Iran would be prime candidates to take such steps. They would argue that Saudi Arabia has "profited" from the reduced exports of Iran and Iraq and should now be prepared to give up income to them.

They could shut down Saudi oil production or oil shipments—at least for short periods—by destroying the major loading terminal at Ras Tanura, by blocking the Straits of Hormuz, or by attacks on the pipeline system and on oil field installations, either directly or through proxies. There is no lack of ready and willing terrorists in the Middle East. Saudi Arabia is filled with foreigners; or one can always persuade religious fanatics that oil is evil and must be stopped, or bribe a well-armed Saudi army unit.

Saudi Arabia is a logical target. Unlike Indonesia, Nigeria, or Libya, it is conveniently located on the Gulf—within easy reach, so to speak. Also, unlike Qatar, its oil production is large. The elimination of Saudi production would allow all of the other exporters, including Iran, Iraq, and Egypt, to maintain their oil revenues for a much longer time. Other OPEC members, as well

as non-OPEC exporters such as Mexico, the North Sea producers, the Soviet Union, and even U.S. producers would all cheer at a distance. The oil-consuming nations at that point might not care very much since, with production capacity vastly greater than oil demand, world production might not be affected. Even this drastic action of eliminating Saudi production would not be a permanent solution to OPEC's problem of dropping world demand, but it would postpone the day of reckoning for Iraq, Iran, and company for a few years. As world demand dropped further, they would have to reduce their production or engage in a price-cutting war with each other.

But, of course, as long as the Iraqis can be neutralized by Iran, as long as Syria and the PLO can be absorbed in their struggle with Israel, and as long as the U.S.S.R. is otherwise occupied, the Saudis have nothing to worry about—or so it would seem. Actually, their greatest danger may be internal, and this danger is increased by a defense budget that has risen to over $20 billion per year. Coupled with any arms build-up is the development of a military elite, and therein lies a well-recognized threat to the continued survival of a ruling family. This danger becomes even more pronounced if funds for the feeding and maintenance of this military machine should ever dry up because of a drop in oil income. Saudi oil revenues have already declined by more than 50 percent since the 1980-81 peak, partly by their reductions in output and partly by the erosion of the price through inflation.

The cracks existing within the Saudi Kingdom have been well concealed, and have, with a few spectacular exceptions, been ignored by the media. Former CIA Chief Admiral Stansfield Turner has commented in the *Washington Post* on the threats to the Saudi Kingdom from within, while it concentrates its attention on external threats. The takeover of the Great Mosque in Mecca in the Fall of 1979 attracted wide attention; other events have not made an impact on the public. But knowledgeable observers have pointed to the rivalry between the regular defense forces and the National Guard made up of tribesmen loyal to the Saudi family (and commanded by a different Saudi prince). J. B. Kelly, an authority on Arabian affairs, has reported on several unsuccessful military uprisings and their suppression in his book, *Arabia, the Gulf and the West.* He also comments on the "martial extravaganza" of the Saudi defense budget, in relation to a level of armed forces of just over 60,000 men. With respect to massive arsenals of arms, Kelly writes (before the Iran-Iraq conflict):

> It is evident from even the most cursory glance that these extensive and elaborate armaments either will be used in the near future in conflicts among the Gulf states, or they will be left to deteriorate into huge piles of expensive junk, a fitting commemoration of one of the greatest acts of pecuniary folly in the history of the Middle East. Given the past record and ingrained disposition of the governments and peoples of the Gulf, the former eventuality is the more likely, and the destruction that will result will be on a scale never before experienced in the Gulf. For several reasons, among them the relative paucity of alternative worthwhile targets for bomber aircraft, oil installations, and port facilities are bound to suffer heavy damage...

Past U.S. administrations have failed to understand the great weakness of Saudi Arabia and have by their actions contributed, perhaps inadvertently, to an overblown assessment by the Arabs of their own power. But perceptions can change even more rapidly than the facts on which they are based. The emerging facts about a long-term and major drop in world oil demand will change the equation of power. A timely appreciation of the forthcoming economic consequences of the changing world oil market will contribute immeasurably to the security of the United States and may even save the Saudi regime.

Anti-Federalist Fallacies

RICHARD S. WILLIAMSON

In an address to the National Governors' Conference the President said:

> If present trends continue, the states are sure to degenerate into powerless satellites of the national government in Washington. The irony is that the national government was not the parent, but the creature of the states acting together. Yet today, it appears that the creature is determined to destroy the creator.[1]

That President was President Eisenhower in 1957. The two decades following the Eisenhower administration did, in fact, witness an ever-accelerating encroachment by the federal government on state and local prerogatives. Narrow and restrictive federal grant-in-aid programs were to grow from under 50 to over 500, pervading such obviously local concerns as rat control and sewer extensions. The dollar amount usurped from state and local treasuries to finance these programs was to explode from $7 billion in 1960 to $95 billion in 1981. And, with increased federal dollars came an almost suffocating federal control—regulations, mandates, entitlements, and legal requirements on how the money was to be spent. Lost was the efficiency and accountability of local spending priorities.[2]

Throughout the 1960s and 1970s, governors, state legislators, mayors, and county officials began to echo President Eisenhower's sentiments. They came to suspect that the mushrooming federal programs reflected the fact that presidents and congresses simply did not trust state and local officials as their partners in our federal system. And, they started calling for a reordering of priorities, and a sorting out of responsibilities among the various levels

1. President Dwight D. Eisenhower, Address to the Governors' Conference, Williamsburg, Virginia, June 24, 1957.

2. For a general discussion of the problems of categorical grants and associated complications, see Rochelle L. Stanfield, "What has 500 Parts, Costs $83 Billion, and is Condemned by Almost Everybody—Answer: The Chaotic System of 500 Categorical Grant Programs." *National Journal* (January 3, 1981), pp. 4-9.

of government.[3] For instance, in 1974, then National Governors' Conference Chairman Daniel J. Evans said: "It is my judgment that when historians write of the fundamental changes that occurred in the federal system during the last one-third of the 20th century the reaffirmation of the intended role of the states will be the characteristic most commonly noted."

In response to this growing sentiment, President Reagan has proposed a bold, conceptual framework for a revivification. As Governor of California, Ronald Reagan's underlying philosophy had differed substantially from the thrust of President Nixon's New Federalism. While President Nixon's ultimate goal was to *bestow federal revenues* on state and local governments, Governor Reagan said on *Meet the Press* in 1971 that, "the federal government could simply *restore sources of revenue* to the states." In a 1976 *White Paper on Federalism*, he wrote: "The federal programs that I believe should be carefully considered for transfer to the states (along with the federal tax resources to finance them) are those which are essentially local in nature. The broad areas that include the most likely prospects for transfer are welfare, education, housing, food stamps, Medicaid, community and regional development, and revenue sharing." His Federalism Initiative[4] calls for federal government to assume all responsibility for Medicaid, as state and local governments assume responsibility for other welfare programs. Revenue resources in consequence will be returned to the states and municipalities to finance programs best handled by local governments, as the federal government phases out its role in these areas. Programs being returned are in the areas of Education and Training, Income Assistance, Social Services, Transportation, Community Development, and Revenue Sharing.

3. The current federalism policy of the National Governors Association states: "The time is at hand for national debate and action on the roles and responsibilities of federal, state, and local government. The President, in his State of the Union Message, set out a bold and specific proposal to realign the federal system to achieve more effective and accountable government at all levels." Policy adopted jointly by NGA and the National Conference of State Legislatures states: "The federal system has become overloaded in recent years; as demonstrated by the proliferation of more than 500 categorical grant programs which either bypass the states or treat them as administrative arms of the national government, and by the widespread conviction that federal programs are unmanageable, ineffective, costly, confusing and unaccountable to the public."

4. The President proposed a major Federalism Initiative in his first State of the Union Message on January 26, 1982. Subsequently, teams representing governors, state legislators, mayors and county officials began working with the White House to develop legislation to send to the Congress.

Essentially the issue is simple. Do we defend the *status quo* of a big, centralized federal government? Or do we adopt new solutions by moving forward and returning programs and resources to the people? This ostensibly clear issue, however, has been clouded because critics of President Reagan's approach have succeeded in propagating certain fallacies about the Federalism Initiative. How well do they withstand scrutiny?

Fallacy I: It is merely a diversion from our nation's economic problems and the FY '83 budget cuts. It would show remarkable forethought if the President had been advocating federalism for twenty years because he could forecast a recession in the Fall of 1981.[5]

President Reagan assumed the Presidency at a time when the socioeconomics of this nation were dramatically changed from the post-World War II wave of domestic expansion, highlighted by the New Frontier & Great Society era. Our spending priorities were shifting and our ability to finance programs was dwindling due to little real economic growth. Of particular note by the middle of the decade of the 1970s was the shift in the relationship between the federal government and its subdivisions. The former had grown swollen and inefficient, the latter had become ever more dependent on Washington.[6] This has brought the issue of federalism to the forefront. The question is not only what government should finance, but which unit of government should be responsible for it.

If, however, this fallacy is an effort to accuse the President of attempting to set the agenda for public debate...well, he is. Is that not part of the definition of public leadership?

Fallacy II: State and local governments lack the sophistication and competence to be trusted with more responsibilities. The opposite conclusion

5. In addition to earlier statements quoted above, in his Acceptance Speech at the Republican National Convention in July, 1980, Ronald Reagan said: "Everything that can be run more efficiently by state and local governments we shall turn over to local governments, along with the funding sources to pay for it." In his Inaugural Address he said: "It is my intention to curb the size and influences of the federal establishment and to demand distinction between the powers granted to the federal government and those reserved to the states or to the people."

6. For a general discussion on the changed political climate see Susannah Calkins, and John Shannon, "The New Formula for Fiscal Federalism: Austerity Equals Decentralization," *Intergovernmental Perspective* (The Advisory Commission on Intergovernmental Relations, Winter 1982) pp. 23, 29.

is reached in a recent report on the American Federal System by the Advisory Commission on Intergovernmental Relations. This argues that that a comparison of the states today with those 25 or even ten years ago reveals a remarkable transformation in state governments. Beginning in 1960, "no other twenty-year period in American history produced as many changes in the architecture, and activity of state government as the last two decades," the report states.[7]

Alan Rosenthal of the Eagleton Institute of Politics at Rutgers University also wrote recently:

> The people who serve as state legislators are not what they used to be... The new breed is young, well educated, bright, hard-working, aggressive, and sometimes zealous... Contemporary legislators constitute an able lot, and the change in personnel in the states over the past decades has been for the better.[8]

And, as states and localities become more the center of attention in our governmental system, the quality of people seeking to serve there will be further enhanced. It is a pity that responsible Washington opinion leaders have not been more attentive to this important and encouraging development.

Fallacy III. State and local governments are less inclined than the federal government to provide adequate benefits for the poor. The President's Federalism Initiative calls for a basic safety net of welfare programs.[9] But it would be a curious kind of cynicism to feel that voters, when electing congressmen and senators, judge them on their compassion, but when electing state and local officials ignore this trait. As Vermont Governor Richard Snelling recently wrote: "Today, state governments spend a larger share of their resources than does the federal government (even when defense is excluded) to meet the needs of the most unfortunate members of our society—the poor, the handicapped, the mentally ill and retarded, the socially maladjusted and lawbreakers."[10]

7. David B. Walker, "The States and the System: Changes and Choices," *Intergovernmental Perspective*, (Advisory Commission on Intergovernmental Relations, Fall 1980) pp. 6, 12.

8. Alan Rosenthal, *Legislative Life* (New York: Harper & Row, 1981) pp. 57, 60.

9. Minimum maintenance of effort requires states to not reduce AFDC benefits below current level.

10. Governor Richard A. Snelling, "How Competent are the State Governments?", *The Wall Street Journal*, October 30, 1981.

Some have suggested that the minority poor will not receive adequate attention. This ignores not only the Voting Rights Act[11] to assure universal suffrage, but also Supreme Court "one man, one vote" rules mandating that apportionment in state legislatures must accurately reflect a state's entire population.[12] It is noteworthy that a higher percentage of blacks hold seats in the nation's state legislatures than in the Congress, and in many cities they dominate important government offices. There are 347 black state legislators nationwide (4.7 percent) as compared to eighteen black members of Congress (3.4 percent). Examples of large cities which currently have black mayors are: Los Angeles, Detroit, Atlanta, New Orleans, Newark, and Washington, D.C.

Fallacy IV: The poor will migrate to states with high welfare benefits. Are we to assume that what motivates the poor is the desire to stay poor? Migration is itself a sign of some initiative. People are unlikely to migrate for welfare, they migrate to get *off* welfare—to get a job.

Data show that there is absolutely no positive correlation between welfare benefit levels and population shift trends. If anything, they are inversely related. The South, for example, is a region of the country where welfare benefits are generally low. Yet because of a rapid growth in jobs, from 1967 to 1977, the region had a net immigration of low-income persons, and retained most of the poor population it already had. In turn, great numbers in this income group were converted to non-poor status as they moved into the work force.[13]

Fallacy V: Income maintenance can only be appropriately handled by the federal government. One of the purported problems of state and local governments assuming all welfare responsibilities is that it will cause a disparity of benefit levels. Yet that is already the case. The federal government does not administer Medicaid and Aid to Families with Dependent Children benefits now; it only provides matching funds to the states. They determine the dollar amount of payments, which is different in every state. Minimum monthly

11. *Voting Rights Act of 1965*, P.L. 89-110, 79 STAT. 438, Aug. 6, 1965; *Voting Rights Amendments of 1970*, P.L. 91-285, 84 STAT. 314, June 22, 1970; *Voting Rights Amendments of 1975*, P.L. 94-73, 89 STAT. 400, August 6, 1975.

12. *Reynolds v. Sims*, 377 U.S. 533.

13. Study by the Chamber of Commerce of the United States.

cash payment for a one-parent family of three persons ranges from $96 in Mississippi to $571 in Alaska.[14]

Disparity is not necessarily a problem provided that benefits are adequate in terms of local standards. Indeed, it should be part of the solution to getting costs under control. State and local governments can determine benefit levels consistent with the cost of living in their area. They can assure that needs tests are not artificial or manipulative, and that only persons entitled to assistance through genuine need receive it. They can institute work requirements, eliminate the duplication of services, streamline administration, and enact meaningful reforms.

This is what Ronald Reagan did as Governor of California. The result was that a state welfare system adding a staggering 40,000 new people each month was soon able to reduce the caseload by 350,000, *while the dollar value of grants for destitute families went up 41 percent.* At the same time, 42 of California's 58 counties were able to reduce property tax rates.[15]

Fallacy VI: The election of Ronald Reagan was not a mandate for such sweeping changes in government. A Harris Poll taken shortly after the President's announcement of the Federalism Initiative in his State of the Union Message showed that by a two to one margin the American people approve of the major components of the proposal. By 71 to 26 percent they agreed with the statement: "State and local officials are more sensitive than federal officials in knowing who deserves food stamps and welfare and who shouldn't get them."[16] There is also evidence that Americans in recent years have been demanding that fewer dollars go to the public sector. This was demonstrated not only in the elections of 1978 and 1980, but also by such tax limitation referendums as Proposition 13 in California and Proposition 2-1/2 in Massachusetts.[17] Indeed, the "center" of the ideological spectrum had begun to move to the right well before Ronald Reagan took office. No longer could pub-

14. Study by the Office of Management and Budget, internal document, November 1981.

15. Governor Ronald Reagan, *California's Blueprint for National Welfare Reform*, 1974.

16. Lewis Harris, "Reaction to 'New Federalism' has been Favorable," *The Harris Survey* (February 15, 1982).

17. Susannah Calkins, and John Shannon, "The New Formula for Fiscal Federalism: Austerity Equals Decentralization," already cited.

lic officials proliferate expenditures without incurring the wrath of the voters.[18]

These factors make it incumbent on those responsible for the public trust to focus on how shrinking resources can best be targeted.

Fallacy VII: State and local governments cannot be expected to assume new responsibilities after the cuts they have already received under the Reagan administration. Spending reductions have been described as "massive," "draconian," "meat cleaver," and a host of other exaggerated terms. Here are the numbers:

In actual dollars, federal grants-in-aid to state and local governments totaled $24 billion in 1970. In one decade, that amount almost quadrupled so that by President Carter's last budget (FY '81), the total was $95 billion. In the current Fiscal Year ('82), state and local governments are receiving $91 billion in federal aid. Now the President has proposed a reduction to $81 billion in FY '83. That will be the same level of aid—in constant dollars, adjusted for inflation—that state and local governments received in FY 1972.

If those are "massive" cuts, what descriptive word should be reserved in the event that someone were to propose a reduction in spending to 1960 levels? That was, after all, at the end of the Eisenhower administration—the very time when the states were beginning "to degenerate into powerless satellites of the national government in Washington."

18. *Ibid.*

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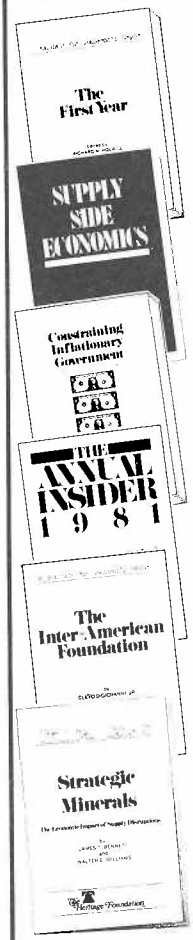

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The Spell of Marxism

ARNOLD BEICHMAN

A collection of essays, edited by a Canadian political scientist, entitled, *Administrative Secrecy in Developed Countries*,[1] offers a comparative study of administrative secrecy, (sponsored by the International Institute of Administrative Sciences). There are essays by recognized experts from Finland, the Scandinavian countries, the U.S., Belgium, France, West Germany, Britain, and Canada. But also included in this comparative study are Hungary and Yugoslavia. And in these cases the essays have been written not by exiles but by local political scientists, living under their communist dictatorships.

What these east European political scientists wrote is, of course, quite irrelevant to the true situation in Yugoslavia and Hungary. But the Canadian editor treated their contributions with the same seriousness as he did the contributions from the Western democracies. Moreover, while his introductory essay is a useful critical analysis of the essays contributed by the Western political scientists, he discreetly offered no analysis at all of what the east Europeans had written. And understandably so. The articles by the three east Europeans were pure propaganda. The one on Hungary says that Parliament and the Presidium "are made up of representatives chosen by universal and secret suffrage."—It forgot to mention that the election results are usually 99.2 percent for, .7 against, and .1 spoiled ballots. The article also says that "scholars are guaranteed freedom of research by a constitutional provision." The article by the Yugoslav political scientists opens with this marvelous sentence: "The development of democracy in every modern society depends on the openness of its institutions." But according to Mihajlo Mihajlov, one of Tito's victims, there were in 1978 more political prisoners in Yugoslavia, than there had been in the pre-war days of the monarchy. It is, of course, inconceivable that political scientists from South Africa or Chile would be allowed to contribute a stirring defense of their country's

1. Donald C. Rowat (ed.). *Administrative Secrecy in Developed Countries*. (Columbia University Press: New York, 1979).

"administrative secrecy" practices under the guise of political analysis in an academic symposium.

A still more scandalous aspect of the book emerges when the editor divides twelve countries examined in his study into two categories—seven with laws providing for a public right to secret information and five with no such entrenched right. The first category contains the Scandinavian countries, Finland, the U.S., and—surprise!—Hungary and Yugoslavia. The reactionary, backward regimes without such an entrenched right include Belgium, Britain, Canada, France, and West Germany.

A second example of this academic reluctance to apply clear, logical standards to the communist mimicry of democratic and liberal institutions and practices: in August 1979, the International Political Science Association met in Moscow. Admittedly, there are people in the Soviet Union who are called political scientists and their organization is a fully accredited member of IPSA. However, it is common knowledge that there are no political scientists in the Soviet Union, any more than there are historians, sociologists, social scientists—or indeed elections (though there are procedures *called* elections.) Why should IPSA not only accept the Soviet association into membership but even agree to hold its international conference in a country whose practices violate every rule of academic freedom and free inquiry? Would IPSA hold a meeting in Johannesburg or Santiago de Chile?

Among the scholarly papers presented on this occasion by Soviet and Romanian "political scientists" were—"Constitution-making as a political process," "Marxist political thought," and "Politics and the Law." Yet more could be learned about these important topics from the fact that any time a possibly controversial Western paper was laid out for distribution, the copies would all disappear. The *Economist* of London,[2] somewhat more empirical than the average political scientist, wrote: "Given the recent campaigns in the west for solidarity with ill-treated Soviet dissidents, a decision to hold any Congress in the Soviet Union is a political issue. To stage a convention of political scientists in the capital of a country where politics, as such people would define it, is officially a non-subject seems to verge on the ridiculous." These two examples, which could be endlessly multiplied, illustrate a familiar but still curious paradox.

2. *The Economist.* (August 25, 1979), p. 36.

By and large, we know that Communism is an extinct dogma, repudiated by almost everybody, notably by Soviet workers, at least 20 percent of whom fail to show up for work on any given day. It is repudiated by workers in the Western democracies and in Japan and, in most cases, by their trade unions. It is most obviously rejected in eastern Europe, and by millions of people who, when given the chance to get out of a communist country, grab it wholeheartedly. And yet...and yet there seems to be some kind of ideological message which still has power and influence over Western intellectuals. Economic disasters, which in a capitalist country would be described as disasters, become humanist achievements when they occur in a self-proclaimed socialist society like Tanzania. And, in any country which can claim to be a Marxist people's republic, the problem of human rights "disappears" and is never heard of again. We may consequently enjoy the spectacle of Western humanitarians visiting Havana to deplore the rigged elections in El Salvador with a sympathetic Fidel Castro.

How can this be? What explains the power of something called Marxism, the sway of ideology over politics and culture? Lionel Trilling once wrote that "ideology is not ideas; ideology is not acquired by thought but by breathing the haunted air."[3] And how the air became haunted with Marxist notions is described by Lewis Feuer in his absorbing essay, "American Travellers to the Soviet Union, 1917–1932: The Formation of a Component of New Deal Ideology." He writes:

> The whole conception of a 'social experiment,' the whole notion of planned human intervention into social processes to raise the welfare of the people, had become linked in the minds of America's intellectual and social leaders with the practice of the Soviet Union. This transformation of American thought was largely the work of a small number of several hundreds of travelers to the Soviet Union during the previous decade. If there was no Tocqueville among them, the reports that they published affected the American political consciousness more deeply nonetheless than any other foreign influence in its history.[4]

3. Lionel Trilling. *Liberal Imagination.* (Viking Press, 1950) p. 275.

4. Lewis Feuer. "American Travellers to the Soviet Union, 1917–1932: The Formation of a Component of New Deal Ideology" *Marx and the Intellectuals.* (Anchor Books, 1965) p. 136–137.

As a result, the Soviet Union became what Professor Feuer called the "conscience-model" for America. In 1932, a pamphlet with the title, "Culture and the Crisis," was published and signed by thirty leading intellectuals among them Edmund Wilson, Sherwood Anderson and John Dos Passos. All endorsed the presidential candidacy of William Z. Foster on the Communist ticket. As Sidney Hook has pointed out, "This was the first time in the history of American thought that an organized group of intellectuals had committed themselves to the support of a social philosophy totally at variance with the American democratic system." This social philosophy, moreover, was associated with a foreign country whose openly declared purpose was the overthrow of democratic regimes.[5] Out of this movement, grew the League for Professional Groups with a membership of seven hundred, numerically, of course, negligible. "But it did establish," writes Professor Hook, "a pattern of cultural organization and penetration of American life in the mid-thirties."

The Hyphenated Communist

The situation today is changed in one vital respect. The economic failure, social squalor, political tyranny, and brutal militarism of the Soviet Union have made it impossible for an intelligent and sensitive person to accept the straightforward label of "communist." Those who used to be called "the right Left people" now feel it necessary to qualify this commitment in some way. Hence we see the rise of the "hyphenated communist," the Euro-Communists in Spain, France, Italy; and in the United States (where even qualified communism has an ugly sound to it) "the Marxist."

Marxism today has enormous power and influence over mainstream intellectuals because it makes it possible for them to be ritualistically anti-Soviet and to support the Communist Left at the same time. The twelfth century freethinker, Averroes, invented the doctrine of double truth, that is the peaceful coexistence of two independent and *contradictory* "truths," the one philosophical, the other religious. Likewise, when the U.S.S.R. does something terrible—like the seizure of Poland and the destruction of a free labor union like Solidarity—the Marxist can announce his solidarity with the Polish working-class, but then in his pro-communist persona

5. Sidney Hook./"Communism and the American Intellectuals from the Thirties to the Eighties" *Free Inquiry*. (Fall 1981) p. 15, col. 1.

warn against using Poland as an excuse for NATO intervention. Is it possible, on the other hand, to be piously schizophrenic about communist guerrillas in Latin America? Certainly not. There the issue is clear, pure. A military junta is by definition against history and therefore cannot benefit by the Marxist view of fascism and reaction, whereas the Soviet Union is zigzagging its way in the correct historical direction. So there he is, the Marxist, an honest man, living the best of two political worlds. All that is required of him is an occasional appearance at a protest meeting about Poland to establish his moral distance from Sóviet tyranny.

Many of the thirties intellectuals learned to their sorrow what Soviet communism meant. But there seems to be always a new generation prepared to ignore the past and eager to be seduced. In his essay on Palmerston, Karl Marx opened with a reference to Orlando Furioso, Ariosto's romance poem. Describing a hero in one of Ariosto's cantos, Marx wrote in 1853:

> Ruggiero is again and again fascinated by the false charms of Alcine, which he knows to disguise an old witch—sans teeth, sans eyes, sans taste, sans everything, and the knight-errant cannot help falling in love with her anew whom he knows to have transmuted all her former lovers into asses and other beasts. The English public is another Ruggiero, and Palmerston another Alcine.

All one needs, of course, to make Marx's literary allusion contemporary is to substitute Marxism for Alcine the witch, and for the foolish Ruggiero, the latter-day Marxist social scientists who populate American universities and the theological faculties of our seminaries.

In those institutions, an ideology has become a social science to several thousand social scientists and theologians who openly call themselves Marxists or "Marxisant" sympathizers. On April 28, 1980, *Business Week* reported that "there is no precise measure of Marxist influence on American campuses, but it has clearly grown enormously over the past decade." Radical campus caucuses, said *Business Week*, total more than 10,000 members with more than a dozen Marxist journals in print. The magazine quoted Professor John H. Coatsworth, an historian at the University of Chicago (described as the center for radical scholarship), as saying: "As a set of theories that explain social and economic developments, Marxism is more strongly adhered to now than at any other time in U.S. academic history." Professor Leon R. Fink of the University of North Carolina, also an historian, said: "Many

academics who do not consider themselves Marxist now take Marxist analysis seriously as a form of historical perspective."

More recently, *U.S. News and World Report*[6] said that there were clusters of radical scholars at the University of Massachusetts, Boston University, Rutgers, Stanford, Chicago, New York University, and American University. The number of radical organizations in the academy was rising and the numbers of academic journals as well. The Union for Radical Political Economics has more than 3,000 members with their own widely disseminated publications.

One of the leading campus Marxists, Professor Bertell Ollman of NYU, has written: "A Marxist cultural revolution is taking place today in American universities. More and more students and faculty are being introduced to Marx's interpretation of how capitalism works...It is a peaceful and democratic revolution, fought chiefly with books and lectures."[7] Professor Ollman's textbook, *Alienation: Marxist Conception of Man in Capitalist Society*, used in more than 100 universities, is now in its seventh printing. *U.S. News* also makes the point that nowhere in the academic world have Marxist scholars made more impact than in the field of U.S. history.

U-Mass at Amherst was also the subject of a long article in *Science*, organ of the American Association for the Advancement of Science entitled: "Radicals and the Universities: 'Critical Mass' at U.Mass."[8] John Walsh the author reported that in 1978, ten of twenty-five members of the economics department "would call themselves Marxists." Professor Bowles is quoted as saying: "We're providing an alternative...But it's a heady period to be a social scientist and a Marxist."[9] Of course, there are also Marxists in the departments of political science, philosophy, history, and English.

Marxist Dispensations

How do we explain this perennial appeal, this resistance to the failure of its own prophecies and policies? Marxism and Marxists

6. "Marxism in U.S. Classrooms" *U.S. News and World Report*. (January 25, 1982) p. 42ff.
7. Bertell Ollman. *The Left Academy*.
8. *Science*. January 6, 1978, p. 34ff. vol. 199.
9. *Science*, (January 6, 1978, vol. 199) p. 34ff, 36.

have benefitted from various dispensations granted to them by the culture and the politics of our time:

First, for Marxism the jury is always out. Marxism in practice—whether Moscow, Peking, Havana, or the rest—is always defined out of existence as distorted by various historical factors. Democracy, however, never has its incidental sins dismissed in this way. As a result, Marxism itself never has any crises. The U.S.S.R. has crises—the break with Tito, the Sino-Soviet split, the uprisings in eastern Europe, the Afghanistan invasion, Stalinism—but Marxism soars above these upheavals as if nothing had ever happened. All kinds of elaborate intellectual strategems are constructed to achieve this. Thus Marxism as part of reality is never involved with reality.

The second dispensation is the "homegrown" fallacy. Phillip Berryman, a Central American representative of the American Friends Service Committee, writes in a *New York Times* op-ed column, "Should the U.S. negotiate with the El Salvador Marxists?" Certainly, the guerrillas are Marxist in orientation, "but their Marxism is homegrown"[10] which, decoded, means that these chaps are not communists, not Soviet fuglemen, just harmless Marxists, homegrown like corn. In other words, it is only Marxism tied to Moscow that creates problems (unless, of course, it's Cuban Marxism and then the relationship between Moscow and Havana was forced upon Castro by U.S. policy. Another dispensation?)

Marxism benefits from a third dispensation. Its general ideas have so suffused the intellectual atmosphere that many people talk, write, and think Marxism without realizing it. Bishop Dale White of the United Methodist Church recently said: "All of us, really, are hostages, those in the developed countries as well as in the developing nations. We are hostages to a vast political economic system of cruelty structures which are preordaining that the rich get richer and the poor get poorer." The bishop was talking about capitalism in the U.S. where the number of persons with incomes below the conventional poverty line is now about 5 percent, compared with about forty percent in 1929.[11] (So much incidentally, for Marx's prophecy about the inevitable pauperization of the working class under capitalism.) We might call this unconscious Marxism.

10. Phillip Berryman. *New York Times*. (March 8, 1982).
11. Herbert Stein. *Fortune*. (January 25, 1982) p. 112.

Marxism's fourth dispensation is the fallacy of treating it as some form of objective truth, as if it were an academic discipline like physics, political science, or anthropology. We see this dispensation in action when a university establishes a department of "Marxist-Studies." For Marxist studies, despite our indifference, is not a neutral term like political science or anthropology. It is, in Schumpeter's phrase, "preaching in the garb of analysis." Of course, it would be perfectly acceptable to me to teach Marx as one teaches Hegel or William James as a figure in intellectual history; but that is not what is meant by Marxist Studies.

Marxism's fifth dispensation is the presumption that it is a science, a social science, not merely a theory of society but a science of society. Yet while its votaries, like Marx and Engels before them, wear the gown of exploratory research scientists, they resist scientific examination of their science, arguing that its immutable laws are such as to be untestable and immune to the Popperian theory of falsification. A true science, as opposed to metaphysical politics, depends for its acceptance on reason, commonsense, observation, and experience. But in a Marxist state, experience is constantly denied because it threatens the validity of Marxism as a humanist philosphy or as an objective science. Marxism, therefore, precludes a moral commitment to truth or to truth-seeking.

There is no history in Marxist countries, no literature, no political science, or sociology except in reaction to the regime. In fact, there couldn't even be an Institute for Marxist Studies in the Soviet Union because it would have to deal with Trotsky, Kamenev, Zinoviev, revisionists, and other traitors. A Marxism which departs from the official line is, by Soviet definition, not Marxism at all and hence a threat to the State.

Anti-Americanism in Drag

The value of Marxism as an ingenious native substitute for Eurocommunism (which after all demands a large Communist Party) is that Marxism alone justifies anti-Americanism. Professor Sidney Hook recently wrote that "the disillusioned fellow-travelling American intellectuals have bequeathed anti-Americanism rather than pro-communism to the contemporary generation of disaffected intellectuals. This anti-Americanism is manifest on every issue in which there is a conflict between the Soviet Union or one of its proxies and American national interests, whether in Central America, Africa, or western Europe."[12]

12. Sidney Hook. *Op. cit.*

There could not be an ideological anti-Americanism today without Marxism. An un-Marxist anti-Americanism has no meaning such as it might have had in the days of Henry James and settled European hierarchies. Marxism indeed supplies the rationale for anti-Americanism. As Lewis Feuer has pointed out, "...anti-Americanism early became a Marxist theme, for America offered a social alternative that threatened to reduce Marxist modes of thought and feeling into irrelevancies and absurdities." This is well illustrated by Professor Samuel Bowles, son of Chester Bowles, who in a jointly authored book, recently wrote: "We venture to suggest that all of the glaring inadequacies of political democracy in the United States are attributable to the private ownership of the means of production and the lack of real economic democracy."

What is thus being created in America is what has been noted by students of Russian history, the creation of a social class, the intelligentsia, specifically devoted to the task of overthrowing the existing order. It was the natural thing for a young member of the Russian intelligentsia to be a revolutionary, wrote Tibor Szamuely. "Until the late 1880s they had all adhered to what is usually called populism; after that Marxism became the dominant trend. And Lenin, as a young Russian revolutionary intelligent, adopted Marxism as his creed."[13]

A modern example of the type is Professor Howard Zinn of Boston University, who argued in a recent essay that only activists can write the best "history"; who believes that "the binding power of social action itself" will lead towards "value-directed history"; who believes that "in a world where justice is maldistributed, there is no such thing as a 'neutral' or representative recapitulation of the facts"; who believes that "truth only in relation to what is or was is one-dimensional"; and, finally, who believes "truth must be shaped by present conditions and future requirements."[14] As I read these passages, I was reminded of a sentence in Orwell's essay, "The Prevention of Literature": "Totalitarianism demands, in fact," wrote Orwell, "the continuous alteration of the past, and in the long run probably demands a disbelief in the very existence of objective truth." It is quite fitting that Professor Zinn's essay should have run in a festschrift honoring

13. Tibor Szamuely. *The Spectator*. (April 18, 1970) p. 506.

14. Howard Zinn. *Essay in the Critical Spirit: Essays in Honor of Herbert Marcuse*. (Beacon Press, 1967) p. 466.

Herbert Marcuse, the creator of that famed oxymoron, "repressive tolerance."

Shortly after the Reagan election, *Chronicles of Culture* wrote a most perceptive essay on the meaning of that election.

"The Republican landslide of 1980 was a victorious battle, but it was only a *political* triumph. The cultural war for the American soul is still going on and its fierceness will increase. The politically defeated side is in command of awesome weapons: it still rules the media, higher education, the entertainment industry."[15]

While this is so, politicians and bureaucrats will continue to make their decisions in a moral and intellectual atmosphere in which Yugoslav "political scientists" are listened to respectfully when they favorably compare their own government's "openness" with the secrecy of the West. We are influenced by a vague and misty Marxism, impalpable to argument and criticism, breathing the haunted, Marxist air.

15. *Chronicles of Culture*, (January 2, 1982) p. 38.

Is Homosexuality Normal?

STEVEN GOLDBERG

The twentieth-century mind is cast in the mold of empiricism. Perhaps empiricism has not succeeded in actually severing the moral from the scientific, but it has driven in a wedge so deep that by now the modern mind's propensity for distinguishing between the two is virtually intuitive. Whether we delight in the feeling or abhor it, many of us do feel that the very nature of moral questions precludes the possibility that moral statements can have the persuasive force possessed either by statements of a purely logical nature or by statements susceptible to empirical falsification. Invocation of moral assertion is not sufficient to persuade a mind that traces a moral conclusion back to its beginnings and finds a subjective premise that seems to expose the moral argument as an exercise in subjectivity.

To be sure, there are many philosophers who object to the empiricist distinction. They stress our inability to construct a criterion that clearly demarcates the scientific from the moral. However, while the philosophers who offer these and similar arguments often argue that analysis of scientific statements to their fine structure will expose buried normative assumptions, they do not, for the most part, argue for the possibility of an objective morality. Most philosophers argue only for the impossibility of a truly objective science. They too feel the power of the empiricist arguments and refrain from claiming natural justifications for moral conclusions.

This has led to a rather peculiar situation. Today the arbitrary feeling of moral arguments causes many people not merely to refrain from making moral arguments, but from even suggesting that scientific considerations can be relevant to assessments of behavior. There is, for example, a tendency, particularly pronounced in sociology and the popular educated press, for denying that the concept of normality can be anything more than a manifestation of arbitrary social, moral, or individual values. This view sees our terming "abnormal" any behavior that is not clearly destructive or self-destructive as having no meaning other than that we dislike the behavior. It sees rationalization of prejudice and dis-

crimination not merely as a misuse of the designation "abnormal," but as its only purpose.

Now, no one would deny that an assessment of behavior as "abnormal" is not a purely scientific endeavor. Science is the attempt to find general empirical relationships, and no assessment of normality is necessary or possible. But to acknowledge this is very different from accepting the completely arbitrary nature of an assessment of normality. Scientific considerations alone cannot assess the normality of a behavior, but any assessment of the normality of a behavior must, for reasons we shall soon examine, rest on an understanding of the causes of the behavior. An assessment of normality is like a scientific question in that the causation of the behavior to be assessed is determinative to an assessment of the normality or abnormality of the behavior; it is unlike a scientific question in that an assessment must be made. The assertion that the assessment is arbitrary, that it is rooted only in subjective values, ignores the former consideration.

Homosexual Behavior

Consider homosexual behavior. The prevailing view is stated in rather pure form by historian Martin Duberman:

> The deepest morass is found in discussion of the "causes" of homosexuality. Much of the scientific literature concentrates on this question, though homosexuals, sensibly, are learning to eschew it as presently unanswerable, as a political tactic designed to perpetuate barbaric legal and social discriminations, and as a convenient intellectual outlet for heterosexual condescension...
>
> Most scientists bring to their research a culturally derived model of normal behavior that influences the nature of their findings...
>
> The model is a moral, not a scientific construct—as even a cursory glance at cross-cultural data reveals...(The) Judeo-Christian model of "normal" sexuality can hardly accommodate the evidence that Arab women in certain Red Sea areas take black female lovers, that among the Keraki anal intercourse is thought essential to the health and character of the growing boy, and that prominent Siwan men in Africa lend their sons to each other for purposes of sodomy.[1]

1. *New York Times Book Review*, December 10, 1972.

This reasoning is attractive to large numbers of people in a time when moral restraints on individual behavior are about as popular as shingles. It has been criticized primarily by those who invoke questionable assertions of nature's intent or moral arguments rooted in biblical injunction. Such criticisms fail to impress the modern mind, to say nothing of the modern mind with an emotional commitment to opposing them. Thus, whatever the logical inadequacy of the position that sees an assessment of homosexual behavior as abnormal as being nothing more than a statement of individual taste or social disapproval, the position has been sufficient, when couched in somewhat more sophisticated terms, to convince even a majority of the American Psychiatric Association.

However, it is worth noting that a poll of thousands of APA members taken after the APA vote found that two-thirds of those polled feel that homosexuality is a disorder. The difference between the original vote and the poll may merely reflect a theoretical distinction between two types of abnormality; if this is the case, then—despite the fact that the APA vote is invariably invoked as evidence that the members find homosexuality normal—the original vote did *not* indicate that the members considered homosexuality normal. More likely, the difference between the vote and the poll indicates, as Arno Karlen has suggested, that many members publicly argued that homosexuality is normal (and voted this way) while privately believing homosexuality to be abnormal.[2] Many members do, in fact, admit privately that they did this. They justify this in terms of humanitarianism. It used to be called lying.

"Abnormal" Behavior and Abnormal Causes

The term "abnormal," as it is used by the general population and as it should be used by the psychiatrist, psychologist, sociologist, and philosopher, does *not* mean merely socially or morally unacceptable or statistically unusual. Robbing banks runs counter to social and moral norms and stamp collecting is statistically abnormal, but no one refers to these behaviors as "abnormal." While many could not articulate their meaning (they would use words like "strange," "screwy," and "unnatural"), when most people describe a behavior as "abnormal" they mean that the be-

2. See Arno Karlen, "Homosexuality: The Scene and Its Students" in *The Sociology of Sex*, James Henslin and Edward Sagarin (eds.) New York: Schocken, 1978.

havior springs from irrational sources, or, to put their perception in one of a number of possible modern terms, they perceive the behavior as representing a displacement or mischanneling of emotions that generates a need that can be met only through behavior that forces one to suffer the unnecessary pain of social ostracism. (They do not mean that eliciting the ostracism must be the purpose of the behavior, but that the irrational need is sufficient to cause the individual to behave in ways that encounter social ostracism.) Thus, they do not call the behavior of the nearly-nude African warrior "abnormal"; they understand that this behavior is explicable in terms of the values and sanctions of the warrior's society. They *do* call the behavior of an American who behaves similarly on Times Square "abnormal"; they sense that the causes of the American's behavior (the causal situation that engendered the needs that can be met only through inappropriate behavior, and the irrational needs themselves) are abnormal. To be sure, a society can incorrectly view a given behavior as flowing from abnormal causes (as with the society that sees left-handed behavior as abnormal), but the error lies in the incorrect perception of the behavior as having abnormal causes, not in the meaning of the term as the members of the society use it.

In arguing that a social assessment of homosexuality as abnormal is incorrect, virtually all of the homosexual spokesmen *assert* the very thing they must *demonstrate*. They assert that an assessment of homosexuality as abnormal is as unwarranted as a similar assessment of unpopular political behavior, a religious refusal to eat pork, or left-handed behavior. They ignore the fact that the crucial distinction between such behaviors and homosexual behavior is the normality of the causal factors that generate the behaviors. Unpopular political behavior is (usually) generated by a philosophical and intellectual worldview that is not in any psychological sense abnormal. A refusal to eat pork is the result of socialization by the religious subgroup into which one was born. The tendency to use the left hand is owing to physiological and experiential factors that cannot reasonably be termed "abnormal" in any but the statistical sense. These behaviors have all at one time or another been strongly negatively sanctioned, forcing the individuals who manifested these behaviors to suffer the pain of social ostracism. But these behaviors were not psychologically abnormal, though they were incorrectly assessed as such by society, because their causes were not in any sense psychologically abnormal. The pain of negative sanction was not in these cases "unnecessary,"

but was, given the incorrect social assessment, an unavoidable result of behavior that was rooted in normal situations that did not engender a mischanneling or displacement of emotions. Homosexuality is not, in the case of the large majority of American homosexuals, rooted in intellectual belief or social values; the biographies of nearly all homosexuals speak of a childhood awareness of the propensity.

The homosexual spokesman argues, in effect, that homosexuality is analogous to left-handedness. If he is correct, if homosexuality is the result of an interplay of physiological and environmental factors that can reasonably be seen as normal, then he is quite correct in saying that homosexuality is normal and that society is terribly wrong in its assumption that homosexuality is abnormal.[3]

But the homosexual spokesman cannot merely assert that this is the case. For necrophiliac behavior, like homosexual behavior, is seen as abnormal by society. Necrophiliac behavior, like homosexual behavior, is negatively sanctioned by society. Necrophiliac behavior, like homosexual behavior, is not inherently (i.e. regardless of social sanction) destructive or self-destructive. Necrophiliac behavior, like homosexual behavior, is (I assume) found in many or all societies. (For some reason many people seem to feel that, if a behavior is present in other societies or other species, that somehow demonstrates its normality; they would never make this argument for physical diseases.) Necrophiliac behavior, like homosexual behavior, is often seen by those manifesting it as being perfectly normal and as not being a source of unhappiness. Assuming that the homosexual spokesman would agree that necrophiliac behavior is abnormal in some sense other than merely that the society considers it such, clearly the spokesman's problem is that he must present us with a distinction between homosexuality and necrophilia that would permit us to consider the former as normal and the latter as abnormal.

Normal and Abnormal Distinctions

The distinction cannot be one of those just enumerated, because they fail to distinguish one behavior from the other. The distinction that would be most plausible, and the criterion that we all tend intuitively to use anyway, is the normality of the cause. The spokesman must argue that homosexuality is normal because it flows

3. Whether or not homosexual behavior so generated is *moral* is, of course, a philosophical and sociological question that is irrelevant here.

from causes that can be considered normal, while necrophilia is abnormal because *it* flows from causes that must be considered abnormal. In other words, an assessment of the normality of the behavior must be based on an assessment of the normality of the cause.[4] The eschewal of questions of causation that professor Duberman finds laudable would have the homosexual spokesman avoid the only procedure by which he could offer us a reason for assessing homosexuality as normal.

The central logical point of this essay should now be clear: the homosexual spokesman can challenge the *logical* adequacy of an assessment of homosexuality as "abnormal" *only* if he is willing to make this same argument against an assessment of necrophilia or coprophilia as "abnormal." I assume that he will not be willing to do this because, in doing this, he would sacrifice the last measure of reason. The homosexual spokesman's purpose is to demonstrate that homosexuality is normal; to do this he must distinguish be-

4. While it would take us too far afield to do so here, it can be shown that the argument presented in this essay can, *mutatis mutandis*, be made in terms of alternative methods of determining normality—methods that replace my criterion of normal/abnormal *cause* with an emphasis on need, function, reason, purpose, or compulsion. There are important differences among these criteria, but the differences do not obviate the need to distinguish between normal behavior and abnormal behavior such as necrophilia.

For example: an approach that emphasizes *needs*, rather than causes—while it does have the attractive element of emphasizing that behavior can come to satisfy needs that are different from the (now irrelevant) needs that originally generated the behavior—still must ask why an individual satisfies these needs with behavior that elicits negative sanction. In other words, we may, at least for argument's sake, accept the assertion that homosexual behavior serves sexual and affectional needs identical to the needs served by heterosexual behavior for most people; still we must ask why the homosexual selects negatively-sanctioned behavior to satisfy those needs. If this selection was determined by a situation that is abnormal in the sense we have discussed, then the behavior can legitimately be termed "abnormal." The same point can be made about the paradigms stressing function, reason, or purpose.

The distinction between normality and abnormality that is based on non-compulsiveness/compulsiveness (rather than normal cause/abnormal cause) raises an additional point. While I doubt that the two methods for distinguishing normality from abnormality would often disagree on assessments of actual behavior, I prefer the cause criterion because the compulsion criterion has difficulty with non-compulsive behavior that is generated by a displacement or mischanneling of emotions; surely non-compulsive necrophiliac behavior is abnormal. (The "compulsion" theorist cannot argue that the very existence of necrophiliac behavior indicates a compulsion that is necessary to override the enormous sanction against necrophilia; this approach accepts tautology and risks labeling *all* strongly negatively sanctioned behavior "abnormal.")

tween homosexuality and those behaviors (necrophilia/coprophilia) that no reasonable person could argue to be normal. He must, in other words, acknowledge that it is meaningful to call some behavior "abnormal" and in so acknowledging, he surrenders the possibility of successfully challenging an assessment of "abnormality" on logical grounds. If he is to persuade anyone that homosexuality should be assessed as normal, he must demonstrate that there is an empirical difference (in cause or function, for example) between homosexuality and necrophilia/coprophilia sufficient to justify our assessing homosexuality as normal and necrophilia/coprophilia as abnormal.

Now, here it must be acknowledged that—because any assessment of normality has the non-scientific component we have discussed, and because the normality of a behavior must be assessed on the basis of the normality of the cause (our reason for terming left-handed behavior "normal" and necrophiliac behavior "abnormal")—the homosexual spokesman can, with logical impunity, accuse my entire argument of being tautologous and of invoking a Platonist idea of normality. He can argue that the non-empirical component of an assessment of the normality of the cause of a behavior makes my entire argument circular. But again, he can use this approach *only if he is willing to deny the meaningfulness of an assessment of abnormality for necrophilia and coprophilia on the same grounds.* I assume that he will not be willing to do this; to do this would be to surrender both reasonableness and the possibility of persuading anyone.[5] He is far better off surrendering the logical challenge and attempting to find an empirical distinction between homosexuality and necrophilia/coprophilia that justifies viewing the former as normal and the latter as abnormal.[6]

5. Note that point made in this paragraph—that a criticism of circularity can be sustained only if applied to necrophilia/coprophilia as well as to homosexuality—applies whatever criterion one chooses. Thus, selection of some criterion other than cause (for example, need, function, reason, or purpose) cannot avoid an analogous requirement of distinguishing between homosexuality and necrophilia/coprophilia if the former is to be considered normal.

6. In granting that the necessity of distinguishing normal from abnormal cause permits a criticism of circularity by one who is willing to take the unreasonable position that it is meaningless to call necrophilia/coprophilia "abnormal," I am not suggesting that there is any particular difficulty in distinguishing normal from abnormal cause. There will, of course, be difficult borderline cases in any nonpurely-analytic attempt at categorization. But in the overwhelming majority of cases it is easy to distinguish normal cause from abnormal cause. The distinction is seen clearly in the example of the near nudity of the African warrior and

I hasten to emphasize that I am not implying that any particular negative sanction is good or right. If a society permits one to eat popcorn and punishes the eating of peanuts with death, we would consider the latter sanction horrible. But we would still wish to know what factors were capable of engendering a motivation for eating peanuts that was so strong that one was willing to risk death. We would acknowledge that there was nothing inherently abnormal about eating peanuts (after all, we do it in our society and no one seems to be hurt by it); we would, however, no more accept the peanut-eater's claim that his death-defying behavior was a "mere alternative" than we would accept a similar explanation from an American who preferred dachshund to turkey. We would not assess the peanut-eating behavior as abnormal simply because the behavior was negatively sanctioned in the peanut eater's society. *Behavior is not abnormal simply because it is different and negatively sanctioned. (It may be moral and heroic.) But it is obvious that a behavior's being different and negatively sanctioned is not, as the example of necrophiliac behavior demonstrates, proof of its normality.* There is no question that our society has imposed on homosexuals burdens that are unconscionable even if, perhaps particularly if, society's assessment of abnormality is correct. But it is the very strength of the oppressive attitudes, unfortunate as they may well be, that forces us to ask *why* an individual behaves in a way that is so strongly punished and why he abjures the heterosexual behavior that is rewarded. It is on an answer to this question that an assessment of normality must be based.

Anthropological Evidence

That the homosexual spokesmen are, on some level, aware of all this is clear from their invocation of the anthropological and physiological evidence. Now it is simply untrue that the Siwan, the ancient Greeks, or any other society positively sanctioned adult homosexual behavior equivalent to the homosexual behavior

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the American mentioned above. Similarly, I would certainly acknowledge the reasonableness of seeing as "normal" any homosexuality rooted in *purely* physiological causes and seeing as "abnormal" any homosexuality that is owing to familial situations such as that described by the Freudians. My point above, however, is merely that one who refuses to grant any such distinction, on the grounds that any such distinction must have a non-empirical element, can sustain the criticism that all such distinctions rest on circularity, unreasonable as may be the position in which this puts one.

of the American homosexual. Positively sanctioned homosexual behavior is, in all societies, limited to a minority, to certain periods of life, or to highly defined rituals. But let us, for argument's sake, accept the assertion that there are societies in which general homosexual behavior is not negatively sanctioned. What does this prove? I am certainly willing to acknowledge that homosexual behavior is capable of giving pleasure, that people will satisfy their capacity for pleasure whenever the pleasurable behavior is not discouraged, and that in a society that did not discourage homosexual behavior, all individuals would at least occasionally partake in the pleasures of such behavior. However, if there is one thing that the homosexual spokesman has demonstrated beyond a shadow of a doubt, it is that in America we do not positively sanction homosexual behavior. Thus the explanation (capacity for pleasure and positive sanction) of the homosexual behavior of the large majority of Siwan males (those who would not so behave if the behavior were negatively sanctioned) can no more apply to the homosexual behavior of the American than can the explanation that is perfectly satisfactory for the homosexual behavior of prisoners (the explanation that stresses an absence of women). Homosexual behavior in a society that negatively sanctions homosexual behavior must have some cause that is not only *not* positive sanction, but that is powerful enough to override negative sanction.

The reader might wonder whether my requiring the presence of negative social sanction for an assessment of abnormality—a requirement that is necessary, but not sufficient (as the examples of unpopular political behavior and the negatively-sanctioned eating of pork make clear)—does not leave us in the position of declaring all positively-sanctioned behavior "normal." The simple answer is "yes"; positively-sanctioned behavior may be dysfunctional, unjust, immoral, or cruel, but it seems to me that obfuscation is the only result of terming "abnormal" behavior that can be explained by positive sanction. The homosexual behavior of those Siwanese who would not behave homosexually if the behavior were negatively sanctioned is an example of behavior that cannot reasonably be termed "abnormal." Similarly, an individual's anti-black prejudice that reflects (but is no stronger than) a prejudice that permeates a culture cannot reasonably be termed "abnormal"; an individual's prejudice that is stronger than that which can be explained by the individual's social environment is abnormal in the terms we discuss.

There is also a more complex answer to the question: do not my criteria declare all positively-sanctioned behavior "normal?" I could argue that I leave open the possibility of other criteria that would assess as "abnormal" not only the negatively-sanctioned behavior I discuss, but also some positively-sanctioned behavior that my criterion leaves unassessed. As long as such alternative criteria find "abnormal" the negatively-sanctioned behavior that meets my criterion, there is no logical objection to their also finding "abnormal" positively-sanctioned behavior that my criterion does not assess. However, my preference is for accepting all positively-sanctioned behavior as "normal" and attacking detestable positively-sanctioned behavior (such as socially-supported racism) on grounds of dysfunction, stupidity, and the like. To insist on calling detestable, positively-sanctioned behavior "abnormal" strikes me as childishly attempting to load disliked behavior with every bad adjective, even those that do not apply; it is like denying the greatness of a great mathematician because he is a Nazi.

The Causation of Homosexuality

There is still much that we do not know about the role of physiology in the causation of homosexuality. Many social scientists fail to understand that physiological causal factors are irrelevant to an assessment of normality unless the physiological factors are *sufficient* to explain the homosexuality (i.e., environment plays no important role). If this were the case, one *might* argue that homosexuality is analogous to left-handedness. The problem with this approach is that virtually all of the evidence argues against there being such a determinative physiological causal factor and I know of no researcher who believes that such a factor exists.

It is far more likely that there are physiological factors that play a predispositional and interactional role. Such factors, hereditary homosexual propensities or hormone imbalances resulting from fetal accident, would engender in those affected a capacity for homosexuality that will not be realized unless it is complemented by necessary post-natal environmental situations; likewise, one who meets the environmental conditions for homosexuality, but who lacks the physiological predisposition will not become homosexual. Thus we could not conclude that a given homosexual lived in an environment that was more "homosexual positive" than a given heterosexual; the heterosexual's environment might be identical to that of the homosexual, but the heterosexual lacked the physiological propensity. Knowledge of this possibility might

(and should) eradicate much of the guilt felt by parents of homosexuals.

The third, and only other logically possible, category of causation is that which sees physiological differences between homosexuals and heterosexuals, whatever these differences might be, as being purely a *result* of post-natal environment. This view sees the physiological alteration as occurring in virtually any individual who encounters the necessary environment. While a chemical intervention on the physiological mediator between the environment and the homosexual propensity might conceivably allow for prevention or alteration, the causation is seen by this view as being "physiological" only in the trivial sense that nearly all thought and behavior are in some way reaction to environment and are mediated by physiological factors.

Thus, physiology is relevant to an assessment of normality only if the physiological factors are determinative. If the physiological factors are either predispositional or mere effects of environment, then the necessary environmental situation(s) is the determining factor in an assessment of normality.[7] Homosexual behavior can no doubt be the effect of a number of discrete and separate causal sequences and it is possible that some of these are normal (for example that leading to the homosexual behavior of the Siwan) while others are abnormal (for example that described by the

7. It should be noted that there is not complete agreement on the role of physiology in heterosexuality either. This is not relevant here because the points made here hold whichever view of heterosexuality one subscribes to. No one doubts that the propensity for reacting with sexual emotions is rooted in central nervous system and hormonal factors; the disagreement concerns the role of physiology in determining the heterosexual *direction* of those emotions. Some researchers believe that there is a physiological predisposition to heterosexuality, while others believe that heterosexuality is owing to learning, example, and positive social sanction. If one takes the former view, then he would want to know what factor overrides the physiological predisposition to heterosexuality. If the answer is simply that homosexuals are born with a different physiology, then the behavior is normal; but if they were born with a physiology that leads to homosexuality only if it is complemented by a necessary environmental factor, then an assessment of the normality of the behavior would be based on an assessment of the normality of the necessary environmental factor. If one takes the latter view, that the heterosexual direction is entirely environmental in origin, then one would want to know what environmental situation led to the homosexual's acting in opposition to learning, example, and positive sanction; and it is on an assessment of the normality of this situation that he would assess the normality of the behavior.

Freudians). This means merely that we must assess the normality of each individual's homosexual behavior independently.

It is worth noting that the contemporary penchant for collapsing all relevant distinctions has led some to subsume both homosexual and radical feminist arguments under the rubric "sexual oppression." In at least one crucial respect these two arguments are very different: the discovery of a (determinative) physiological factor would be the best thing that could happen for one who argues that homosexuality should be considered normal; the greater the role of physiology, the more reasonable it is to see homosexuality as normal. However, for the radical feminist the issue is not one of an assessment of the normality of behavior, but the empirical roots of (differentiated male-female) behavior; the increasing and overwhelming evidence of a neural and hormonal basis of masculine and feminine motivational tendencies casts great doubt on the radical feminist assumption that such propensities are due primarily to the differentiation of socialization. This evidence suggests that, to a great extent, such socialization *conforms* to the reality of psychophysiological differentiation.[8]

The Freudian Explanation

The search for environmental causes proceeds on the assumption that there is a sequence of steps, and various researchers have emphasized various steps. Thus, some researchers emphasize an early fear of competition that leads one to avoid identification with the male role and its competitive demands. Others emphasize adolescent homosexual encounters. Still others emphasize a social ostracism that "labels" a behavior and thereby forces an individual to develop a self-conception that is wrapped around a nucleus of the labeled behavior (we do not speak of one who likes bowling as suffering from bowlerality). It is conceivable that any or all of these steps are *necessary* for the development of some or all homosexuality and investigation of each of these situations is desirable. But an approach that emphasizes any of these (possibly *necessary*) steps is, by its nature, incapable of providing us with an explanation that could conceivably be *sufficient*. For such explanations beg the central question of why those who become homosexual have such fears of competition, why those who become homosexual choose adolescent *homo*sexual experiences, or why those whose

8. For this analysis, see my *The Inevitability of Patriarchy*, Revised Edition, (London: M. T. Smith Ltd., 1977).

homosexual propensities are labeled have *homo*sexual propensities. These approaches fail to provide a sufficient causal explanation because they leave unidentified the initial causal factor(s) that generates the childhood fear of competition, choice of adolescent experiences that are *homo*sexual, etc. And it is on an assessment of the normality of the initial factor(s) that an assessment of normality must be based.

Whatever its other problems, the Freudian explanation of homosexuality cannot be criticized as begging the question. Whether correct or incorrect, it provides us with an explanation that does not leave unanswered the question of first cause (assuming one is willing to take the parents as givens) and, because it is a sufficient explanation it can meaningfully—whether correctly or not—assess the behavior as abnormal on the basis of a causal factor that is abnormal. (The Freudian does not *have* to see the familial factors he presents as sufficient—he might see a physiological propensity or homosexual encounters during a critical childhood or adolescent period as being necessary if homosexuality is to develop—but, unlike those offering the environmental explanations mentioned above, he *can* offer his explanation as sufficient without begging any questions.)

It is not easy to state the Freudian explanation of homosexuality; one must state the explanation in terms both wide enough to encompass many subtly different theories and narrow enough to avoid oversimplification. I think it fair to say, however, that all "Freudian" explanations see male homosexuality as devolving from a refusal of the boy to identify with the father. The familial realities usually seen as responsible for this refusal include the mother's (perhaps warranted) contempt for the father, an unusual bond between the mother and child that is not complemented by a paternal authority that would ensure that the child transfer identification with the mother to identification with one who the mother would love (the father in other families), a resulting rage on the part of the child towards the parents, and extreme feelings of guilt, shame, isolation, and distrust. One need not, of course, accept an explanation simply because he can offer no alternative. But if we have an explanation that is logical, plausible, and relatively free of anomaly, it behooves one who denies its validity to demonstrate its inadequacies.

(Incidentally, it seems to me probable that a test of the Freudian hypothesis must consist of identifying parents exhibiting the qualities seen as facilitating homosexuality and then seeing if the

children of these parents grow up to be homosexual more often than do children of a control group of parents. Difficult as this test is, practical considerations rule out the validity of the more common—and much simpler—attempt to discover the past familial realities of current homosexuals. The necessity of the more difficult test is practical; homosexuals are extremely sophisticated test-takers and cannot be expected to fail to see the implications of questions about their relationships with their mothers and fathers. It is amazing that *any* homosexuals acknowledge the sorts of difficulties posited by the Freudians.)

The Freudian says that most homosexuals grow up in the familial environment claimed by the Freudians to facilitate homosexuality. He does *not* say that most people who grow up in such an environment become homosexual. He predicts that, in a random population, there will be an important correlation between being a homosexual and growing up in a homosexuality-facilitating familial environment; he does *not* predict that there will be an important correlation between growing up in such a familial environment and becoming homosexual. The reason that the correlation does not work strongly in both ways is that there are other necessary conditions for homosexuality that must be present in addition to the familial situation. (An analogy makes this clear: there is a strong correlation between being a professional basketball player and being tall, but only the slightest correlation—introduced by the pocket of non-randomness representing professional basketball players—between being tall and being a professional basketball player. Moreover, even the weak correlations are expected only if we assume all other variables to be normally distributed.) I make this obvious point because some critics of the Freudian hypothesis seem to think that the fact that most children who grow up in the familial environment seen by the Freudians as homosexuality-facilitating do not grow up to be homosexuals is a refutation of the Freudian hypothesis that most homosexuals grow up in such an environment. This is no refutation.

The homosexual criticism of the Freudian explanation has not focused primarily on the central premises of the explanation itself (the familial configuration); it has tended to merely assert away the considerable evidence summarized by Fisher and Greenberg.[9] The homosexual criticism has concentrated on the Freudian im-

9. Seymour Fisher and Roger P. Greenberg, *The Scientific Credibility of Freud's Theories and Therapy* (New York: Basic Books, 1977).

plication that the pathology associated with homosexuality (the isolation, distrust, guilt, and shame) is inherent in the development of the homosexuality.[10]

Pathological Debates

Freudians argue that the very nature of the development of homosexuality is such that psychic distress is intimately bound up with the familial relationships that generate the homosexuality.[11] While not denying that social attitudes exacerbate the homosexual's pain, they believe that eradication of the negative sanctions would not eradicate the pain. Gay activists seem undecided as whether to argue that homosexuals *do not* demonstrate any greater pathology than do heterosexuals or whether they *do*, but that the greater pathology is owing to the social sanctions of an oppressive society and to parental attitudes that reflect these sanctions. If they take the former tack, they undercut their claim that society's values harm the homosexual by loading him with excess guilt and shame. If, on the other hand, they acknowledge that homosexuals do exhibit a greater pathology, they rest their argument on their ability to demonstrate that the pathology is owing to the social sanctions; a failure to do this would leave us with no alternative to

10. The issue of "latent homosexuality" is irrelevant to the argument I make in this essay; here we speak only of active homosexual behavior. However, it is worth mentioning that the oft-heard criticism that the concept of "latent homosexuality" is without meaning because it is ungroundable or untestable is a criticism that is without merit. Let us imagine that a test that is administered to sixteen-year-old boys who have had no homosexual experience. Let us say that those boys who score above eighty on the test turn out, with great statistical significance, to become adults whose sexual preference is solely homosexual. Let us say that those sixteen-year-olds who score between sixty and eighty do not tend to select homosexual contacts, but do tend to remain unmarried and do tend to exhibit the defensive behavior that the Freudian associates with barely suppressed homosexual desires. We might further imagine that these individuals are found to be the first to accept homosexual contact under unusual environmental situations. It seems to me that this is the sort of thing that the Freudian has in mind when he speaks of "latent homosexuality" and, it seems to me, that this is, in theory, perfectly valid even from a purely operationalist point of view. Even if the Freudian could not, in fact, begin to approach the predictive capacity of our imaginary test, this would cast no doubt on the logical or theoretical validity of the concept.

11. No doubt some heterosexuals demonstrate far more pathology than do the vast majority of homosexuals, but this proves nothing; one cannot demonstrate the normality of one person's behavior by showing that another person's behavior is even more abnormal.

concluding that not only is homosexuality rooted in abnormal cause and negatively sanctioned (this would be sufficient for an assessment of abnormality on the basis of unnecessary pain), but also that homosexuality entails pain and pathology even when it is not negatively sanctioned.

It is not possible to recapitulate the entire arguments here, but it is worth noting that virtually every homosexual spokesman who has argued that homosexuals demonstrate no greater pathology has rested his case on an article by Evelyn Hooker without noting that Professor Hooker *selected for* individuals who did not manifest any of a number of signs of pathology. Her subjects, who in any case numbered only thirty, were selected on the basis of never having been arrested, not being in therapy, not being glaringly effeminate, not being unemployed, and being suggested as subjects by the homosexual community. Such selection was perfectly valid for Professor Hooker's purposes, but to invoke this study as demonstrating that homosexuals demonstrate no greater pathology than heterosexuals is like selecting a sample of thirty six-foot tall women and six-foot tall men and concluding that women are as tall as men.[12]

12. A similar fallacy permeates *Homosexualities*, the recent and much-publicized Kinsey Institute work by Alan P. Bell and Martin S. Weinberg. Bell and Weinberg divide their sample of homosexuals into five categories (Close-Coupled, Open-Coupled, Functionals, Dysfunctionals, and Asexuals—the latter two categories constituting forty percent of the categorizable homosexuals in the sample.) The authors conclude that stereotypes about homosexuals are unwarranted because they apply only to the latter two categories. Even if we assume that the pathologies observed by the stereotypes are limited to homosexuals of the latter two categories (a dubious assumption, as we shall see in the next paragraph), this would not at all demonstrate the incorrectness of the stereotype. Bell and Weinberg's argument is analogous to calling all women between 5'4'' and 5' ''little women'' and all women shorter than 5' ''tiny women'' and then concluding that the stereotype that sees women as shorter than men is incorrect because it applies only to ''little women'' and ''tiny women.'' Stereotypes are always statistical and one can no more demonstrate their incorrectness by disregarding those members of the stereotyped group who are responsible for the stereotype than one can demonstrate the incorrectness of the stereotype associating greater height with men by disregarding all women under 5'4''.

Moreover, all Bell and Weinberg show us is that *they* are incapable of finding the pathology associated by the stereotype with homosexuality in homosexuals of the first three categories. Other researchers, using methods for discriminating pathology that are *different* from those used by Bell and Weinberg, claim to be able to find the pathology in all categories of homosexuals. The most plausible conclusion is that the methods of those researchers are capable of discriminating pathology, where Bell and Weinberg's are not.

Moreover, even the argument that Professor Hooker's sample demonstrates that at least *some* homosexuals do not demonstrate any more pathology than most heterosexuals is dubious. Other studies *have* been able to discriminate homosexuals from heterosexuals on the basis of indicators of psychological distress; it would, then, seem likely that Professor Hooker's criteria were not sufficiently sensitive to expose pathological symptoms that do, in fact, exist even for members of her homosexual sample group. When two *different* tests disagree on the presence of a factor, the plausible assumption is that one test is capable of discriminating the factor while the other is not. An absurd example makes this point: let us say that two researchers wish to find out if it is true that men are taller than women. One researcher measures men and women and concludes that men are taller. The other researcher asks men and women questions about American history and concludes that, because the sexes do equally well, men and women are equal in height. The tests do not cancel each other because it is obvious that only the former test measures that which it claims to measure. (If *no* test is able to discriminate the factors it claims to discriminate, then, of course, we must consider the possibility that the factors do not exist. If the *same* test sometimes finds what it is looking for and sometimes fails to do so, then we have a problem.)

Intolerance and Pain

When the homosexual spokesman argues that homosexuals *do* exhibit more pathology, but that this pathology is owing to the negative sanctions, he makes an argument that is more plausible to most people (at least those who are not impressed by the Freudian explanation). But he makes an argument that is not supported even by evidence provided by those who strongly sympathize with the plight of the homosexual. Martin Weinberg and Colin Williams[13] compare differences between homosexual and heterosexual reports of "unhappiness" and "lack of faith in others" in the United States (with its strongly intolerant attitudes towards homosexuality) with differences in reports in The Netherlands and Denmark (which have far more tolerant attitudes). The authors "do not find, as societal reaction theory implies, smaller differences between the homosexual and general population samples in

13. Martin S. Weinberg and Colin J. Williams, *Male Homosexuals* (New York: Oxford University Press, 1974).

the more tolerant societies." In other words, *the distress does not decrease as tolerance is increased.* Some have, rather astonishingly, argued that all that this indicates is that tolerance is not sufficient and that the homosexual's pain, which they continue to attribute solely to the social sanctions, can be reduced only by positive social sanction. This is logically possible; there could, in theory, be a necessary threshold of positive response—below which fall both mere tolerance and intolerance—so that mere tolerance will permit as much pain and pathology as will oppressive intolerance. But this is about as implausible as an argument can get. One would expect at least some diminution in the pain and pathology as tolerance is increased. It would seem far more plausible to explain the absence of a correlation of pain and intolerance with an explanation, like that of the Freudians, that sees the pain as having its roots in factors that have little to do with the social sanctions. (In a society in which homosexual behavior was positively sanctioned and in which most or all men took part in the behavior, the Freudian would not predict much of a correlation between pathology and homosexual behavior; the causes of the behavior, for the large majority, would not include the psychodynamic factors that lead one to follow a homosexual path despite negative sanction.[14])

14. There are a number of theoretical points that it is not possible to consider here. I would ask the interested reader to see my "What Is Normal?" (*Psychiatry*; August, 1975). I should, however, make three points that are discussed at length there. (1) All that I write here applies to "bisexuality" (assuming that there is an adult who is strongly sexually attracted to both sexes in a single period of time, a dubious assumption). The question of the normality of bisexuality is more complex because one can make the argument (unavailable to the exclusive homosexual) that bisexuality "maximizes pleasure." Here I can merely point out that in the case of "bisexuality," as in the case of homosexuality, we must ask the basic question on which as assessment of normality rests: what situation engenders a motivation so strong that it forces one (or "allows" one) to behave in a way that is so painfully sanctioned? (2) I do not like the term "homosexuality"; it obfuscates the fact that homosexual behavior is an effect that can be the result of any of a number of discrete and separate causal lines, some of which may be normal and some of which are in all likelihood abnormal. However, while the term is not necessary for theoretical purposes, avoidance demands such stylistic infelicity that I use the term here. (3) Throughout this essay I refer only to *male* homosexuality. We have far less evidence on female homosexuality, and it is not clear how relevant the evidence on males is to females. The criterion for assessment of normality presented here is, of course, equally applicable to male and female homosexuality.

Non-scientific Implications

I have suggested that human beings will, *ceteris paribus*, behave in ways that are rewarded and will refrain from behaving in ways that are punished, so that when someone behaves in ways that are punished, while refraining from behaving in ways that are rewarded, we must ask *why*? I have further suggested that when someone behaves in a way that is punished because he has needs that can be satisfied only by such behavior *and* when this is all rooted in a situation that a reasonable person would see as abnormal, then we assess the behavior, *correctly*, as abnormal. This assessment is correct even when the social sanction is indefensible and even if the behavior is self-destructive and painful only because of the indefensible social sanction; the execution of peanut eaters is morally heinous, but the assessment as abnormal of peanut-eating behavior that risks death is *correct*.

It need not matter, for the determination of political, legal, or educational policy—whether homosexuality is abnormal. The determination of policy is never entailed in either scientific considerations or in considerations of normality such as those discussed here. Policy decisions require moral and emotional choices that are outside the area negotiable by the means utilized in this essay. This would be true even if we were virtually certain of the causal factors that generate homosexuality and even if homosexuality were shown to be clearly abnormal. For example, if we were to conclude beyond a reasonable doubt that most homosexuality results from the causes postulated by the Freudians, we might conclude that homosexuality was abnormal but that factors over which we have control have little relevance, so that it would be an exercise in social cruelty to exacerbate the homosexual's pain with policies that had no salutary effect (for either the homosexual or society). If, on the other hand, we concluded that some homosexuality is the result of a causal sequence that requires adolescent homosexual experience[15], then, even if the causal sequence contained no step that was abnormal (i.e. even if the homosexuality were normal), we might feel that, in the case of

15. I am not suggesting here that it is possible for adolescent experience to render an otherwise average boy a homosexual. I am suggesting that it is possible that there is a minority of boys who, having met the earlier physiological and environmental conditions necessary for homosexuality, will become homosexual if exposed to "gay" dances and the like, but who will not become homosexual if homosexuality is not positively sanctioned at this critical period of the boy's life. I have no idea whether there is such a minority, but neither do those who merely

minors, society is abdicating its moral responsibility in permitting "gay" college dances that condemned some to lives of social ostracism.

My suspicion is that the homosexual does not want merely the rights that should always have been his. Nor does he want merely the empathy and openness we offer (or should offer) anyone with or without physical or psychological problems. The homosexual wants social affirmation of the normality of his behavior. For the reasons we have discussed, we cannot give this affirmation unless he can give us a causal factor for homosexuality that can be considered normal. If he cannot do this, he asks us to affirm as normal that which fails to meet the criteria for normality we invoke in all other cases. To do this we would have to deny truth and live a lie. Nothing can justify our doing that.

I realize that some will feel that debate over the concept of normality, at a time when homosexuals suffer a social ostracism far greater than can conceivably be justified, is both callous and as absurd as the debate over angels dancing on the head of a pin. To such critics I can merely reply that this alleged scholastic enterprise was absurd *not* because it obsessively attempted to conform explanation to logic; an explanation *should* conform to logic. The critic feels, correctly, that the theory about angels was absurd because it attempted to construct a theory when there was nothing to explain. That such is not the case here, that the critic does not consider "normality" and "abnormality" absurd in this way, is clear from the fact that he uses the term "abnormal" to describe necrophilia in his arguments. That the critic does not, on an emotional level, consider this debate absurd is indicated by the fact that he has been willing to endure this essay to its final period.

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assert that homosexuality is *always* set before adolescence. While at least *some* of the necessary conditions for homosexuality clearly must be met before adolescence, it is not at all obvious that, in all cases, *all* of the necessary conditions must be met before adolescence.

America versus Europe

PATRICK COSGRAVE

There can be little doubt that the Atlantic Alliance is in poor shape. Neither on the question of Afghanistan nor on that of Poland was it possible for the United States and the governments of western Europe to remain firmly in step for long. With the exception of the United Kingdom and, to a lesser extent, Italy, all the European NATO powers have displayed vacillation and trepidation on the issue of the manufacture and eventual deployment of cruise missiles and neutron warheads on their territories. President Reagan's remarks—off the cuff and partially incomprehensible though they were—on the various thresholds of nuclear exchange caused no end of a kerfuffle in Europe.

The impatience and incredulity (covered though it has been with an almost unfailing courtesy) of the Administration towards allies who seem determined neither honestly to accept the implications of American nuclear protection nor stoutly to bear the cost of bringing their own conventional forces to a level of convincing deterrence was expressed by Mr. Weinberger in an interview on August 12, 1981. "I had," said the Secretary of Defense, "a German representative [who] suggested that the real answer was for us to encourage Europe to increase their conventional weapons so that we wouldn't have to have the neutron warhead. This is a fine academic argument, but it's made in the face of a decision made last week by the German government to reduce its defense spending. . ." Finally, the differences between the EEC Council of Foreign Ministers and the U. S. on the Middle East, as exemplified in the Venice Declaration, are notorious.

Mention of this last area of disagreement points up the increasingly institutionalized nature of American-European differences. Contrary to what many Americans—including many American politicians—believe, the European Economic Community, as established by the Treaty of Rome, and as enlarged by subsequent treaties, has no military or defense dimension. It is, however, the ambition of the EEC governments to formulate a common foreign policy. The attempt to do this on the matter of the Middle East represented partly a conviction that the European powers—notably Britain and France—had something special to contribute be-

cause of their historical experience of the area, and partly a desire in principle to take a stand different from, if not directly at variance with, that of the U. S.

Thus, any American government faces two areas of potential friction with its European allies—within the NATO alliance, in strategic and, to a lesser extent in political, matters; and, in relation to the EEC, on foreign policy generally. But there is another, and ever more frequently recurring, dimension of difficulty: namely American economic and trade relations with the EEC. Ultimately, considerations of defense and diplomacy are of vastly greater moment than considerations of trade and money. But defense programs have to be paid for. And the economic health and efficiency, not merely of individual national economies, but of the vast network of economic relations that underpin the Atlantic Alliance, are of great significance both to the present and to the future.

Has the development of the EEC served the best interest of the United States and, by extension, the best interests of the Alliance since its inception? And, secondly, has the enthusiastic encouragement of European integration and development by successive American administrations (and particularly that of President Kennedy) also served those interests? It would be a consummate irony if the many, consistent efforts of the United States to assist the coalescence of the western European states should be seen, in the end, to have been antithetical to American interests.

But there are four assumptions about relations with the EEC (or western Europe as a whole) which, having determined American policy in the post-war period, now seem unreal to a greater or lesser degree. First, successive American governments believed that the development of the EEC would encourage European economic growth and political solidarity, tying western Europe more closely to the United States and making European countries stronger in the face of the Soviet Union. Second, they hoped that the growth of the EEC would ultimately lead to a stronger European foreign and defense policy in harmony with the United States. Third, they assumed that it would be diplomatically convenient to deal with a single unit of government, rather than a number of states. And finally, Americans had their own historical perception of the development of Western political civilization. Post-war U.S. governments naturally fell into the advocacy of a federal (or quasi-federal) model, because that was America's own experience. Likewise, the early proponents of European unity (principal among them the father of the Community, Jean Mon-

net, who spent nearly the whole war in Washington, building up American support for just such ideas) took the United States as their model. Even today, when tensions between the EEC and the U.S. is reaching new peaks in Brussels (the headquarters of the EEC Commission) and Strasbourg (where the European Parliament most often meets) one finds that, the more ardently a man is devoted to the Euro-Federalist idea, the more frequently will he call in aid American history. This is true even when he may not be markedly pro-American. The American-European Community Association (which, predominantly British, exists to foster trans-Atlantic co-operation) is particularly keen on this line of argument.

A Europe of Subsidies

Both sides, however, almost unwittingly, conspired to ignore certain very important differences. First, of course, there is no valid comparison between eighteenth-century America and twentieth-century Europe. The Founding Fathers represented, through the dominance of Anglo-Saxon elements, a relatively homogeneous political culture. The history of Europe is dominated, not by homogeneity, but by conflict. The predominant and practical motive for creating the EEC was to prevent the recurrence of the age-old Franco-German conflict. And, since it was seeking to bring together nations of very different background, experience, and interests, the EEC tried both to reconcile conflicting elements within the nascent Community, and to protect the Community as a unit against outside competition. In order to iron out (or "harmonize") regional and national differences, and as part of the horse-trading that has characterized the Community's decision-making, subsidies were employed—notoriously and extravagantly in agriculture, under the Common Agricultural Policy (CAP), and to a limited but growing extent to assist declining industries and backward regions. Domestic producers were further protected against external competition by a common external tariff. The EEC has also encountered the problems of chronic over-production and surpluses, notably butter mountains and wine lakes, for which external markets must be sought. As the world economy has slowed down in the 1970s, it has thus become increasingly subsidy-oriented and protectionist.

American policy has a very different bias in favor of free trade. In Canberra, in August 1981 for instance, William E. Brock, the U.S. Special Trade Representative, expressed particular concern with the consequences of the EEC's CAP, and appealed for an

Australian alliance to resist it. He almost, indeed, envisaged a worldwide opposition to the EEC for, "If you have subsidies you are not only undercutting the farmers in Australia or the United States but you are undercutting farmers in smaller and poorer developing countries as well..." Even a long standing enthusiast for Atlantic co-operation, like Mr. George Vest, the newly appointed U.S. Ambassador to the EEC, felt obliged to sound a warning note in November 1981. "We have become," he said, "deeply concerned over the growing threat to our export markets, both in the Community and in third countries, which is posed by the expansion of high cost, heavily subsidized European agriculture." Over 15 percent of American jobs in farming, aircraft, and high technology is accounted for by the export of agricultural goods. It naturally galls Americans to be out-maneuvered by less efficient Europeans. All this arises directly from the nature of the EEC. From the American point of view, therefore, a group of countries belonging to a politico-economic organization of which the U.S. is *not* a member, and all but two of whom—France and Ireland—belong to a military organization, NATO, of which the U.S. is the leading member and banker, are operating an economic policy inimical to American interests. That is a situation that cannot long endure.

Let us look at some examples of how the structure and policies of the EEC create economic problems between itself and the U. S. Steel is proving to be a particularly divisive issue. It is necessary here to explain here that, by the use of a device called the "Tripwire mechanism," or TPM, the U.S. government investigates steel entering this country to see whether it is priced fairly. In return, American companies undertake not to initiate legal action against importing firms on their own account. But by the use of a number of devices—particularly dummy companies--and with the connivance both of the EEC itself and the Council of Ministers, European companies have consistently avoided the rigors of the TPM, to the point where a number of American companies went to the courts in early 1982. As the Secretary for Commerce, Mr. Malcom Baldrige, said on November 5, 1981, if America presses its case "We would have to have TPM go by the board ...it would mean the demise of TPM." It would also mean a shattering hole in the delicate mechanisms of world trade. Despite many efforts of conciliation, by the end of 1981 U.S.-EEC talks on the issue broke up in confusion.

Steel imports in August 1981 reached a record 2.2 million tons

(metric), equal to about 25 percent of domestic consumption. We now know that, in the first nine months of 1981, imports totalled 14,493,000 tons, an increase of more than 24 percent over the same period in 1980. Such a situation, created by deliberate European policies of subsidization, which are an integral part of the Community, is clearly unacceptable to American industry. It will become more so. Indeed, in response to this subsidized threat, there have already been indirect American subsidies to the steel industry. The first of these was the Steel "Stretch-out" Act of 1981, which gave the domestic steel industry a temporary dispensation from meeting the all-encompassing regulations of the Clean Air Act. This can be interpreted as a non-tariff barrier in violation of GATT. Finally, on June 10 this year, the U.S. Commerce Department imposed countervailing duties on a wide range of European steel imports because of a finding that they were being sold in the U.S. at unfairly low prices. The imposition of these duties, according to leading Commerce Department officials, may lead to negotiations for a voluntary U.S.-EEC quota system. Here are clear indications of the protectionism, and the mild economic warfare between Europe and America, which the EEC's protectionist structure encourages, perhaps even makes inevitable.

And steel is not the most important long-term matter of dispute, for it is confined to the Atlantic area. Like the quarrel over agriculture, however, that between the EEC and the United States over textiles has world wide implications, and could fundamentally alter the whole Atlantic relationship in the coming years. In his November speech, Ambassador Vest made this very point:

> Last year, we imported 60 billion dollars in goods from these countries, the LDCs, or underdeveloped countries, twice as much as all the aid to the developing world. Similarly, private financing far exceeds official flows. We are placing our emphasis on open trade and investment flows because we believe they hold the realistic hope for development. I hope that as we examine relations with developing countries more intensively in the months to come, our European friends will come to see greater merit in our approach, for close U.S.-European cooperation is essential to the success of any new strategy.
>
> I would cite one concrete example—textiles. In the new round of negotiations on the multifiber agreement which begins tomorrow in Geneva, the U.S. will be seeking to keep open—rather than pull down—the window of opportunity to

> textile trade from the developing world. We hope the Community will see its way clear to adopting a similar position.

Needless to say, the Community did nothing of the sort. Now, international trade in textiles is governed by—or supposed to be governed by—the Multifiber Arrangement, which establishes the ground rules for quotas in textiles for some fifty producing and importing countries. The old agreement has just reached its end, and negotiations are proceeding for a new one. In terms of future policy the Community and the Asian textile producers are at loggerheads, and the United States has found herself in the position of mediator. For, like the domestic American textile industry, the Europeans are for protection while the Asian producers naturally oppose it. What Peter Murphy, the American negotiator in Geneva, sought to achieve last year was the continued life of the old MFA, qualified by a new protocol. The objective of the protocol was to prevent further market disruptions in the United States but at the same time to protect entry into American—and European—markets for new entrants and small suppliers. The EEC countries, on the other hand, wish both to protect their own textile industries and to ensure for them continued preferred access to the American market. American hands are not entirely clean on free trade in textiles. *De facto* Orderly Marketing Arrangements (OMAs) do regulate textile imports. This too, it can be argued, contravenes GATT. Nonetheless, OMAs are not as damaging to free trade as EEC "competition policy" dictates in Europe. And, as I have argued above, European policy, which is parochial, is in direct conflict with American policy, which is global.

Is Europe Worth It?

The clash of opinion in the United States is no longer—as it was in the 1960s—between interventionists in foreign policy and isolationists, like Senator (now Ambassador) Mike Mansfield. A new—and more subtle and sophisticated—element has entered with the rise of the globalists, who are inclined to feel that the U.S. has interests of potentially equal weight all around the world. They see the major task of defining U.S. interest in the coming decade as to appropriate attention and resources in just measure between them. Since Europe has been given strategic first priority in American thinking since the war, the question must arise whether the countries of the cape of the Eurasian land mass are any longer worth that much attention and commitment, particularly when

their interests and policies (the two are not always the same) diverge so increasingly from the perceived interests and articulated policy of the United States. Of the three current problems I have discussed in some detail, that regarding textiles is the most potentially wide-ranging, for U.S. policy on textiles represents and encapsulates U.S. commitment to a worldwide policy, while the EEC's attitude to that policy likewise reflects a parochial instinct.

The relative harmony—as against the EEC—that prevails between the NATO powers (though NATO does have problems) can be explained by the simplicity of its aims and methods, as opposed to those of the EEC. It is vastly easier to make coherent the policies and tactics of an organization which has the simple and overriding aim of mutual defense against a single and perceived enemy. There may, of course, be a number of conflicts over the nature of the menace or—as has been the case to some extent in recent years—over political acceptability. The newly burgeoning European nuclear disarmament movement, for example, has made it less easy for some western European governments readily to continue to accept the leadership of the United States on certain major issues, such as the deployment of cruise and the Alliance's negotiating posture towards the Soviet Union and the Warsaw Pact. These are not problems to be burked or ignored. Nevertheless, the existence of the EEC clearly makes far harder the tasks of those statesmen on both sides of the Atlantic who appreciate the singular importance of keeping up the NATO shield, and keeping sharp the NATO sword.

First, there is the problem of wealth and expense, a subject on which the Europeans seem consistently and constantly confused. The United States, besides providing the great bulk of NATO's manpower, equipment, and commitments is the Alliance's banker and paymaster. As such she is constantly demanding a greater defense investment for the purposes of the Alliance from the European Powers. To such cajolings the Europeans constantly plead, if not poverty directly, then the heavy demands of other commitments. Yet, it is a regularly recurring claim (or boast) of European politicians that, properly organized the Community can be an economic match for—and rival to—any other world power or group of powers, including the United States. It is not easy for an American politician, even with the best will in the world, readily to accept the reasonableness of both of these positions. And the strain is becoming greater all the time.

For a second problem enters here. While the whole develop-

ment of the EEC since the signing of the Treaty of Rome—with the possible, and in any event marginal, creation of the directly elected European "Parliament"—has been economic, the ultimate aspirations enshrined in the Treaty are political. I have already mentioned that the first pragmatic object of the founders of the Community was to make another Franco-German war impossible. They sought in the first instance to achieve this by the creation of the European Coal and Steel Community, the idea being to bring together the resources needed to support warfare under multi-national authority. Of course, they realized that no federalist, or quasi-federalist, organization could hope to exist without the underpinning of a mutually satisfactory economic structure. For many of them, however, the ultimate objective was a common foreign policy. And, given that modern foreign policy is increasingly a matter of economic relations, the search for a common policy inevitably involved the lineaments of developing economic policies.

The Atlantic Gulf

Writing at a time before the United Kingdom joined the EEC, Mr. Roy Jenkins, (then Britain's Chancellor of the Exchequer) in his book *Afternoon on the Potomac*, described how he and Secretary for the Treasury William Simon were constrained to wait for days in stuffy ante-rooms while EEC ministers hammered out a common position on the economic issues at stake. From such experiences, Mr. Jenkins, already an ardent proponent of his country's bid to enter the EEC, came to the conclusion that almost any terms were acceptable in order to procure membership of this club.

Nowadays, of course, Mr. Jenkins's humiliating experience is, for American politicians and diplomats, a very common one. It has cropped up particularly in recent years on Western policy toward eastern Europe and Russia; and on the development of Western policy in the Middle East. European powers—though there are considerable variations of opinion and emphasis among them—have been particularly opposed to the American determination to use her informal alliance with Israel as the lynch-pin of her policy. Since the Americans are so deeply committed in terms of *materiel* and prestige in the Middle East, and the Europeans are not, American politicians have been angered over what they see as European attempts to fish in troubled waters, by going around and outside the system created by the Camp David Accords.

The Europeans reply the Americans are, quite simply, wrong to imagine that they can use Camp David as the centerpiece of a

major effort by diplomacy to produce stability in the region. Second, and more significantly, they insist that, because the issues at stake in the area are of some international importance, it is imperative that Europe have an *independent* view of them. This doctrine —that of being *necessarily* different from everybody else—is, historically, a particularly French one, and was most dominant in General de Gaulle's period of power. It creates, of course and quite simply, a horrendous series of diplomatic delays. If there *must* be a common European position, then it will take a good deal of time to formulate. (For example, the Mitterand government in France is overtly and strongly pro-Israeli. Its position, following President Giscard's long cultivation of the Arabs, necessarily upsets the agreed position of the Europeans.) During its formulation, or its umpteenth re-formulation, diplomatic activity between the EEC governments and the United States comes to a halt. This is understandably irritating to the Americans in any case. When the issue—as on the economic matters I discussed earlier—involves direct American interests, it is far more than merely irritating, and inevitably calls in question the whole post-war trend of United States policy towards western Europe.

One must surely question the desirability of so much effort being spent, at such potentially damaging cost, on the procuring of agreement—often itself expressed in an anodyne fashion—on matters which Europe cannot significantly influence. There has always been a strong element of fantasy in EEC aspirations, and it is nowhere more marked than in the seeking of a common foreign policy. Moreover, the fact that it is sought to express such policy through the person of the Chairman of the Council of Ministers, and the fact that the job changes every six months, makes consistency, if not *ad hoc* coordination, impossible.

But the attempt may have seriously damaging consequences. To formulate common European policies is perhaps to exaggerate, even sometimes to create, a permanent division between Europe and America. It is a matter of common observation that allies seldom agree. But there is no necessary condition that the line of division should be the Atlantic Ocean. Before this institutionalized common foreign policy, indeed, even the least popular American position could usually depend upon finding some supporters among the NATO allies. Alliance divisions were then both internal to Europe and constantly shifting. Sometimes the West Germans, sometimes the British, even very occasionally the French would take the American side against other Europeans.

This had for Europeans the healthy effect that Americans were intimately involved in the earliest stages of European arguments and were, so to speak, anchored to Europe thereby. But the first effects of attempting to formulate a common foreign policy are to exclude America from the early stages of European policy-making and to compel into line those European countries which, otherwise, might have taken the American position. In matters covered by the common policy-making apparatus, therefore, America can never hope to find allies among its European allies (unless, of course, the happy chance occurs that America and the whole EEC agree). The line of division will invariably be the Atlantic Ocean. It is not difficult to see that, over time, this must promote irritation, suspicion, and discord between the two sides of the Atlantic.

Diplomatic observers, indeed, have not perhaps realized just how far this process has already gone. To take a striking example, the EEC representatives at the United Nations held about 300 meetings to "coordinate" UN votes in a recent ten-week period. And it was apparently the feeling of the U.S. delegation that these meetings usually produced decisions inimical to U.S. interests and wishes. The attempt to create a "different" and "independent" European foreign policy, therefore, is likely to result nine times out of ten in an anti-American foreign policy (just as the attempt to create a common economic and trade policy has harmed and undercut American economic interests). This casts an ironic light on the early U.S. hopes that such unified approaches would be in natural harmony with America's own policies.

A House Divided?

The truth is—and the Americans too rarely understand this—that the European powers have, on a great number of issues, singularly different interests and perceptions. For many years until recently the United States—often with the best will in the world—has sought to treat western Europe as a single unit. It was more than a little pleased that, in their apparent developing federalism, these states appeared to be seeking to ape the American experience. But European perceptions are not merely different from American perceptions, they are different from one another.

For example, West Germany is, naturally and reasonably, preoccupied with the division of Germany into two countries. From time to time each of her governments engages in a burst of *Ostpolitik* activity, which has for its ultimate aim the end of the na-

tional division. Quite apart from the fact that the U.S.S.R. would never permit the ending of the division, it is exceptionally doubtful whether any of the other major western European powers would welcome it either. Forty years of peace has by no means ended suspicions of Germany, or rather suspicions of what a united Germany might become, even if only in the economic field. Staunch though the Federal Republic has generally been as an American ally, moreover, there have been times—notably after the invasion of Afghanistan—when she took a conciliatory line toward the Soviet Union that not merely irritated, but angered, the United States. It was to be explained, of course, with reference to the current state of her exchanges with East Germany. While that may not excuse it, it makes it more understandable. It follows from all this that, whereas the United States should seek neither to follow its traditional policy of seeking to negotiate with western Europe as a bloc, nor seek to divide it in such a way as would arouse the resentment of the European allies, it would in the future be better to conceive of them as separate entities, and to seek to conciliate them individually as the opportunity arises.

There is also, however, the special case of Britain. The special nature of Britain's case has become much more apparent since the Argentinian invasion of the Falkland Islands. Several considerations should be borne in mind when considering the British position, and all form part of the background to the affair of the Falklands. First, as I mentioned earlier, the United Kingdom joined the EEC late. She was able to play (by her own choice) no part in its original construction or in its period of important early development. As a consequence she found, on entry, an organization already set in its ways, and not at all agreeable to an island power which still had, diminished though they were, worldwide trading connections and responsibilities. Second, the advent to power of Mrs. Margaret Thatcher in 1979 brought to the British helm a political leader who, though anxious to stay in the EEC, was by no means committed to its fundamental principles and who was determined to fight for British rights as she saw them, whatever the consequences for Britain's partners. Third, in her Britain had a Prime Minister of singularly pro-American bent. (Her last conservative predecessor, Edward Heath, had been markedly anti-American, partly because he wished to disarm European suspicions that—in General de Gaulle's phrase—Britain would be America's Trojan horse in Europe.) Thus, before the Falklands crisis broke,

Britain's relationships within the EEC were, to put it at its lowest, uneasy.

Lessons of the Falklands

Some of the consequences of the Falklands War are already becoming clear. The most important, so far as Britain is concerned, is the psychological revolution it has brought about in the nation. Whatever the United States—or any other concerned power—might wish, there is no conceivable possibility of Britain returning the islands to Argentina or handing them over to some form of international trusteeship. Any such move would destroy a Prime Minister whose reputation has been made by her response to the initial invasion. It seems, moreover, that Mrs. Thatcher is prepared now to undertake the development of the islands—for so long neglected by Britain—particularly in regard to fishing and oil. It is, however, the cost in blood, rather than the potential for profit, which will determine future British policy.

It is a striking thing that no likely alternative Prime Minister in Britain would have launched the Task Force at all. In that sense General Galtieri's gamble was not as ill-considered as is generally supposed. In her action Mrs. Thatcher not merely revealed the bent of her own mind—nationalistic in essence—but released an upsurge of nationalist feeling in the country which most of the political establishment had thought long passed out of existence. It is symbolic of the confused swirl of attitudes to which the crisis gave rise that it was not merely the Labour opposition that sought to hold back action, but Edward Heath, the Conservative who brought Britain into the EEC, as well. Mr. Heath argued that our large scale interests in Latin America, and the necessity to devote our energies to Europe, precluded military action over undeveloped islands 8,000 miles away. Now, the fact that a small Western power acted so decisively, and at such considerable cost, in defense of an interest which most other countries regarded as at best marginal may have all sorts of consequences for international relations. But both the fundamental and immediate question is the consequences it will have for Britain's relations with her main allies.

British opinion went through several phases. The first thing to note is that of all her friends—the United States, the Europeans and the Commonwealth—only the Antipodean members of the latter organization have won unqualified gratitude. This gratitude was stimulated by the act of the New Zealand government in placing a frigate at the disposal of the Royal Navy. In the early

stages even those opposed to British membership of the EEC reacted with gratitude to the organization's speedy imposition of sanctions on Argentina, and with suspicion to the even-handedness of the United States. As of the end of May that attitude has been completely reversed. EEC sanctions were imposed initially for a limited period and to procure their renewal—even then with Ireland and Italy standing out—Britain had to pay a heavy price in terms of its contribution to the Community budget. At the same time, Secretary Haig's mediation efforts having failed, the prompt and generous American provision of supplies to the Task Force—widely publicized in Britain—created a flood of feeling towards America of a kind not seen since the war.

Thus, in terms of traditional British policy, which was supposed to rest on three legs, American, Commonwealth, and European, the balance of national sentiment and opinion has shifted decisively towards the first two legs and, in practical terms for the future, towards the American. What should the United States make of all this?

Before setting off on his European trip, President Reagan reiterated the traditional post-war American position on Europe—that the defense of the sub-continent was an integral American interest and that to make that defense strong, political and economic cooperation with Europe must be fostered. However that policy works out, the United States will also have to face, post Falklands, the fact that one of her allies will, for the foreseeable future, be an Atlantic power with a base in the South Atlantic. This is bound to affect, in one way or another, the relationship of both countries to Latin America.

At the same time, given the economic stresses described in the early part of this essay, which lie beneath all the diplomatic and defense considerations which any American administration must consider, the potential cost to the United States of maintaining the *status quo* in the Alliance may be considerable. It is likely to become more considerable as American global interests—particularly in the Far East—develop. There are more and more Americans prepared to argue that, at the very least, the United States should give equal weight to its interests in the Pacific, and perhaps even in the Middle East, as she does to those in Europe. This is a development fraught with consequences for the Europeans. It is likely, too, that President Reagan's successors will, increasingly, be men who do not have the automatic European orientation that we in Europe have come to expect from American presidents. My

own view is that the likely development is a gradual loosening of the ties that bind the United States to Europe. But I see also a distinct possibility that one western European power—Britain—will find herself once more growing closer to the United States. This will be all the more so because the defense plans of even the Thatcher government—which foresaw considerable cutbacks in naval expenditure before the Falklands erupted—are now bound to be scotched. National opinion will not accept a policy which would mean that a Task Force like Admiral Woodward's could not be launched. Now, there is a respectable school of thought—to which I myself belong—which has for some time believed that Britain's major contribution to NATO in Europe should in fact be naval. America and Britain would in these circumstances find themselves moving in the same direction: away from a strategic attitude that places overwhelming emphasis on the land defense of Europe, with a consequent neglect of the West's other interests around the world; and toward a greater priority for naval and highly mobile forces designed to protect these wider interests. But there is equally no doubt that such a policy, if adopted, is bound to cause problems with our land-fixated continental allies.

In terms of European defense the fundamental decision must, of course, be American. If the United States retains the traditional idea of the centrality of Europe in her strategy—an attitude of mind which ensured that she eventually and practically supported Britain in the South Atlantic—then matters will go on much as before. But so many factors are acting against the continuance of that presumption, not least the developing nature of the EEC, its drift to a position of organized economic rivalry with the U.S., its gropings toward a distinctive world role, and the difficulties that Americans and Europeans (notably the West Germans) have in agreeing upon a common nuclear policy. It is becoming apparent that, since 1945, America has been pursuing two policies that are, in the final analysis, logically incompatible: a close alliance with Europe, and the encouragement of European unity. We are all entering a new, dangerous, and unfamiliar world. In that world, the traditional U.S. policy of encouraging European unity may no longer serve American interests.

Tales from the Public Sector

*National Endowment for Pornography, II**

The purpose of the National Endowment for the Arts (NEA), according to the *United States Government Manual*, is "to encourage broad dissemination of highest quality arts across the country, to assist our major cultural institutions to improve standards and to provide greater public service, and to give support that encourages creativity among our most gifted artists, preserves our cultural heritage, and advances the quality of the life of our nation."

Consider the literary output of three 1981 NEA grant winners in the light of the objectives of the National Endowment. The first is Amiri Baraka of Newark, New Jersey, a self-proclaimed revolutionary who in 1967 was arrested for carrying a concealed weapon during a New York race riot. In "Like, This Is What I Meant," he writes:

Poetry must see as its central task
building
a Marxist Leninist
Communist Party
in the USA
So that even in our verse
we wage ideological struggle
over political line.

Mr. Baraka has evidently selected a subject well suited to his poetic talent. He has also ventured, less happily, into religion with his poem "When We'll Worship Jesus." This includes some blasphemous homosexual imagery which we shrink from quoting even in the cause of Mr. Baraka's self-condemnation. He also opines:

jesus need to be busted
jesus need to be thrown down and whipped
till something better happen...

*The first part of this article appeared in the Spring issue, Number 20. We repeat our warning that it contains examples of obscene and pornographic writing which will offend many readers.

Another sociable winner of $12,500 from the NEA last year is Michael Lally, who also won an Endowment grant in 1974. He confesses, in his poem "My Life" that:

I've had the clap, crabs, scabies,
syphilis, venereal warts, and unidentified
infections in my c*ck, my *ss, my throat,
all over my body.

This may not come as a big surprise, because Mr. Lally is a former affiliate of the Jack Kerouac School of Disembodied Poetics at the Naropa Institute in Boulder, Colorado. Tom Clark, in *The Great Naropa Poetry Wars*, describes the outlandish and orgiastic sexual happenings at the Institute; in one messy incident, W. S. Merwin (poet and National Book Award winner) and his girlfriend were forcibly stripped before Naropa guru Chogyam Trungpa and his merry band of Tantric-Buddhists. Amiri Baraka visited Naropa as a guest of poet Allen Ginsberg, who taught at the Kerouac School. Also, Diane di Prima, whose autobiographical *Memoirs of a Beatnik* contains explicit accounts of orgies, is a former Naropa member.

Judith Johnson Sherwin, the third 1981 winner, seems to be an aficionado of free verse, because italics, numbers, and drawings randomly enter and depart from her poetry. The first verse of her "The Little One's Song" is stylistically quite adept, but rATheR cOnfuSIng.

what, nobody killed this year? quick, tonto, before
someone puts us down as a major f*ckup, kill
leroy jones, gun down
george wallace, whoopee, dispose
of the *Grandeur* of France with her mouth full.

The reference to "leroy jones" is interesting. That is the name Amiri Baraka published under before he went Islamic. Ms. Sherwin also wrote "Shake":

shake the plague the
you're the plague the
too
the PLAGUE the
PLAGUE
shake the PLAGUE SHAKE
SHAKE
the plague SHAKE
THE PLAGUE.

Of the three 1981 NEA winners—Messrs. Baraka, Lally, and

Ms. Sherwin—the first two are associated with Naropa. In 1979–80 the Naropa Institute won fifteen $10,000 grants from the NEA, a pattern that even former NEA Literature Program Director Carolyn Kizer called "a public scandal." A former instructor at Naropa is Ron Padgett, who was involved in a controversial award to Tom Veitch, and who features later in this article. Judith Sherwin is published by *Painted Bride Quarterly*, whose unconventional writers are no strangers to NEA awards. *Painted Bride* itself got $700 from the NEA in 1975 and $2000 in 1977. It publishes, among others, John Giorno, who wrote *Sh*t, P*ss, Blood, Pus and Brains* and *Drinking the Blood of Every Woman's Period*. All three poets were familiar to NEA judges interviewed for this article, which is unusual because they are "backwater poets," with the possible exception of Mr. Baraka, who is recognized for his play *Dutchman*.

An important critic of the National Endowment Literature Program is its own former director, Carolyn Kizer, now a visiting poet at Bucknell University. Last year Miss Kizer told the Writers' Conference in New York that she considered the 1979–80 NEA grants a disgrace. Deserving writers were ignored; "fringy, freaky and irresponsible" poets got grants; there was widespread cronyism. "The whole process is a kind of buddy-buddy affair," according to Miss Kizer. "In the preliminary screening process, I know readers are not above recommending their wives, friends, and relatives. In the final round last year, several husband-wife and lover-lover teams got grants. It was obvious on the face of it that there was cronyism."

In order to illustrate the intimate connections between writers, publishing companies, and the National Endowment, consider eleven small press groups winning NEA grants in 1977.[1] Big Sky Press won $2500 from the NEA that year. Its individual writers had to wait until 1979–80; that year as many as *seven* poets from the California publishing house won NEA awards, more than even a Doubleday or Harper and Row. Big Sky in 1979–80 won more NEA awards than any publishing house in the country. Its winners include Richard Gallup, Larry Fagin, Bernadette Mayer, Alice Notley Berrigan, and Tom Veitch, all associated with Naropa and the Kerouac School, several of whom had their poetry listed exposed in the first installment of this article. An-

1. Some of the evidence in this section is taken from Hilary Master's article on the NEA in the Summer 1981 issue of *Georgia Review*.

other Big Sky winner was Barrett Watten, whose own publishing house won numerous NEA awards in 1980.

Bill Berkson (another NEA winner) is former editor and publisher of the now-defunct Big Sky. He claimed the high number of awards to his publishing group could be explained by the affirmative action considerations affecting NEA grant awards, and the manifest talent of his writers. Talent like that of Richard Gallup, whose *Where I Hang My Hat* contains this easy-to-understand section:

O Pear. Pre-Ego. Do let the
Chaisle-aisle Namia.
Come and fetch me a sonnet
and mantle, Tensoria:
Chill on poss, so aberrant are
La Notte 'n Ladia!
Interred ole tremor be,
List 'a vie,' Tamia.

One imagines him sitting around, desperately searching for a rhyme for "Namia." Eventually inspiration strikes: "Eureka! The perfect rhyme *and* the *mot juste*, 'Tamia.' "

It is perhaps still more revealing that Mr. Berkson has numerous friends on the NEA, and himself served on the 1975 grants panel of the Coordination Council of Literary Magazines (CCLM), which distributes NEA funds to magazines.

Big Sky Press operated from the same address in Kensington, California as the Serendipity Book Division (SBD), which in 1976 got a $20,000 grant from the NEA. On its board of directors then was Jack Shoemaker, who was also on the NEA Literature Award Panel from 1973 through 1977. Mr. Shoemaker's own Sand Dollar Press won $6000 from the NEA in 1975.

Another publishing company which finds itself at the Kensington address of Big Sky and SBD is This Press. Its publisher is Barrett Watten, named earlier in connection with Big Sky. Mr. Watten won a $10,000 grant from the NEA in 1979-80; This Press had four writers, including Mr. Watten, who won grants that year. This Press also won a $3500 NEA grant in 1977, and a $2200 "special assistance" grant in 1978.

Now for a surprise. Big Sky and This Press have connections on the NEA Literature Panel, which selects grant winners. Lyn Hejinian, a member of the NEA Advisory Panel for 1979-80, has been published by This Press. She herself has published the work of Barrett Watten, editor of This Press. And Mrs. Hejinian's Tuumba Press, which won $3250 from the NEA in 1977 and $3000

in 1978, has also published David Wilk, former director of the Literature Program of the NEA. Mrs. Hejinian is also published by Burning Deck, which won $4500 in 1977, and six of whose writers won $10,000 apiece in 1979–80. The six include Rosemarie Waldrop, publisher of Burning Deck Press, who publishes, in addition to Mrs. Hejinian, herself.

With Mrs. Hejinian on the 1979–80 NEA panel sat Ron Padgett, practical joker. Mr. Padgett is published by Sun Press of New York ($10,000 from the NEA in 1977), and co-authored a book with Bill Zavatsky, owner of Sun Press. Mr. Zavatsky was another lucky winner of $10,000 in 1979–80, although Mr. Padgett claims he left the room when that decision was being made.

It goes on. Mr. Padgett, former publisher of Full Court Press, has also published and distributed the work of four NEA grant winners. Two of the four published by Full Court are also on the Big Sky list. And Anne Waldman, Mr. Padgett's editor on Full Court, won a 1979–80 NEA fellowship. As did Maureen Owen, Mr. Padgett's co-director of the St Mark's Poetry Series. Full Court Press won $5000 from the NEA in 1977. David Wilk, former NEA Literature Director, says of these suggestive links, "You can't pick small details out of a large picture; to isolate Ron Padgett and say that he got all his friends at Naropa grants is an insult to the other members of the committee."

Not if they were getting *their* friends grants, however. Miss Kizer, also a former NEA director, says that cronyism in the Endowment often works by what she calls "trade-off awards." NEA selection panelists agree not to veto each other's applicants because that would risk the chance of their own candidates being vetoed. "You vote for my people and I'll vote for yours—that's the philosophy," Miss Kizer said.

What kinds of poetry do these moneyed publishing houses like Big Sky and Full Court put out? Here are some examples: New Rivers Press won $7500 from the NEA in 1977; it publishes, among others, Suzanne Ostro Zavrian, who in *Demolition Zone* told the tantalizing riddle: what has three legs, f*cks all night, and disappears? The answer, apparently: an actor in someone else's movie.

Gay Sunshine Press got $5000 from the NEA in 1977, and $1000 from the CCLM (a subset of the NEA) in 1975. Gay Sunshine Journal got $3000 in 1977. And Harold Norse, whom it publishes, got $5000 from the NEA in 1974. In his poem "Masturbation," Mr. Norse writes:

Nothing happens.
I witness terrible sex starvation
scrawled in blood, sperm, sh*t
RAPE MY MOUTH
I'M A C*CKSLAVE

That money cannot buy everything, evidently, is the message. Black Sparrow Press won $8000 in each of 1977 and 1978, and $10,000 in 1979. It publishes Jerome Rothenberg, who won $6000 in 1975–76 from the NEA Creative Writer's Fellowship and sat on the 1980 NEA Literature Panel; and Michael Palmer, who judged the NEA contest in 1980. Rothenberg writes:

the song went to the garden (heh heh heh)
the song poked all around the garden (heh heh heh)
she went to the garden (heh heh heh)
she went to the garden (heh heh heh)
she went like crazy in the garden (heh heh heh)
that's where she went. (heh heh heh)

And from Mr. Palmer, in *The Circular Gates*:

I talk to
the striped cat p*ssing on the statue
and later p*ss back
Then comes sleep.

Mr. Palmer is also published by Barrett Watten's This Press. Blue Wind Press got $10,000 from the Endowment in 1977; it publishes Ted Berrigan, a Naropa member who dedicates his book *Collections* to: Ron Padgett and Richard Gallup. Mr. Gallup is one of the poets on the Big Sky List. Mr. Berrigan also acknowledges, in the same book: Ron Padgett, Anne Waldman, and Bernadette Mayer. From "Poop," in that collection:

Nature makes my teeth to hurt.
Each conviction lengthens the sentence.
Women are interesting when I look at them.
Art is medicine for imbeciles.
Great art is a Great Mistake.
If it's inspiration you want, drop your panties.
If I fall in love with my friend's wife, he's f*cked.

She is too, presumably. And so is the taxpayer. According to Minerva Cannon, an internationally known poet and member of the Poetry Society of America, "The NEA has been taken over by a bunch of radicals. They are doing their best to undermine our nation and its values." Miss Cannon, a prominent NEA critic,

claims that corruption at the federal agency is so rampant that nothing short of a housecleaning will erase the malpractice.

The NEA has a number of standard refutations to deal with such critics as Miss Cannon. Endowment officials appeal to one or more of the following axioms:

1. Art constantly changes, and its evaluation must be subjective. Questions like blasphemy and obscenity are irrelevant here; in the words of former NEA head David Wilk, "Art is not judged by whether or not it conforms to mainstream values. . . . If you make the basis for decision something that is other than artistic, you are distorting the process." But that assumes agreement about what is "artistic" when we began with the proposition that art is subjective.

2. Argument 2 rather clashes with argument 1. It is that art *can* be defined—by a panel of judges, experts it is not up to you and me to question. They are competent to determine literary merit in no plebeian way. They are alert for nuance. Mr. Wilk says that even as director of the Literature Program he was helpless before the judges: "Whether the panel was right or wrong, I supported the system. . . Even if I was upset about the awards to Naropa poets, there would be nothing I could do about it."

3. Critics of the NEA are myopic. They do not understand the subtleties of art. For example, a poem which appears to attack God may actually be a hymn in disguise. A stanza thick with street vocabulary may only be demonstrating the ugliness of those words. Like this article. Mr. Wilk, a veritable storehouse of refutation, says, "Part of the artistic intent of those writers may be to strengthen values by demythologizing charged notions about what is vulgar."

This stimulates NEA critics to language that could earn them a poem development grant. They can be quite a bellicose lot, and get particularly peeved at the final NEA rebuttal:

4. NEA critics are usually frustrated writers. "They don't win, and so they complain," in the words of the inimitable Ron Padgett, who observes that every year the awards are announced there is an outcry.

Minerva Cannon carefully prefaces her criticism of the NEA by pointing out that she has never applied for a grant, and so it is not a question of sour grapes. "But I am sure hundreds of worthy writers were rejected who would have brought credit to themselves and our literature," she says quickly. Miss Kizer agrees; she says she knew of several "heavyweight" poets who applied to

the NEA in 1979–80, but were turned down. One of Miss Cannon's allies, a professor at City University of New York (who requested anonymity for this article) says, "The problem is one of precedent. By funding these obscene poets, by implication the NEA is encouraging struggling poets and writers all over the country to come up with this sort of garbage."

An example of the kind of "deserving" poet Miss Cannon and Miss Kizer speak about is Ulrich Troubetzkoy. She applied for an NEA grant in 1981, but was turned down. Miss Troubetzkoy has won more than seventy national and international awards for poetry, including two National Book Awards, and eleven prizes from the Poetry Society of America, more than anyone in the history of that organization.

Reputation does not a grant winner make. Miss Troubetzkoy submitted in her application dossier a collection of poems almost all of which had been previously published and won awards. For instance, her "Manhattan Pencil Sketches" won the prestigious Gustav Davidson Award; her "Graffiti in Bryant Park" won a 1979 Gertrude Clayton Award. And NEA critics fear that there are a lot of Troubetzkoys out there.

Miss Troubetzkoy is circumspect in her criticism of the NEA; as a disappointed applicant herself she knows she is vulnerable. Some of the award winning poetry she has seen she considers disgraceful, she says, but she wants to see more before she can pass final judgment. She clarifies that her position is less rigid on the matters of obscenity and traditional form; she herself writes mostly free verse. "But obscenity is offensive when it is inappropriate to the speaker and reflects poverty of imagination." Miss Kizer thinks this is true of several NEA winners. "They substitute nearporn for creativity," she says. "It's an old trick, and the literary jury ought to be able to see through that." But cronyism blinds even the most gimlet artistic eye.

A perusal of the NEA's rules on conflict of interest is interesting but not very instructive. Although the rules appear to be well intentioned, there is enough ambiguity and need for trust that, in the long run, the director of the program and the selection panelists are responsible for fairness in the making of grants. A memorandum on conflict of interest, put out by Robert Wade, counsel to the NEA, includes the following provisos:

1. NEA judges and consultants may not submit applications for themselves, organizations which employ them, or groups with which they are affiliated.

2. Should such an application come up, they should disqualify themselves from its evaluation. They should leave the room.

3. NEA Council members may also not be paid out of Endowment funds without the prior knowledge of the National Endowment. (How such a transaction could occur in the first place is unclear.)

The first two rules, however, are not strictly maintained in practice because, as Mr. Wilk points out, "the NEA judges are at the forefront of their fields. You *couldn't* choose people who are ostensibly expert but who don't know people in their field." Ron Padgett states "We were selected to be on the panel because of our breadth of knowledge and expertise, and now we are being attacked for knowing some of the people." Unfair, very.

So rule bending at the NEA appears fairly routine. "Of course we could not be dogmatic about this," Mr. Wilk asserts. And Lyn Hejinian confesses, "I've been published in 35 magazines over 20 years. If I left the room every time one of them came up, I wouldn't have anything to do on the panel." Mr. Wilk thinks a "reasonable man" test should prevail; that is, artists on the NEA panel of recent and close affiliation with applicant writers and groups should step down from the panel.

But NEA critics refuse to accept that both literature and literary experts are in such short supply that judges publishing, or published by, grant applicants cannot disqualify themselves from making evaluations of those applicants. Another problem is that although NEA dossiers must go through a screening process before they are evaluated by the final panel of experts, the panelists may override the preliminary screeners by "calling back" up to eight vetoed applicants apiece. This, Ron Padgett claims, is simply an affirmation of the expertise of the final judges. But how can an NEA judge "call back" a vetoed applicant unless he personally knows such an applicant, and knows that his or her application has been vetoed? Furthermore, Miss Kizer claims that the preliminary screening process is itself riddled with corruption and favoritism.

The NEA has made one concession. Recently it amended its rules so that in the future grant applicants will submit their work anonymously, reducing (but not eliminating) chances of crony awards. According to the acting NEA Literature Director, the selection process is under informal review, and so further changes may be forthcoming.

But whether criticism of the NEA can reach and purge the or-

lutionaries who have set up Totalitaria, and, ironically enough, it features in Mr. Hollander's own explanation of why so many of these supposedly critical minds from Europe and America rolled over on their backs like helpless poodles and succumbed to a little entertainment and flattery from evil men.

The whole subject of touring Totalitaria is not, of course, new. Much of the material is well known. Mr. Hollander's book, however, has a monumental quality, and can claim distinction in two respects. It is remarkably comprehensive and up to date, and it makes a serious attempt to explain what is most remarkable about the whole experience: not so much, perhaps, that the pilgrims were so disoriented by the experience of visiting revolutionary countries, as that they were so consumed with hatred and contempt for the Western civilization from which they came, a civilization which had in infinitely greater degree most of the qualities which they so gullibly attributed to Totalitaria. Mr. Hollander has done an extensive trawl of sociological theory and come up with a great deal of material about the special characteristics of intellectuals. Hence his theme is the relation of intellectuals to revolutionary enthusiasm, and his most interesting suggestion is that intellectuals, having impelled Western civilization toward secularization, also turned out to be the people least capable of living in the resultant meaningless world. Abasement before revolutionary societies appears thus as a solution to the meaninglessness which had alienated them from their own societies.

This is, no doubt, an opinion that ought to be taken seriously but I don't believe it for a moment. The main reason for my skepticism, to which I shall later return, is that the best explanations of human behavior must retain an element of essential rationality. And many of the judgements made by these political tourists make perfectly good sense in their own terms. For me, the true pathos of the situation of some of them emerges best in a comment by a *New York Times* reporter about the 1936 Moscow purge trials. It is unthinkable (Walter Duranty wrote) "that Stalin and Voroshilov and Budenny and the Court Martial could have sentenced their friends to death unless the proofs of guilt were overwhelming." It would be nice if we lived in a world where the unthinkabilities of the decent *American moyen sensuel* were the key to reality; but we don't.

Mr. Hollander thus deals with many people subject to an understandable disorientation; and he deals with many others who either resisted or came to resist the "techniques of hospitality" which he so ably describes. But there remains perhaps the majority, in whom the predispositions towards political enthusiasm collided with contrived confirmations, and this is his main subject. So far as these people are concerned, we cannot talk of seduction of the innocent. They were already stripping before the first pass had been made.

What is remarkable about them is their incapacity to distinguish between knowledge and perception, and this is the reason why they lied like eyewitnesses. Thus Lion Feuchtwanger says of the second purge trial in Moscow that "I was forced to accept *the evidence of my senses*, and my doubts melted away as naturally as salt dissolves in water." I

have italicized the evidence which could never by itself generate that kind of conclusion. Again, Paul Sweezey in Cuba not only saw how these people "are rehabilitating and transforming a whole nation" but he imagined that he saw this remarkable abstract occurrence "with my own eyes." Seen in this light, the kinds of intellectuals who seem to have been least prone to the gullibility Mr. Hollander discusses are philosophers and anthropologists—the former because they are professionally trained not to muddle premise and conclusion, and the latter because they are taught not to jump to conclusions about the character of other cultures.

Indeed, one way of presenting this material would be in historical terms such as would explain the emergence of social anthropology as the culmination of the long Western tradition—it stretches from Herodotus through the travel writers of the eighteenth century—of taking a close interest in how our neighbors live. When we travel abroad, we evidently take our own culture with us, and it is a major intellectual achievement of Western civilization to have developed the kind of self-consciousness which allows us some degree of objectivity, some detachment from our own tastes and predispositions, in dealing with such disorienting materials. In this respect, as in so much else, Mr. Hollander's political pilgrims represent a throwback to far more primitive times.

Mr. Hollander's mode of explanation, however, is scientific, and this lands him in difficulties. He is very far from being blind to the fact that he is dealing with a history of folly, but there can, in scientific terms, be no methodology of folly. Thus he makes the familiar point that his pilgrims applied a double standard. Poverty in Totalitaria was something different from poverty at home; and megadeath in Totalitaria was a fleabite compared to miscarriage of justice in capitalist societies. The streets of the United States were overflowing with people protesting about death in Vietnam who could hardly raise a peep about the slaughter in Cambodia. To stop at this point, however, is to be condemned to superficiality. People don't usually have double standards; they merely deceive others (and sometimes also themselves) about the standards they are actually using. Mr. Hollander's pilgrims pretended to be concerned with human suffering, but what actually guided their judgement was what helped or hindered the cause of their faction.

Now it will be remembered that it is orthodox communist doctrine, especially since Lenin, that the highest morality is what serves to advance the cause of the revolution. In effect, this doctrine dispenses with morality as something which will, in any case, be unnecessary in a perfected communist society. After the revolution, the goodness of man will flow naturally into action without the intervening rigors of choice. What the pilgrims often "saw" was a state of affairs in which this happy condition had already come about. And in the course of believing and acting in these terms, they violated, only half being aware of it, a number of important duties which are inculcated into those who grow up in our civilization: the duty of loyalty to country, of refraining from lying and bad faith, of struggling against partiality and self-deception. Seen from this moral point of view, these people were morally at fault, and it

is necessary to recognize this for several reasons. One reason is that only by doing so can we accord to them their full status as human beings, even if, as it were, "fallen" human beings. For otherwise we turn them into things swept this way and that by processes for which they are not accountable. And another reason for recognizing the moral dimension of what they did is that only thus will we be able to comprehend how singular, and strange, is what has happened. How is it that modern tertiary education has resulted in the massive destruction of the ordinary moral resources of our civilization?

It should thus be clear that the point of taking a moral point of view is not to indulge in righteous condemnation. Indeed, in the first place, it raises an important moral controversy. For Mr. Hollander's pilgrims, far from thinking of themselves as morally at fault, thought themselves a saving remnant who had heroically espoused the cause of humanity by breaking free from patriotism and other outmoded inheritances. And although they were horribly wrong about this (as is clear from the evident character of the regimes before which they abased themselves) there is nothing self-evidently illogical about it as a moral position. But such a moral dilemma cannot explain the gleeful malevolence with which some of them chose to denigrate their own countries, nor the frivolity with which they were prepared to trade moral integrity for party spirit. Further, that such a moral question is central to the whole experience is shown by the fact that some of the pilgrims were indeed aware of it. Here, for example, is the English poet Stephen Spender beginning to emerge from these confusions: "I gradually acquired a certain horror of the way in which my own mind worked. It was clear to me that unless I cared about every murdered child impartially, I did not really care about children being murdered at all."

We thus arrive at the paradoxical conclusion that it would only be by first condemning his pilgrims that Mr. Hollander would be able to understand them. He knows, of course, that an explanation is not stronger than the hypothetical premises on which it depends, and that all moral premises are essentially contestable. He has chosen to go for the safer scientific mode of explanation; but even here similar difficulties lie in wait for him. His explanation requires us to assume that all these people can be subsumed under the category of "intellectual," that intellectuals can all be explained in terms of the same experience, and by means of compensatory mechanisms, vicarious experiences, and so on and on. The vulnerability of these presuppositions is not of the same kind as that of moral presuppositions, but I suspect that it will prove no less intractable.

To every action, there is an unequal and opposite reaction, or to put the point in another idiom (favored by Malcolm Muggeridge, who is much the funniest commentator on these matters), God is not mocked. America is today dominated by a moral and patriotic majority bent on taking revenge, and perhaps an obscurantist revenge, on those who traded their moral integrity and their duty to their country for a jumble of progressive slogans. This too is a moral response, but there will no doubt soon be forthcoming explanations for it in terms of mechanisms and processes going "click" in the heads of ordinary Americans. To

recognize that man is a thinking reed, rather than a victim of conditions and processes, will not solve the problems, but it might improve the level of the discussion.

K. R. Minogue

Dr. Kirk's Kirk

THE PORTABLE CONSERVATIVE READER. *Edited by Russell Kirk*. (Penguin Books, New York, 1982)

Conservatism has never been easy to define. Ever since Chateaubriand conjured the bothersome term out of the linguistic chaos of French counterrevolutionary politics in 1818,[1] politicians and journalists (not to mention scholars) have struggled manfully to explain it—usually to no avail. Chateaubriand knew that the language of politics works best when it is vague and imprecise; and he understood that a political term's success and ultimate survival may owe as much to its opacity as it does to the positions and ideals associated with it at any given time. For that reason I have always rather enjoyed the late Richard Weaver's definition of conservatism as "the paradigm of essences towards which the phenomenology of the world is in continuing approximation." It is also William Buckley's favorite definition; one that he happily inflicts on any person foolish enough to insist on such an explanation. "I have never failed," writes Buckley, "to dissatisfy an audience that asks the meaning of conservatism."

This, of course, does not mean that a definition of political conservatism is beyond our capacities. It is only to suggest that it is not the sort of term that readily lends itself to the type of facile definitions that political scientists and journalists tend to employ when dealing with ideologies in general. Anyone interested in developing a deeper understanding of what conservatism is all about would do well to look into the book at hand. Its editor, Russell Kirk, is our most profound and ardent student of historical conservatism. Since the publication of his seminal work, *The Conservative Mind*, in 1953, he has devoted the greater part of his distinguished scholarly and literary career to exploring, chronicling, and explaining conservatism to the American public. That there is a serious revival of intelligent conservatism in America today is due, in part, to the achievement of Russell Kirk. However, in the present an-

1. Chateaubriand coined the term in response to a series of articles in the liberal journal *Minerve*, which declared the French counterrevolutionary right (then known by the name *ultras*) to be the party of ignorance. His journal, *Le Conservateur*, founded in 1818, was briefly one of the most intellectual and brilliantly written *petits journaux* of its day. See Chateaubriand's *Memories d'Outre-Tombe*; Tene Remond's *Le Droite en France* (Paris: Aubier Editions Montaigne, 1954); and Honoré de Balzac's magnificent *Illusions Perdues*. The noun *conservative* is, of course, derived from the Latin verb *conservare*, which means, quite literally to keep or to conserve.

thology, as in his other major works, Dr. Kirk is concerned not so much with conservatism in general, but with a specific type of conservatism—Anglo-American conservatism. More specifically, he is concerned with the development of Anglo-American conservatism since the French Revolution.

I mention that Dr. Kirk focuses his attention on a specific type of conservatism, because the existence of different modes of conservative action is the principal reason for our historical confusion over the word. The late Willmoore Kendall was fond of pointing out that no discussion of conservatism is possible without some adjectival reference to the type of conservatism to be talked about. Are we, for example, interested in *English* conservatism, or are we interested in *Argentine* conservatism? As Dr. Kirk notes in his introduction to the present volume: "Unlike socialism, anarchism, and even liberalism...conservatism offers no universal pattern of politics for adoption everywhere. On the contrary, conservatives reason that social institutions always must differ considerably from nation to nation, since any land's politics must be the product of that country's dominant religion, ancient customs, and historic experience."

One of the most interesting political developments in recent years has been the war between Britain and Argentina. It is interesting, in part, because it is the kind of war that used to occur quite frequently in European history and that still occurs in Latin America: a clash between two profoundly conservative governments. One might add that it is not simply a clash between two governments that are conservative in political terms alone. The conservatism of the Argentine *junta* and of the present day British Tories is as intellectual and spiritual as it is political. But the conservatism of the Argentines is so terribly different from that of the British that most American conservatives, who are the products of the Anglo-American tradition anthologized by Dr. Kirk, must find it difficult to comprehend, let alone sympathize with. The Argentine conservative—like most Latins—is, above all else, a statist; he is suspicious of capitalism and capitalists, whom he views as deracinated progressives; he glorifies the concept of *la terre et les morts*; and he exalts the *pays réel* of nationalist mythology over the *pays légal* of the modern world. The words of the French conservative, Charles Maurras—who is probably infinitely more popular in Argentina today than he is in France—would, in a slightly Iberianized form, find echo among Argentine conservatives today. From his prison cell at Clairvaux after World War II, Maurras declared: "The God of Robespierre and Rousseau is not the God of Clotide and St. Remy. The social and moral principles of Catholicism are not those of London and Winston Churchill." For the Argentine conservative is above all a Roman Catholic, and he has long distrusted the English for, among other things, their Protestantism. Indeed, the two most revered contemporary Argentine conservative political theorists, Julio and Rodolfo Irazusta, have devoted an inordinate amount of their scholarship to attacking the British.[2]

2. Of particular interest is Rodolfo and Julio Irazusta's *La Argentina y El Imperialismo Britanico* (Buenos Aires: Coleccion el Mundo de Hoy, 1934). See

Now all this is very conservative, but it is not, as I say, the sort of conservatism that has much appeal for Americans. While General Galtieri and his colleagues are all good conservatives, they are *Argentine* conservatives quite incapable of translating their ideals and passions into forms that might be appreciated and understood by Anglo-Saxons. Mrs. Thatcher, on the other hand, can speak directly to American conservatives, who share her most fundamental values and principles. How, after all, can the Spanish Inquisition explain itself to the Glorious Revolution? What can the *Syllabus of Errors* or the *Manifesto de los Persas* say to the Chicago School of Economics? In Spain, after the French invasion in 1814, the lower classes joined with the aristocracy in calling for a return to absolutism. The Madrid rabble stormed through the streets of the city chanting, "Down with the Constitution," "Death to liberty!," and "Long live chains." How different, how very, very different from the home life of our own dear Burke.

Yet even the great Burke can appear in many incarnations. For example, to Friedrich von Gentz, the brilliant advisor to Metternich at the Congress of Vienna, who translated the *Reflections on the Revolution in France* into German, Burke was a German romantic, an articulator of *Lebensphilosophie*.[3] To Marx, who first discovered that a "vast, tremendous, uninformed spectre" was haunting Europe in the pages of the *Letters on a Regicide Peace*, Burke was merely an "execrable cantmonger" (*Das Kapital*, vol. I, part iv, ch. xxxi). Conor Cruise O'Brien, in his brilliant introduction to the Penguin edition of *The Reflections*, suggests that Burke was essentially a pro-Catholic Irishman, whose hatred of Protestantism was one of the principal reasons for his popularity in France and Germany. "The word protestant," Burke wrote his son Richard in 1792, "is the charm that locks up in a dungeon of servitude three million of your people..." And in recent years Burke has been called a liberal, a proto-Goldwaterite, a socialist, a capitalist. And, of course, Julio Irazusta has discovered some distinctly Latin traits in Edmundo Burke.[4]

My point is that the relativistic nature of conservative movements causes them to be both misunderstood by many scholars, and, occa-

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also, Natalio R. Botana, *El orden conservador* (Buenos Aires: Editorial Sudamericana, 1977) and Jose Luis Romero, *A History of Argentine Political Thought* (Stanford, California: Stanford University Press: Stanford, 1963).

3. *Betrachtungen über die französische Revolution* (Hohenzollern, 1794). Gentz's own reflections on the differences between the French and American Revolutions were translated into English by John Quincy Adams, the sixth President of the United States, who published them anonymously in Philadelphia in 1800. Also of interest on the subject of the Germanification of Burke are F. Braune, *Edmund Burke in Deutschland* (Heidelberg, 1917), F. Meusel, *Edmund Burke und die französische Revolution* (Berlin, 1913), and Alfred von Martin, "Weltanschauliche Motive im altkonservativen Denken," in *Deutscher Staat und deutsche Parteien, Festschrift für Meinecke* (Munich and Berlin, 1922).

4. Julio Irazusta, *Burke* (Mendoza: Universidad Nacional de Cuyo, 1952) and *La Monarquia Constitucional en Inglaterra* (Buenos Aires: Editorial Universitaria de Buenos Aires, 1970).

sionally, distorted by their opponents and votaries alike. Nevertheless, as I suggested earlier, it *is* possible, I believe, to make a few useful and correct statements concerning conservatism in general. To be more specific, it is possible to say something about the conservative *dynamic* that can be applied in most cases to most conservative movements. Oddly enough, Anglo-American conservatism may appear, at least on the surface, to be a partial exception to the following points.

1. Conservatism is not made-up of a single *body of ideas*. What we call conservatism—or, to be more specific, *conservatisms*—is not a single ideology but a multiplicity of ideologies.
2. Conservatisms are not simply movements opposed to change or movements addicted to the *status quo*. On the contrary, conservatisms come into being in *response* to some change or crisis (such as the French Revolution or the Great Depression); they are *reactive* movements in that they owe their character to whatever it is they are reacting to.
3. Conservatisms are thus situational ideologies. They vary from time to time and place to place. What they do have in common is that they are all responses (or, at least, they start out as responses)—but to unique circumstances that may differ profoundly from one another. It is the nature of the circumstances to which a given conservative movement is responding that will define the nature of that movement.
4. As a result of their reactive nature, conservative movements often tend to be movements of lost causes. At the very least they may be movements that build upon causes that have been lost or damaged by events (such as the French monarchy in 1789). Many conservatives tend not to respond to change until it has already taken place. Then they tend to glorify or utopianize that which as been changed (or lost) in order to combat the forces that brought the change about in the first place. Some conservatives sound like firemen who have arrived at the scene of a fire after it has already destroyed a great house. Having arrived too late to put out or prevent the fire they try to remind those willing to listen of the magnificent edifice that once stood on the recently consumed spot. Occasionally they will exaggerate the beauty and splendor of the old house, which may, in truth, have been a fire-trap.

The conservatism of the great Burke, which Russell Kirk has done so much to popularize and elucidate over the years, was very much in keeping with this definition. Like the Continental conservatives, Burke saw a "spectre" that was "unappalled by peril, unchecked by remorse... [and that despised] all common maxims and all common means" arising from the tomb of the murdered monarchy in France. But unlike such Europeans as Adam Müller and Joseph De Maistre, whose experience of the Revolution was very different from his own, Burke did not retreat into a neo-medievalism to battle the horrors of Jacobinism. Rather, he responded to the French Revolution like an Englishman imbued with heavy doses of Whiggery. To those in Britain who feared the Jacobins, he declared:

> Because half a dozen grasshoppers under a fern make the field ring with their importunate chink, whilst thousands of great cattle, reposed beneath the shadow of the British oak, chew the cud and are silent, pray do not imagine that those who make the noise are the only inhabitants of the field; that, of course, they are many in number; or that, after all, they are other than the little, shrivelled, meagre, hopping, though loud and troublesome, insects of the hour.

To the spirit of the Revolution, Burke juxtaposed the genius of English institutions and the "sullen resistence of the English people—the cattle under the British oak (i.e., the great Whig families)—to innovation. The British, he boasted, had "not...lost the generosity and dignity" of their forefathers, nor had they been transformed into savages.

> We are not the converts of Rousseau; we are not the disciples of Voltaire; Helvetius has made no progress amongst us. Atheists are not our preachers; madmen are not our lawgivers. We know that we have made no discoveries, and we think no discoveries are to be made, in morality; nor many in the great principles of government, nor in the ideas of liberty, which will be after the grave has heaped its mould upon our presumption, and the silent tomb shall have imposed its law upon our pert loquacity.

Burke gloried in the fact that the English were, in his words, "men of untaught feelings." "We fear God; we look up with awe to kings; with affection to parliaments; with duty to magistrates; with reverence to priests; and with respect to nobility."

Burke, of course, was an extraordinary man. His view of English history was anything but romantic, and he was fully cognizant of the many imperfections in late eighteenth-century British society. While he tried to reform British society he was also convinced that the kind of perfection sought by the Jacobins could never be achieved since there were imperfections in all human creations and institutions. Those Englishmen who agreed with Tom Paine and wished to turn public opinion against the English Constitution, as the Jacobins and the French *philosophes* had turned French opinion against the French social order, were, in effect, subverting all that was truly good in English society. In Britain, Burke argued, all political reforms had "proceeded upon the principle of reference to antiquity." Even before the Magna Carta, he argued, citing Sir Edward Coke, one could discover "reformations." Indeed, these reformations were part of the Ancient Constitution, which was unwritten and immemorial.[5]

Burke battled Jacobinism not with the weapons of the philospher, but with those of the good common lawyer. Burke confronted the theories of the Jacobins with the British Constitution. What such European legal theorists as Stahl and Savigny admired in Burke was his emphasis on the prescriptive foundations of law, which in Roman property law appeared as mere theory, but which, in Britain, emerged as reality. "Our Constitution," Burke boasted, "is a prescriptive constitution; it is a constitution whose sole authority is that it has existed time out of

5. The importance of the reformationist constitution is brilliantly emphasized in J.G.A. Pocock's *The Ancient Constitution and the Feudal Law* (Cambridge: Cambridge University Press, 1957).

mind." To the children of the French Reign of Terror this was both wondrous and intelligent. The laws of Britain, Savigny wrote, evolved out of the "silent growth of the nation, the people and the institutions" (*die stillwirkenden Kräfte*); their authority (*obrigkeitsgendanke*) came from the unique spirit and traditions of the people.

Perhaps because Burke based his arguments on real traditions and institutions instead of utopianized visions of the past, as many European conservatives did, he may be said to have triumphed, and his writings speak as much to our own time as they did to the early nineteenth century. In post-Peelite Britain, Disraeli could echo the conservatism of Burke, when he declared, in a famous speech, "In a progressive country change is constant; and the question is not whether you should resist change which is inevitable but whether that change should be carried out in deference to the manners, the customs, the laws and the traditions of a people, or whether it should be carried out in deference to abstract principles, and arbitrary and general doctrines." But even British conservatism—for all its Burkean pragmatism—remains a largely reactive phenomenon. As Lord Hugh Cecil noted of Sir Robert Peel and his approach to social change, "As long as Ireland could be governed without granting Emancipation, he resisted it. As long as he could work the fiscal administration of the country without repealing the Corn Laws, he defended them. But the conversion to which no abstract argument could lead him was at once asserted by the logic of fact. An impending civil war in Ireland, an actual famine there, did what no reflections on religious liberty or free trade would have done."

While Disraeli and Peel are not extensively dealt with in Dr. Kirk's current anthology, the pragmatic and humane nature of the tradition he is expounding is presented in some detail. Clearly it is impossible to include the entire corpus of Anglo-American conservative thought in a mere 700 pages, and doubtless most readers will regret certain omissions and question some of his selections. For example, I was surprised to find George Gissing (but delighted to discover a conservative fragment in that radical spirit), and I regreted the absence of Anthony Trollope. But in truth, all that is most essential—and a good deal more—are included in Dr. Kirk's collection. The most important parts of Burke are here, as are some little read but important works by such significant early Americans as John Adams and Fisher Ames.

Aside from such classic nineteenth-century conservative figures as John Randolph, Fenimore Cooper, Sumner Maine, Cardinal Newman, and Henry and Brooks Adams, the modern period is dealt with in some detail. Irving Babbitt, Paul Elmer More, Christopher Dawson, C. S. Lewis, and T. S. Eliot are included, as are such contemporary figures as Robert Nisbet, Irving Kristol, and Malcolm Muggeridge. Dr. Kirk includes Michael Oakeshott's widely anthologized "On Being Conservative"—an essay that defines a conservative as one who wishes to conserve the *status quo* (which would make Fidel Castro a conservative)—but this was included, no doubt, as a *jeu d'esprit*.

I would like to see Dr. Kirk edit an anthology of European conservative thought. It would be an important contribution and the natural culmination of his life-long study of conservatism. For the time being,

however, we must be satisfied with the current volume, which, along with Dr. Kirk's *Conservative Mind*, will prove to be an indispensable aid in our understanding both of conservatism, and of the roots of our political culture. No person interested in the future course of our politics can afford not to own this book and to dip into it regularly.

P. P. Witonski

Hissing The Messenger

THE MISMEASURE OF MAN. *By Stephen Jay Gould.* (Norton, New York, 1981)

STRAIGHT TALK ABOUT MENTAL TESTS. *By Arthur R. Jensen.* (The Free Press, New York, 1981)

These two books contrast instructively not only in their treatment of a common topic—the measurement of intelligence—but in their ways of handling a socially sensitive, scientific issue.

Arthur Jensen has conjectured that the disparity between black and white performance on IQ tests is significantly genetic in origin. *Straight Talk* calmly explains the construction of IQ tests and the evidence for this conjecture. Genuinely concerned to inform his reader, Professor Jensen keeps the mathematics to a judicious minimum. He attempts to persuade by standing back and letting the facts do the talking. *Straight Talk* is masterly, timely and courageous.

Then there is *Mismeasure*. Writing in an unscientific New Journalist idiom ("As a paleontologist, I am astounded"), Stephen Jay Gould nudges the reader with an aren't-we-superior tone that presumes all who disagree are buffoons or "racists." He does not argue; he snickers. Nominally a critique of IQ tests, almost half of *Mismeasure* is a pointless attack on craniometry and other long-extinct fads. Much of the rest rings with hollow laughter at intelligence tests constructed before 1920. The author offers no evidence against "hereditarianism" or any alternative explanation of Professor Jensen's data, apparently satisfied that invective is rebuttal enough. His one serious "refutation" of mental testing is a tried-and-false sophism he fails even to state coherently.

Despite the cogency of one case and the non-existence of the other, Professor Gould is the hero of the hour while Professor Jensen is roundly hated. The left can be expected to hiss bearers of inegalitarian news, but Professor Jensen fares as badly on the right. Thomas Sowell dismisses IQ discrepancies as test artifacts, George Gilder calls Professor Jensen a "racist," and William Letwin got off some gratuitous swipes at him in *Policy Review* 19. Meanwhile, Professor Gould is *Discover*'s "Scientist of the Year."

Opponents of IQ tests in general and Professor Gould in particular occupy a series of fall-back positions. Some simply deny there is any such phenomenon as intelligence. This is Professor Gould's official position except when it isn't. Others concede that intelligence is a real

human trait, but deny that it can be measured, or measured by extant IQ tests. Others still admit the validity of IQ tests and even the heritability of intelligence, but attribute *black/white* differences wholly to environment. Professor Jensen demolishes these positions *seriatim*, largely ignoring guerrilla efforts to cut off discussion of the topic as immoral.

Everyone admits that "intelligence" describes a feature of human behavior. For all his posturing, even Professor Gould admits this two pages from the end. Gauss was obviously intelligent (a fact Gould tries to evade by calling Gauss an "eminent" mathematician). Anyone who denies that Gauss or Einstein was intelligent is abusing language. Your list of "intelligent" people would doubtless be consistent with mine, and we recognize this quality in such culturally diverse figures as Edison, Maimonides and Confucius. Those great scientists who, allegedly, cannot balance a checkbook are simply uninterested in, not incapable of, such mundane tasks. Roughly speaking, "intelligence" names the ability to learn, or reason abstractly, or solve problems in novel ways. Professor Jensen thinks general intelligence—the "*g* factor"—is the ability to perform complex mental manipulations. What all these explications capture is the patent difference between thought and information—between brilliant mathematicians who rely on tables of integrals and students who memorize dozens of integrals but cannot grasp calculus.

As Professor Jensen explains in helpful detail, an individual's IQ is measured by comparing his performance on a group of questions with the performance of a random sample of individuals on those questions. Thus, if you answer just those questions that 50% of the standard population answer, your intelligence is average and you get the ordinal IQ number 100. Those few people who answer most of the questions few people can answer have high IQ's. Professor Gould, whose adherence to fact is elastic, writes as if IQ were still computed as the ratio of mental age to chronological age. It isn't.

The best evidence for the culture- and color-fairness of IQ tests is the performance on them of populations not involved in the original selection of questions. Professor Jensen notes that Japanese average 6 points higher than Americans on tests normed on Americans, and Eskimos do as well on the Raven Progressive Matrices as the English population on which they were normed. Moreover, using "Black English" and black test supervisors has no effect on black IQ scores, and black and white children tend to fall for the same plausible-but-wrong answers. A recent National Academy of Science study has reconfirmed that IQ tests do not underpredict black academic performance, as they would if they tested for "white middle class information" rather than underlying ability. Beyond this, sheer inspection of modern IQ tests suggests they demand what is ordinarily called thinking. Seeing that a figure composed of diagonals is odd man out of a group of figures otherwise composed of verticals requires the detection of abstract relations, not facts restricted to any specific culture. True, the WWI Army tests did contain biased items, about which Professor Gould waxes sarcastic. But he simply ignores the techniques for eliminating bias that have evolved in

the past 65 years. (Some of the old questions were unbiased; since he can't attack these, Professor Gould dismisses them with jokes.) Even his honesty lapses; quoting a 1923 advertisement offering the Terman-Yerkes tests to schools, he omits by ellipsis Terman's remark that his tests "have been greatly improved in the light of army experience."

So highly correlated is IQ with numerous other variables that while many Good Guys *say* "IQ tests only the ability to perform on IQ tests," nobody really means it. A typically unctuous double-thinker is Isaac Asimov, who avers late in his autobiography that IQ means nothing, after earlier going on at length about the "160" he scored on his Army IQ test and the fuss the Army made. Would you give up 50 points of your IQ even for a lot of money?

The heritability of a trait in a population—how much it is "based on genes"—is the ratio of the variance (amount of variation) of the population's genotypes to the phenotypic variance of the trait in the population. Professor Jensen discusses numerous studies in which genotypic uniformity drastically reduced IQ variation even when environmental uniformization was controlled for, and estimates the heritability of IQ among whites to be a very high .7. Presumably, IQ is also highly heritable in other human gene pools. Indeed, when black/white is not at issue, the high heritability of IQ is uncontroversial: commenting in the slick weekly *Us* (January 11, 1982) on 4 children "trained to be geniuses," David Schaffer, Professor of Psychiatry and Pediatrics at Columbia University, says simply "A high IQ is largely genetically determined."

Professor Jensen finds it reasonable to infer from these facts that the mean black/white IQ difference of about 15 points is also genetic in origin. Professor Gould is very exercised by this argument, but his reply is three sentences of flummery: "Within- and between-group heredity are not tied by rising degrees of probability as heritability increases within groups and differences enlarge between them. The phenomena are simply separate. Few arguments are more dangerous than the ones that 'feel' right but can't be justified." Whoa. Eskimos are stocky, Watusis lean; not only is body type highly heritable within each group, anthropologists find it unproblematic that the group difference is genetic, an evolutionary adaptation to climatic differences. Is Professor Gould really willing to bet 50-50 that a Watusi baby raised by Eskimos will grow up stocky? In any case the matter is testable, and Professor Jensen reports studies which control for possible environmental causes, like social class, but in which the racial gap persists. Navajo children are more deprived than black children yet outscore black children on IQ tests. Attempts to boost the IQ of black children by enriching their early childhood have not worked. Most strikingly, the typical growth curve for a black child is identical to that of a white child one to two years younger—a specific finding not explained by the vague assumption that blacks are more deprived than whites. Professor Gould must know of these studies, but as they blunt the axe he is grinding, he ignores them. Professor Jensen notes that no studies show African blacks to be more intelligent than American blacks, and one might add the failure of any sub-Saharan culture to develop a written language as a scientifically "deep" fact that may require a suitably "deep" explanation.

Professor Gould's real complaint about mental testing, however, is that it supposedly "reifies" intelligence—that is, it fallaciously treats intelligence as a *substance in the head* whose presence can be measured. He repetitiously attacks this straw man, not realizing that it is he who has made an error of numbing grossness. One can believe there are real differences in intelligence without embracing the absurdity that intelligence is a physical object. After all, it is an objective fact that I am seventy inches tall even though my height is not an *object*. To take a slightly different example, scientists talk about the solubility of sugar even though no scientist supposes sugar cubes to contain little nuggets of a substance called "solubility." Solubility is shorthand for how fast things dissolve in water, just as intelligence is shorthand for how well people think. What is more, scientists attempt to understand solubility—why things dissolve in water—in terms of matter's underlying structure. Psychologists can similarly construe intelligence as an ability while searching for its neurological basis.

Professor Gould blames his mythical "reification" on misunderstanding of a statistical technique called Factor Analysis. Since Professor Jensen avoids Factor Analysis as too complex for a popular book, and the tendentiousness of Professor Gould's exposition distorts its accuracy, some preparatory words are in order. If a group of tests exhibits a pattern of mutual correlation, it is reasonable to posit a few underlying "factors" that each test "loads on" to a different extent. To adapt one of Professor Jensen's examples, since scotch and wine are both intoxicating, but scotch more so than wine, these beverages presumably have something(s) in common. Factor Analysis is a method of extracting such "factors" from the welter of correlations between the effects of scotch and wine on behavior. Similarly, Factor Analysis identifies what various mental tests load on, the received opinion being that *g* is among them. The hobbyhorse that Professor Gould rides to death is that Factor Analysis of itself yields no unique result. We could, for example, posit a unique "intoxication factor" present in greater concentrations in scotch than wine. However, the data permit us to "rotate the axes" and posit two substances, each present to the same extent in scotch and wine respectively, which affect behavior differently. We could even take a "test vector" as an "axis" and say that scotch itself is the intoxicant while wine is dilute scotch. Each analysis accurately codifies the observed effects of wine and scotch. Similarly, we could analyze the mutual correlations of mental tests as expressing one *g* factor or several different "primary mental abilities." Isn't the choice of one set of factors then arbitrary?, asks Professor Gould. Isn't it meaningless to say IQ loads on one factor, rather than 7 or 120?

No it isn't. True, were observable variables all we had to go on, there could be no choosing between mathematically equivalent summaries of their correlations. But we have more; we can look at the underlying reality. At that level, different choices of factors make predictive differences. *Chemical tests* on beverages would reveal a "unitary factor," namely alcohol. Even without direct tests, general principles of plausibility can select one way of organizing observations as superior to others equivalent to it. It is mathematically possible to use my pulse as

the standard clock. Yet this calibration would have all of nature slowing down whenever I race up the stairs, a consequence which violates our overall world-view. Theory makes the difference between "equivalent" factorizations. Professor Gould himself admits, when he is not berating *g* as both meaningless and the product of "bias," that biological investigation could decide for or against it! Anyway, even if IQ tests load on a few yet deeper "primary abilities," the questions about heritability and race-linkage will simply return for them.

Irritatingly, Professor Gould writes as if he had personally discovered a hitherto unsuspected weakness in Factor Analysis, when in fact the inability of Factor Analysis to select a unique interpretation for data has been a commonplace in statistics texts for decades. So keen is he to divert the reader's attention from the present that he even ignores relatively recent work, such as Rimoldi's 1951 study of Argentine schoolchildren, which disputes a unitary *g*. Be that as it may, Professor Jensen presents yet newer results which support the identification of *g* with "mental manipulation." The ability to recall a string of digits correlates with IQ only half as well as the ability to give back the string in reverse order. (The gap between black and white performance is comparably greater in "backward digit span" than in "forward digit span" experiments.)

Some people profess to fear that "racists" will use Professor Jensen's findings to do horrible things. But in a society which has suspended the rule of law to give blacks favored treatment, the worry that blacks will be herded into concentration camps because of low mean IQ is, to say the least, premature. Professor Jensen's work does not, of course, lead to this conclusion, or to any policy of state-enforced discrimination. He has made it plain that differences *within* racial groups are as important as those between groups. Indeed, the chief policy implication Professor Jensen himself draws from his work is simply that careful testing, far from ignoring children's individuality, can aid in detecting individual ability through the screen of culture. Courts that ban IQ tests as "discriminatory" do so out of ignorance. I would add to this a further noninterventionist moral: stop treating every deviation from numerical equality as evidence of wrongdoing. If blacks *are* on average less intelligent than whites, "underrepresentation" is not necessarily discrimination to be "remedied" by the state. It is certainly worth finding out if quotas punish whites for uncommitted wrongs. And the high correlation between IQ and other traits should forewarn conservatives, who usually stress drive as the main ingredient in economic success, that the free market may not eliminate all racial economic disparities.

To a casual reader, Professor Gould's advice might seem to be that we bury our heads in the sand, mumble platitudes about human uniqueness, and denounce critics of environmentalist orthodoxy. He presents this stance as forthright and bold, as if he, not Professor Jensen, were being booed off the podium. But Professor Gould is far more than a monger of liberal clichés. Peering from between his lines—lines about "race and class bias," the "cultural context" of "white male scientists," "slavery, colonialism, racial differences, class structures and sex roles," baseless and inflammatory innuendoes about Professor Jen-

sen's view of the "worth" of races, the passionate cry that "the battles of one group are for all of us"—are our friends Marx and Lenin, and their younger associates of the New Left. Professor Gould's current popularity suggests that some segments of the intelligentsia have yet to overcome that masochism about being American or white or male that the Left exploits so well. It is troubling that Professor Jensen, a target of scorn, embodies Western enlightenment, while Professor Gould the sudden media guru is rooting for the end of the culture that is lionizing him.

Michael Levin

The News Class

NINETY SECONDS TO TELL IT ALL. *By A. Kent MacDougall.* (Dow Jones-Irwin, Homewood, Illinois, 1981)

Inflation, declining productivity, and the general deterioration of the economy have given rise to increased public demand for business and economic news. Newspapers, television networks, and news weeklies have expanded their business coverage, and Wall Street analysts and academic economists have achieved celebrity status. The business community does not find this expanded coverage entirely welcome, however. Having once felt ignored, it now feels victimized.

Business executives charge that inaccurate, sensational reporting by ignorant, antibusiness reporters tarnishes the image of business, generates public hostility, and fosters ill-conceived public policy. Not so, say reporters, who counter that business news reporting is reasonably accurate, not overly sensational, and most reporters are remarkably well informed and certainly not biased against business. A great deal is at stake here: if reporters are correct, the free press is performing responsibly its essential role in a democracy, and business's concern is misplaced. But if business is correct, the public is being given a false view of economic reality and encouraged to accept public policies inconsistent with its own interests and, of course, those of business.

This is the issue addressed by A. Kent MacDougall in *Ninety Seconds to Tell It All: Big Business and the News Media.* By his own admission, Mr. MacDougall has set out to write the "definitive business-media study." Although he claims allegiance to high standards of "critical analysis and scholarly discipline," the book is something far less than a definitive study, gives no evidence of scholarly discipline, and contains precious little critical analysis.

Such gross inadequacies do not mean that the book is without value. Appearing originally as a series of articles in the *Los Angeles Times*, the book provides insight into and documents the limitations and biases in the news reporter's treatment of business. That the book lends credence to the very view Mr. MacDougall intends to refute is ironic.

Although news reporters in both the print and electronic media have

enjoyed increased editorial freedom in the last twenty years, reporters are not yet comfortable with their new, more powerful role and tend to be quite defensive. More defensive, I think, than business leaders, who often are quite timorous. Thus the news media devotes much energy and attention to prizes and other self-congratulatory displays and little to critical self-analysis. Reporter MacDougall is no exception: he devotes what passes for critical analysis to the minor delicts of the press but concludes with a defense of the basic righteousness of the media. Some examples illustrate.

As can be inferred from the book's title, Mr. MacDougall, a career newspaper reporter, is especially critical of the electronic media, particularly television news. Television, unlike newspapers, does not allow enough time to cover most issues adequately. Condensing a complex story into a few seconds of air time oversimplifies and misleads. But the distortion that occurs is not systematic, Mr. MacDougall says, and exhibits no antibusiness bias.

In addition, he argues, there is some chance that news will be distorted—especially broadcast news—by the commercial need to be interesting. Broadcast news depends almost exclusively upon advertisers, and although advertisers do not directly influence the content of the news, the advertising rates charged by the networks are directly related to the broadcast's Nielsen rating. News reporters thus are forced to compete for their audience and are likely to feature the dramatic and unusual for their entertainment value.

According to Mr. MacDougall, however, neither the brevity nor the sensationalism of the electronic media is cause for alarm because there is no intentional, systematic distortion of content and the print media is available to provide the complete story. The print media (specifically newspapers—newsweeklies are not discussed) have all but eliminated sensationalism as a result of the decline of newsstand sales, where dramatic headlines are an important marketing technique. (He does not explain why news dramatization generates newsstand sales but not subscription sales.)

Thus, according to this "definitive" study, the shortcomings in electronic news reporting are minor deficiencies of that particular medium and are not an indictment of the news media as a whole. Television news, he explains, is *intended* only to report news highlights. The citizen who desires to be well informed must assume the responsibility to supplement television news with other news, such as print. (Imagine how Mr. MacDougall would react if a manufacturer said that, because of the nature of the medium, advertisements are not very informative and are, in fact, sometimes misleading, but that this is justified because consumers have access to other, more accurate sources of information.)

This example reveals a pattern to Mr. MacDougall's arguments: they begin with a discussion of an alleged press shortcoming and conclude with an explanation of why this shortcoming is more apparent than real, unavoidable hence justifiable, or trivial.

Another shortcoming to which Mr. MacDougall gives some initial credence is press ignorance: many reporters simply are not qualified to

cover complex business and economic news, and their ignorance is reflected in poor reporting. After admitting this possibility, he immediately goes on to minimize its occurrence. Although occasionally a general assignment reporter will still cover business news, he says, increasingly both the print and electronic media have specialists in business reporting who are informed and who report business and economic news accurately and well. Consequently, he implies, much of past criticism of "reporter ignorance" in the media is today invalid and out-of-date.

Clearly, the most important issue concerning the adequacy of business news reporting is the political ideology of the press. Do reporters, as many media critics charge, have a liberal, antibusiness bias? Mr. MacDougall's answer is an emphatic no. Yet in refuting the charge, he ironically proves the validity of his critics' position.

Consider, in some detail, the chapter entitled "Uncovering Environmental Hazards." Mr. MacDougall begins with the obvious and noncontroversial statement that reporters have a responsibility to report environmental hazards, but only on the basis of solid information in order to not alarm workers or the public unnecessarily or cause undue economic harm to industry. But he then immediately charges that, "some companies have reacted defensively to evenly balanced accounts. . . ." Even in those few instances where he acknowledges business has been unfairly criticized, it somehow balances out when "the nearly free ride [companies] used to get in the 1950s and 1960s" is remembered. In addition, most of the examples of inaccurate or biased reporting are actually the fault of business for not being open with the press.

Mr. MacDougall's own liberal, antibusiness bias is best illustrated by analysis of his discussion of Hooker Chemical Company's role in toxic waste disposal at Love Canal. Initial press reports charged that homes were built on the disposal site and that leaking chemicals caused lesions, miscarriages, birth defects, and other maladies. These charges, many of which Mr. MacDougall admits were unfounded, resulted because of Hooker's initial refusal to be open with the press. (The implication is that the press has an obligation to report a story even without access to the facts. If the story proves false, responsibility lies not with the reporter but with the party that refused to supply the information.)

Subsequently, Hooker did respond to a number of the allegations in the press, noting that: 1) it was not irresponsible in its waste disposal practices given the knowledge that existed in 1942 to 1953 when the dumping occurred, and it should not be judged by contemporary standards; 2) the disposal site was an appropriate one and the spread of toxic chemicals into the underground water supply was largely a result of negligence by the city; 3) no homes, schools, or playgrounds were built on the toxic waste disposal site; 4) it had warned the city "the land was unsuitable for construction in which basements, sewers, and other underground facilities would be necessary." The latter fact, which goes a considerable distance toward exhonerating Hooker, was published in *The Wall Street Journal* but ignored by most other news sources. Mr. MacDougall notes this fact without comment!

One more example is sufficient to illustrate Mr. MacDougall's liberal, antibusiness bias. In the course of Occidental Petroleum's abortive takeover bid for the Mead Corporation, a number of internal memos were made public. The memos relating to Hooker Chemical, a subsidiary of Occidental Petroleum, were discussed on CBS's "60 Minutes" in 1979. At issue was the manufacture of the chemical DBCP, which was found to have caused sterility in male production workers. Mr. MacDougall recounts a segment of that program:

> Reading excerpts from the memo on the air, Mike Wallace came to a sentence in which one plant official suggested to another that the company resume manufacturing DBCP if projected profits comfortably exceeded anticipated legal claims for damaging the health of employees. Wallace read that sentence but not the next one, which specified that resumption of production depended on finding no "significant" risk to Occidental workers.

The reader might then expect Mr. MacDougall to illustrate how, through irresponsible and sensational journalism, responsible corporate decisions can be made to appear criminal. The reader would be disappointed. The memos that had been made public, according to Mr. MacDougall, "revealed that Occidental and its Hooker subsidiary had followed a pattern in California, Michigan, New York, and Florida of not alerting authorities that their plants were polluting the air and water." The implication? Occidental was guilty of irresponsible if not criminal disregard for the consequences of its actions, both toward its employees and the public. Thus, individual misrepresentations of fact by the press are justified if they illustrate the "real" truth. Imagine Mr. MacDougall's indignation if Donald L. Baeder, Hooker's president, advocated such a selective reporting of fact.

The bottom line is that there is a pervasive liberal, antibusiness bias among the nation's press—and this bias affects business reporters no less than general assignment reporters. Recently, *Adweek* asked a number of people which newspaper they would like to own and what they would do as owners. Mr. MacDougall responded in part as follows:

> ...*The Wall Street Journal.* I'd turn it into a paper that told you how business really operates; how business not only serves the public, but, in serving its own interests, engages in practices that often are not only anticompetition but against the public interest....
>
> I would drag the editorial page, kicking and screaming, into the 20th Century and judge editorial policy, not by whether it promoted business and economic growth, but whether it promoted the quality of life of ordinary American citizens. *The Wall Street Journal* is an excellent paper which, because it can pick and choose what it covers, could be a great paper. But it needs a heart, as well as a head.

That business's and the public's interests ordinarily are not coincident; that economic logic is cold, calculating, impersonal, and often antisocial; and that "human concerns" ought to predominate over the crass commercialism of capitalism is a view held by Mr. MacDougall and shared by the vast majority of his colleagues. Even publications devoted exclusively to business-news reporting reveal a liberal, anti-

business bias, as Steven Lagerfeld demonstrated of *Business Week* in a recent issue of *Policy Review*.

In an important recent article, "The Media and Business Elites," appearing in *Public Opinion*, S. Robert Lichter and Stanley Rothman help explain the origins of press bias. The politics of the "media elite," Messrs. Lichter and Rothman demonstrate, predominantely liberal, as indicated by their political self-identification (54 percent are left-of-center), voting record (overwhelmingly Democratic), and attitudes on social issues (favoring redistribution for the disadvantaged and a quality-of-life orientation).

The attitudes of the media toward the economy and business that this study reveals are particularly interesting. On the one hand, the media elites support capitalism: they do not favor nationalization of large companies; they favor less regulation of business and support differential economic reward based on merit. On the other hand, they remain profoundly critical of business because they believe that business leaders have more power than they deserve. Media elites believe that business *is* the most influential group in society but that the media *ought* to be. Thus, media criticism of business appears to be based on their belief that business is the major leadership group with whom they are in contention for power. To an unknown degree this bias affects public opinion and is translated into public policy.

Efforts to correct press bias will be futile as long as reporters persist in their ideological complacency. Unlike their European colleagues, American journalists generally value political neutrality or "objectivity." And most reporters believe that their primary responsibility is to report the "facts." Although recognizing the possibility of ideological distortion in others, they deny it in themselves. Stephen Hess, in his recently published study, *The Washington Reporters*, asked a sample of Washington-based journalists if they thought there was any press bias. A majority responded yes, and of those respondents almost all said the bias was left or liberal. When Mr. Hess asked them about their own politics, most said they were moderate or middle-of-the-road. Messrs. Lichter and Rothman also found that members of the press tend to judge their colleagues as more liberal than they. This reveals not, as Mr. Hess concluded, that reporters are in fact middle-of-the-road or that they misperceive the politics of their colleagues, but that individually they feel they are politically neutral or unbiased. This view leads to astounding ideological complacency, as revealed unwittingly by Mr. MacDougall. Although an excellent case can be made that an important affliction of Americans in general and American business in particular is a lack of self confidence, the opposite must be said of the American news media.

Much news reporting is entirely inadequate and misleading and reflects the liberal, antibusiness ideology of reporters—to the detriment of the public and public policy. This shortcoming will not be corrected until those who create the news undertake serious self-criticism.

Fred J. Evans

Bang Right

MARCO POLO, IF YOU CAN. *By William F. Buckley, Jr.* (Doubleday, New York 1982)
DEATH BEAM. *By Robert Moss.* (Crown, New York, 1981)

Two essential characteristics distinguish the heroes of spy-thriller fiction from their pale counterparts in the real world. First, they maintain extraordinarily high levels of testosterone, to meet the demands of their Obligatory Sex Scenes. Second, and more important, they are clairvoyant. When the final die is cast, they always know how to anticipate their adversaries' moves.

Oh, of course they make mistakes. They are baffled, beaten, mugged, or captured. But only early in the book. When the action reaches its climax, the hero is always well prepared; his mission is always straightforward; each suspenseful tactic and countertactic has been programmed in advance. There may be some moral ambiguities, but never any ambiguity in the solution, nor in the allotment of credit or blame.

So it is that when the crisis arrives, the solitary hero sets out to rescue civilization by himself. His superiors—to whom he is habitually insouciant, if not downright insubordinate—blithely entrust to his care the split-second decisions that will mean life or death, freedom or slavery, for millions of innocent citizens. And, pausing only long enough for a sumptuous final dinner (all spies, evidently, are also gourmands) and one more O.S.S., the hero succeeds. On schedule. Without complications. By himself.

Not so in real international intrigues. Even in cloak-and-dagger diplomacy, problems rarely admit such neat solutions. No one character can win all the glory, or bear all the blame. And all those life-or-death decisions are clouded by political perceptions, individual ambitions, and psychological quirks.

Now it would be too punctilious to condemn spy thrillers on these grounds. The hero's clairvoyance is really a sort of literary convention. Ambiguity breeds bad fiction—particularly when the novel's goal is to keep readers in suspenseful anticipation of the conclusion. No author could portray the whole complex range of conflicting forces—let alone in a single novel—and so the action is simplified, and the hero idealized. Anyone who picks up a thriller understands these conventions; to enjoy the book, he must suspend his disbelief.

But in recent years a new sort of thriller has appeared, with an approach quite different from the standard novel of intrigue. When men like William Buckley and Robert Moss write a popular novel, they have something more than suspense in mind. Mr. Buckley's Blackford Oakes novels are apologetics for the Cold War, and for the use of covert intelligence operations. Mr. Moss's previous foray into fiction, *The Spike* (co-authored by Arnaud de Borchgrave), was a mass-consumption *Bildungsroman* in which a callow journalist learned the dangers of Soviet disinformation campaigns. With *Marco Polo* and

Death Beam, these two authors have added new titles to the list of ideological thrillers.

Ideological thrillers, unlike their straightforward cousins in the mass-market trade, aim to make a permanent impression on their readers. In the straightforward version, the bad guys wear black hats, and when the action is resolved the story is over. But in the ideological thriller, the plot extends to encompass the real world, and the reader is brought into the fray himself. Soviet spymasters in these novels are not simply men wearing black hats (or at least they should not be); they are exemplars of a very real menace. So as he develops his story, the author must convince his readers that the "bad guys" are reasonably accurate approximations of actual inhabitants of the Kremlin.

Here is where the standard conventions break down. A James Bond novel can provide excitement, but when he puts the book down, the reader is certainly not worried about encountering Goldfinger on his own. By contrast, at the end of an ideological thriller the reader *should* be worried about the spread of Soviet disinformation. So while he can afford to use fictional characters, the author must take great pains to supply those characters with realistic motivations. Better yet, he must demonstrate that—whatever the individual weaknesses of the characters who populate his novel—the typical motivations on one side are more exalted than those on the other.

Death Beam is an unusual thriller in just this sense. Robert Moss shows the influence of petty jealousies and political rivalries upon the course of international skullduggery. An ambitious Soviet general assassinates his top rival, not knowing that the rival was dying of heart disease anyway. A CIA bureaucrat ignores certain intelligence reports that might imperil his own ascendency within the power structure. An embittered ex-agent refuses to warn his old colleagues about a looming disaster. Gradually, these humble motives add up to a cataclysmic international crisis.

Mr. Moss sustains a good dramatic tension throughout the novel, building excitement steadily toward the page-turning conclusion. Unfortunately, the book is marred by numerous lapses—lapses which could have been caught by a good editor. Snatches of dialogue are repeated, almost word for word, with a few dozen pages intervening. The cast of characters is unduly cluttered, and the action continues far too long after the main plot is resolved. Mr. Moss uses several blatant *dei ex machinas*, including a super-secret spy organization, unknown to even the CIA, known only as The Club: a bonanza for conspiracy theorists. All these flaws detract from a sound basic idea, and a skillful manipulation of the reader's excitement. As a result of the flaws, the reader must suspend his disbelief totally, rather than only partially. So *Death Beam* becomes only an ordinary thriller, and the ideological point is lost.

When William Buckley first became a novelist, he too suffered from the same lapses. His first effort, *Saving the Queen*, was evidently written without too much thought. (Why else would a prose stylist of Mr. Buckley's stature trail *two* dangling participles across the very first page?) But its successor, *Stained Glass*, was a brilliant effort, in which

the author successfully treated several complex themes simultaneously without sacrificing either the flow of the action or the ideological point. Subsequent Blackford Oakes novels (*Marco Polo* is the fourth in the series) fall somewhere in between these extremes: neither merely popular entertainments nor earnest efforts to create great literature.

Since Mr. Buckley himself was once a CIA operative, and since his novels involve frequent appearances by actual historical characters, the reader can only speculate about the extent to which the novels follow reality. *Marco Polo* uses the U-2 incident as its peg to reality, and as Mr. Buckley reports in his acknowledgements, "All but the final words in the chapter on the summit conference in Paris were actually spoken by the principals." So the reader realizes that the action of *Marco Polo* could actually have taken place (albeit in less heroic form) without our knowledge. By that device, Mr. Buckley assures himself that his audience will not dismiss the novel as a fantasy, and—therefore— that his ideological point will be made.

Moreover, in *Marco Polo* Blackford Oakes does not solve all of America's strategic problems. On the contrary, when the story is finished two important Soviet spies are still at large (to appear in the next book?) and the U.S. defense is no more secure than it was when the novel began. One problem has been solved, but many others remain. Thus again Mr. Buckley makes his point about the need for vigilance in our international dealings. The dramatic tension is never fully resolved, and so the reader is left with a feeling that the tension will invade his own life. As indeed it does.

Marco Polo is not a great book. Surely that is a tepid indictment, particularly when applied to a spy thriller. But Mr. Buckley is capable of superior work, as he showed in *Stained Glass*. And is there any reason why a spy thriller could *not* be a great novel? True, the usual sex-and-violence formula for thrillers is incompatible with serious literature. But that formula need not apply to an ambitious writer undertaking a serious ideological thriller.

Could either of these writers undertake such a work? We do not know. Robert Moss has written one *roman-a-clef*, only marginally classifiable as fiction, and one thriller marked with the signs of undue haste. William Buckley has produced four witty novels, but never evinced any serious literary pretensions. Neither author has provided memorable characters, nor attempted any psychological depth.

In recent years, a number of writers have produced new literary effects by coupling a historical incident with a fictional narrative. Truman Capote delved into a murderer's mind in his tawdry *In Cold Blood*. Aleksandr Solzhenitsyn applied the same technique to more serious consideration in his magnificent *August 1914*. Only in fiction is the narrator omniscient, and so only in fiction can the full array of a character's motivations be presented for analysis. Ironically, therefore, it is only through fiction that an author can provide a realistic picture of how real individuals reach real decisions on questions of international politics. A character's home life, his private ambitions, his feelings of inadequacy or of power—all these are subjects unfit for the daily

high." He admits that taxes on lower earnings reduce net take-home pay below the value of unemployment benefit. He makes no bones that nationalized industries are political rather than commercial enterprises; that the Common Agricultural Policy is massively wasteful; that the National Health Service is over-manned; that the housing market is distorted by subsidies; that trade unions exercise coercive powers in the labor market.

Why can't he see that the economically disruptive effects of government are not confined to that half of the economy which is run by politicians? Its financing through national "insurance," local rates and taxes of all kinds inflicts costs and undermines incentives throughout the other half of the economy. Since Joel Barnett does not trade in party rhetoric, how can he label the present British economy as a "brand of free market?" If we acquit him, as we must, of willful deception, the only explanation is misunderstanding on a scale that leaves splendid scope for economic education. It offers a challenge which I therefore propose to take up forthwith, starting with sending the author a reading list, headed, perhaps, by George Gilder's *Wealth and Poverty*.

Meanwhile, I cannot recommend Joel Barnett's book too highly. For conservatives beset by doubts, it will reinforce their belief in a market economy ruled by limited government. And for socialists capable of reflection it may finally persuade them that their well-intended idealism is utterly misplaced.

Ralph Harris

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