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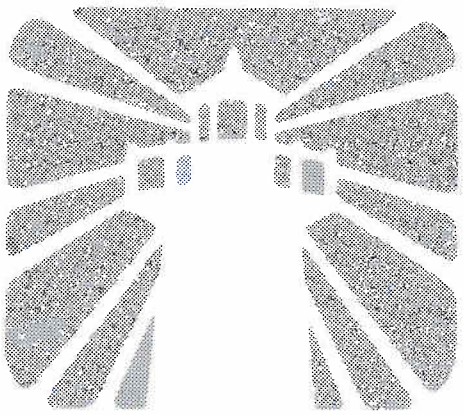
Sometimes college spirit needs help

Imagine that you're an intelligent youngster—perhaps extremely intelligent—who's well motivated and emotionally healthy. And then imagine your frustration because you're bright enough to know you've got a special learning problem.

The problem is dyslexia, and it affects about one out of every 10 Americans. Dyslexia is a complex of neurological disabilities that inhibits the ability to recognize symbols and process them. The condition can make it excruciatingly difficult to acquire basic language skills such as reading, writing, and spelling, and the more difficult ones such as note-taking, outlining and summarizing. It can also make it very hard to learn non-language symbol systems such as mathematics and music.



Dyslexia is a chronic condition, with no known cure. Because its victims are otherwise normal, they may be pigeonholed as careless or lazy—or their intelligence may be questioned. So they suffer in school and can't perform up to their potential in the work force. Many go through life knowing they could have done more, if only someone had extended the proper helping hand.

Today, many hands are being extended to dyslexics. And perhaps the most ambitious belongs to Landmark College, located in Putney, Vermont.

Landmark College, a non-profit institution created by the Landmark Foundation, welcomed its first students last September. It is starting out as a two-year school and plans to expand into a four-year liberal arts college in the future.

Meanwhile, it is preparing its students to go on to existing four-year institutions. But it is doing much more. It also offers a separate intensive program of language and study skills training for dyslexic students with the intellectual capacity to do college-level work. Students may first concentrate on this remedial program and then move on to the college. And at Landmark, the entire staff is geared to the unique needs of the dyslexic student.

Each student's program is tailored to the individual's strengths and weaknesses. But in every case, the student meets his or her problem head-on. In other colleges, dyslexics may attempt to bypass their language difficulties by listening to recorded books, rather than reading; by taping lectures, rather than taking notes; and by taking oral, rather than written exams. At Landmark, students strive to—and do—master language skills, because those are the skills that permit a lifetime of learning—and advancement on the job.

The college is a logical progression for the Landmark Foundation. The Foundation, which was started in 1963, operates schools in Massachusetts and California specifically for dyslexics, serving more than 650 students a year. The schools have offered a college-preparation program since 1982.

By creating its own college, the Landmark Foundation has taken a bold step to meet a pressing need. Its initial class has drawn students from as far as Texas, California, and Hawaii; most of them are fresh from high school, but some already have several years of college behind them. Some have even earned degrees, but have yet to master the language skills that will last them a lifetime. They have opted, once and for all, to overcome their disability.

So there's no question that the students—and faculty—are highly motivated. But dyslexia isn't the only obstacle they face. Landmark College has no huge endowment, no old-boy network of affluent alumni.

As the college embarks on a $5 million fund-raising campaign, it must call instead on corporations, foundations, and you. Won't you contact Landmark College, Putney, Vermont 05346, to help young people realize their full potential for themselves and for America as a whole?

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My Conversations With Ferdinand Marcos

A Lesson in Personal Diplomacy

Senator Paul Laxalt

My first visit to the Philippines was in October 1944, under General MacArthur. I was then a 22-year-old Army medic attached to the 7th Division, and we were part of the invasion force liberating the island of Leyte. It was a tough, grisly experience—wet, cold, full of blood and gore. Our group spent 53 long, torturous days on Leyte before we were finally flown out to rest camp. I didn't think much then about the strategic and historic importance of the Philippines to the United States. I was just trying to stay alive.

Last October, I took my first trip back to the Philippines since the war to meet with President Ferdinand Marcos on behalf of President Reagan. We met twice, first for four hours, and then for an hour the next day when we were joined by General Ramos, then the acting chief of staff. At the outset of our conversations, I mentioned that I had been involved in the Leyte campaign at the same time President Marcos was a freedom fighter against the Japanese occupation of his country. This helped establish a historic linkage between us that probably contributed to the strength of our relationship later.

My mission in talking with President Marcos was to communicate President Reagan's concerns about the future of the Philippines. The President was concerned about the general political instability in the Philippines, and whether President Marcos still enjoyed the support of the people. He was concerned about the decline of the Philippine economy after a long period of remarkable growth in the 1970s. And he was concerned about whether the Philippine military was taking the steps necessary to deal with the growing Communist insurgency.

These concerns had already been expressed to President Marcos through repeated contacts by our State Department people and others. But President Marcos apparently believed that they were just the musings of the bureaucracy, and not really the views of President Reagan. So the President decided to send me as a personal emissary. I delivered Preisdent Marcos a handwritten letter from President Reagan. He read it, and afterwards we discussed each of the concerns at length. President Marcos didn't agree with the message, but he knew enough about my relationship with the President to find me a credible messenger. Stephen Bosworth, the U.S. ambassador in Manila, accompanied me in our meetings.

Rose-Colored Glasses

During our meetings, President Marcos painted a rosy picture in answering all of these concerns. He indicated that the economy had suffered a severe recession, as most of the countries in the area had, but he argued that it was climbing out. He talked about refinancing an International Monetary Fund loan, and he was very upbeat. He was convinced that the Communist insurgency was under control, and that he had the support of the Philippine people. We were joined at our meeting on the second day by General Ramos, who gave a report on the state of the insurgency which he had apparently stayed up all night preparing.

I found President Marcos, generally speaking, to be positive and optimistic—as it developed, unrealistically so. He was a conscientious leader, and I believe he had the interest of the Filipino people at heart. But if he had a weakness, it was that over time, he had become isolated from the realities of his country. He had been holed up so long at the palace that his information was based on what people wanted him to hear. And most of the evaluations that he received were unrealistic.

President Marcos, of course, had been twice elected to his nation's highest office in the 1960s, and I could tell from meeting him that he is a very capable politician. In some ways, he reminds me of Richard Nixon: he just loves the craftsmanship of politics and political strategy. He was fully aware of the political situation in the United States; he knows how Congress fits into the equation, and he understands the limitations of our Presidency. He is very personable, very bright, and well informed about the world. I think he is one of more interesting political leaders whom I have met.

But perhaps because he was no longer fully subject to the accountability of democratic elections, he became isolated in the Philippines, and lost control. He allowed sev-

Senator Paul Laxalt, *a Republican, is the senior United States senator from Nevada.*

Drawing by Alexander Hunter for *Policy Review*.

eral of his friends and Mrs. Marcos's friends to develop an economic cartel that had a stranglehold on the whole economy. There really wasn't a free market, at least for the country's major products, and this was one reason why the economy was in such serious trouble. Similarly, he allowed the Philippine military, though staffed by many able officers such as General Ramos, to become more concerned with protecting its own interests than with dealing effectively with the growing insurgency.

President Marcos's isolation also affected his perception of his political strength within the country. During my October meetings with President Marcos, we briefly discussed the idea of a snap presidential election earlier than the one planned for 1987. This possibility had been previously broached to him by C.I.A. Director William Casey. But during our meetings, he didn't entertain it very seriously. He said there was no need for it, since he already had the support of the people. And he said it would be a costly distraction that would take him away from other things he had to do.

We came back to the idea, however, in some phone conversations after my return to the United States from Manila. In one discussion, President Marcos asked me whether I had transmitted the Ramos report to people in the White House and the State Department. I said that I had, and then when he asked me about people's impressions of my visit, I said, "Well, the biggest reaction I get around Washington is that there is almost uniform feeling that you have lost the support of your people and that it is a very pressing problem."

We had another conversation at the end of October to discuss David Brinkley's TV show that we were both going to be on the following Sunday. President Marcos stated, as he had before, that he had the support of the Philippine people, and that this could be demonstrated. And then he said he was considering the possibility of calling a snap election, at which point I suggested, "If you are going to do that, it would be very dramatic for you to make that announcement on the Brinkley show. That would be very effective for American consumption." And that is precisely what he did.

I think he figured he could win the election overwhelmingly. Obviously some of his information was unreliable. He exaggerated his own support and, more importantly, completely underestimated Mrs. Aquino's strength. He was probably counting on a divided opposition: the Laurel and Aquino forces had never been able to get together in the past. So his big miscalculation was most likely the failure to anticipate the shotgun marriage between the Aquino and Laurel forces just before the filing deadline.

Test of Democracy

During the pre-election period, critics of the Reagan Administration said it was more concerned with keeping the Subic Bay and Clark Air Field bases than with building democracy. But these objectives were not mutually exclusive, nor is there any reason why they should be. Democracy and preservation of the bases are compatible goals, because the bases are in the interest of the Filipino people as well as of the United States. I believe that most of the Filipino people still subscribe to that.

The issue was never whether the United States was for democracy or not. Of course we are. Instead there was the more delicate question of how far you go in offering constructive advice to another government: at what point do you step over the line and intrude on another nation's sovereignty? This is a difficult line to draw with any government. It was especially difficult to draw with President Marcos, who was a reliable and trusted ally of the United States from day one. Neither the President nor anyone else in the administration felt it was appropriate to tell President Marcos, "We think you ought to hold an election right now." But there were ways to make suggestions without giving the impression that we were giving President Marcos orders.

During my meetings with President Marcos in October, for example, I made the argument that from a political point of view, an election would be of no value to him, and in fact would probably be negative, unless it were considered credible both domestically and in America. And I suggested that if he decided to hold an election, he might want to consider inviting international observers, including some from the U.S. Congress, as had been done in Central America. I repeated the suggestion when he finally decided to hold the snap election, and he said he had no problem with it. So I communicated the idea to Senator Richard Lugar and the members of the Foreign Relations Committee. I don't think that Marcos regarded the idea of observers as an intrusion. He was deeply resentful of what he considered unfair treatment by the House Foreign Affairs Committee and the American media.

As it turned out, the election campaign was as free and open as any we have had in the United States. The Aquino people complained about time on television, but that was the same complaint that American politicians usually make: you can't get on TV unless you buy expensive time on the air. Mrs. Aquino had rallies all over the country, and she and a very vigorous opposition press were able to make the strongest statements with impunity. I don't think anyone can say that freedom of the press or freedom of assembly were suppressed during the campaign.

The problems arose in the conduct of the election. The authorities, and particularly the military, played with the process. They changed boundary lines so a lot of people who thought they were registered in given areas lost their right to vote. There was massive fraud in the ballot counting. Based on the intelligence information I have seen, I don't think there is any question that this was a dishonest election. Ferdinand Marcos still contends that he is the duly elected and confirmed president of the Philippines. But I came to the conclusion, based on intelligence I had seen, that he was *not* the duly elected president.

On February 24, President Marcos phoned me at the Capitol, where I was being briefed by Secretary of State George Shultz and Philip Habib, the President's special emissary, about the latest events in the Philippines. President Marcos asked me whether a message he had received from the White House calling for a "peaceful transition" to a new government was genuinely from President Reagan. I told him it was, but I could not answer all his questions about what a "peaceful transition" would mean—whether, for example, it might permit some form

of power sharing with Mrs. Aquino. President Marcos was terrified by reports that the U.S. Marines were on the way to join the rebels, though I checked with the President and Secretary Weinberger, and found out this was absolutely untrue.

President Marcos had been up all night—it was 3:00 A.M. Manila time—and he was in a frightened and pugnacious mood. He said that he and his family, including his grandchildren, had holed up at the presidential palace. Despite growing defections from his army—including Deputy Chief of Staff Ramos and Defense Minister Enrile—President Marcos claimed he had the support of 85 percent of the army, and said he was prepared to fight it out.

The conversation frightened the daylights out of me, because I thought the last thing that we needed in the Philippines was an ugly civil war. At the end of the conversation, I implored him not to have any unnecessary bloodshed until I had an opportunity to talk with the President.

The Final Hours

After this phone call, Secretary Shultz and I were driven to the White House, where we met with the President, Admiral John Poindexter, the national security adviser, and White House Chief of Staff Donald Regan. The President said it would be impractical and undignified for Mr. Marcos to share power with Mrs. Aquino. But he told me to tell President Marcos "he would be welcome in the United States if he saw fit to come here."

I then called President Marcos from Admiral Poindexter's office in the White House. It was 5:00 A.M. Manila time. President Marcos asked me whether President Reagan wanted him to resign, and I indicated I wasn't in a position to make that kind of representation. Then President Marcos asked me the gut question—what I thought he should do. I had to assess the situation quickly, and I felt a rush of sympathy for him. But I concluded that it was in the best interest of all that he leave. If he did not, I feared a civil war with a lot of bloodshed. I said, "Cut and cut cleanly. The time has come."

There was the longest pause. It seemed to last minutes. It lasted so long I asked if he was still there. He said, "Yes." And then he said, "I am so very, very disappointed." And then he hung up the phone.

How much my remarks influenced his decision to leave Manila I do not know. I think he figured that he had lost almost all of his leverage, that his only alternative at the time was to fight it out and in all probability he would lose. But he still maintains that he is the duly elected president, and he is firmly convinced that the Aquino people cannot hold that country together and that one day he is going to return.

We have talked a few times since he came to Hawaii. His position is that he is still the president of the Philippines, and that he left the country temporarily to avoid unnecessary bloodshed. It's important to understand, too, that he didn't believe he was going to have to leave the country when he agreed to leave the presidential palace. He thought he was going home to northern Luzon. Otherwise, he told me, "I would have never taken all that currency out of there. That was in violation of our law. I thought I was going home."

Apparently negotiations to permit the Marcoses to go home were still underway when their entourage was flown by helicopter into Clark Air Field from the presidential palace. But I understand Mrs. Aquino and more particularly General Ramos feared he would be a very bad force if he stayed in the Philippines, and so the Marcoses were taken to Guam.

I think President Marcos is being treated as properly in the United States as one can expect under the circumstances. The administration has done all that it could to accommodate him. Several substantial lawsuits have been launched against him, and that is why he wanted to leave. But the administration cannot offer him total legal immunity.

Meanwhile, President Aquino has to confront many of the same economic and military problems that faced President Marcos. I have no first-hand knowledge about how well she is doing, but it appears from what I read in the papers that she made a serious strategic mistake in releasing the Communist leaders from prison. Apparently that was in fulfillment of a campaign pledge. But I think that is one pledge that she should have set aside. Now she wants to negotiate with the Communists. But it is becoming increasingly apparent, and we've known that from other parts of the world, that you can't do business with Communists. They don't negotiate except on their terms. And in the Philippines, the Communist insurgency seems to be increasing by leaps and bounds.

The biggest lesson that I have learned from my experience with President Marcos is the value of personal diplomacy. I cannot weigh in the total equation how important President Marcos's phone call to me was, but it might have prevented a civil war in the Philippines. And had I not established some relationship with him, I'm not sure that phone call of his would ever have been made. President Marcos didn't call some State Department bureaucrat or the Secretary of State, he called me. And it is purely because we had gotten to know one another reasonably well in a short period of time.

Of course, personal diplomacy works best with those on our side, our allies and our friends. We have paid a terrible price for personal diplomacy when it was uncontrolled or when too much was expected of personal relations—as was the case when Franklin Roosevelt thought he could handle Uncle Joe Stalin. Nevertheless, my experiences with President Marcos reinforce my belief that some advantages can result from President Reagan and Secretary Gorbachev getting to know one another better, and developing a personal relationship without being loaded down with a structured agenda. Whether you are dealing with profound state problems or personal problems, there is no substitute for personal contact.

THE URBAN STRANGLER

How Crime Causes Poverty in the Inner City

JAMES K. STEWART

The idea that poverty causes crime goes back at least as far as Aristotle, who called poverty "the parent of revolution and crime." But in the American inner city, the relationship is exactly the reverse. Poverty doesn't cause crime. Crime causes poverty—or more precisely, crime makes it harder to break out of poverty. The vast majority of poor people are honest, law-abiding citizens whose opportunities for advancement are stunted by the drug dealers, muggers, thieves, rapists, and murderers who terrorize their neighborhoods. These predators are not Robin Hoods of some 1960s ideal; they are career criminals who are destroying the labor and hopes of the poor and they are as oppressive as the most avaricious totalitarian regime.

The most obvious way that criminals prey upon the poor is by robbing them of their property—and sometimes their lives. According to the Bureau of Justice Statistics, 9.6 percent of households with incomes of less than $7,500 were burglarized in 1984. This was the highest victimization rate in the country, nearly twice as high as for households in the $25,000 to $30,000 range, and the poorest also suffer the highest victimization rates for violent crimes. Households with incomes in the $7,500 to $14,999 range suffer the highest median economic losses from personal crimes, including robbery, assault, and theft. Since poor people often cannot afford insurance, and since personal property accounts for almost all of their capital, the theft of a TV, furniture, or car can be devastating. Robberies of cash or checks—for rent, welfare, or Social Security—may at one stroke eliminate a family's ability to pay for home, food, or future.

The typical criminal does not rob from the rich to aid the poor; he steals from the helpless to help himself. There's a routine on "Mother's Day"—the day every week when welfare checks arrive in the mail—of criminals extorting or stealing checks from welfare recipients or looting them from their mailboxes. Automatic deposits or safe deposit boxes aren't necessarily safer, since a criminal who knows your weekly income can collect on penalty of physical assault.

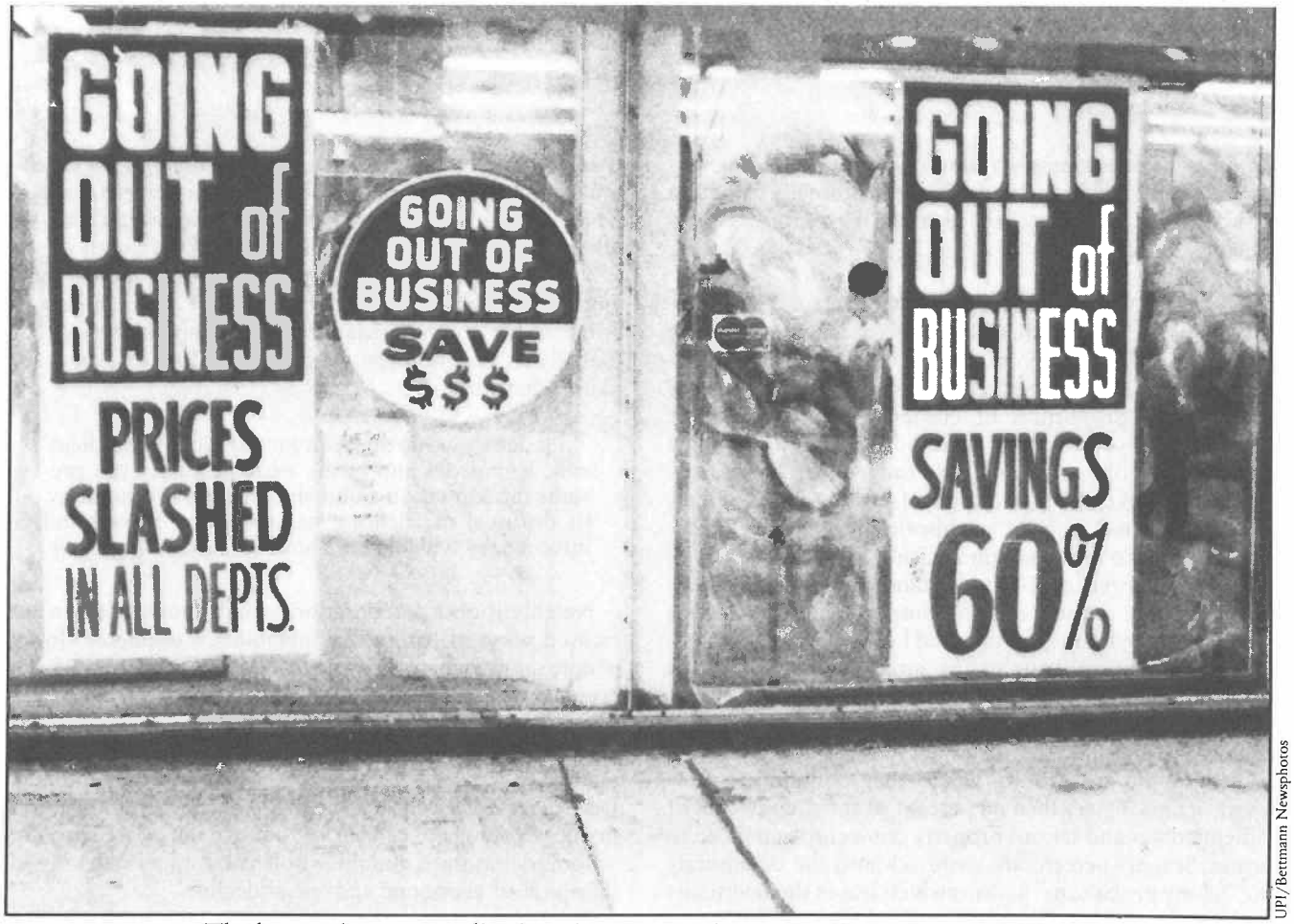
The less direct costs of crime to the poor may be even more destructive. The traditional means by which poor people have advanced themselves—overtime, moonlighting, or education to improve future opportunities—can easily be obstructed by crime and fear. Why risk a late job or night school if the return home means waiting at deserted bus stops and walking past crowds of threatening teenagers? A secretary declines overtime opportunities if they extend into the evening because she fears being robbed between the taxi and her front door. A husband gives up night school rather than leave his wife and young children alone at home.

Crime lowers property values in inner cities, making it harder for poor people to accumulate capital and borrow money. Studies in Chicago by Mario Rizzo and Barton A. Smith have shown that for every rise of one percent in the crime rate, rents and home values drop by 0.2 to 0.3 percent. The result is disastrous for families saving and scrimping to build up some modest capital; only by moving can they improve their lot.

Renters, of course, may benefit from the decline in property values, but their gain is only temporary. If landlords have no incentive to keep up maintenance on their properties, both the quality and quantity of housing stock will deteriorate and renters will lose in the end. The vast stretches of vacant buildings in the South Bronx are probably due as much to crime as to rent control; even if landlords could raise the rents, no one who could afford the increases would want to live there.

Similarly, crime can destroy even the most attractive public housing projects, turning them into catastrophes for their tenants. With their long hallways, lonely elevators and stairwells, and absence of street life, public housing high-rises trap and deliver victims to their criminal predators; often they are more treacherous breeding grounds of crime than the squalid tenements they replaced. It was largely because of crime that the Pruitt-Igoe housing complex in St. Louis became uninhabitable and had to be demolished. The Cabrini-Green apartments in Chicago remain in use, but they are ridden with fear.

JAMES K. STEWART *is director of the National Institute of Justice. He was formerly commander of criminal investigations in the Oakland Police Department and a White House Fellow.*



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The best anti-poverty policy is a vigorous attack on crime in poor communities.

Crime strangles commerce and industry in the inner city, and therefore makes it harder for poor people to get jobs. Wherever people are afraid, the market cannot be free. And the high crime rates of poor neighborhoods prevent their residents from taking full advantage of the employment opportunities offered by America's market economy.

A number of economic features ought to attract capital to revive inner cities. Most poor neighborhoods are located in or near the center of our cities and therefore should be prime locations for commerce. The inner city usually provides easy access to railheads, highways, water, and power, as well as to a ready labor supply. It already has the infrastructure that is often missing from the suburbs and exurbs.

But crime in these neighborhoods builds a hurdle to economic development that investors cannot leap. As one recent National Institute of Justice study reports, crime and the *fear* of crime can influence entrepreneurs' investment decisions more than high taxes or labor costs. Crime is one of the major reasons why businesses restrict operations, relocate, sell, or close down. The Bronx was once an industrial center for injection molders in the plastics industry; crime was one of two main pressures (the other was energy costs) that drove the industry out.

A Buffalo business owner recently testified before Congress about a string of burglaries that had driven his father into early retirement. He said burglars stole "whatever they can get their hands on . . . Thanksgiving weekend they got us for about $3,000 worth of chicken products. . . . We have two separate alarm systems in our building and they are still getting it. We have fenced it in. We had guard dogs, two of them. They are cutting our fences at night and letting them out. It just never ends. This year alone we must have lost about $20,000 worth of products."

For those who stay in business, a high crime rate sharply raises operating costs. Another inner city Buffalo businessman removes the office equipment from his premises every night because of repeated burglaries. Added operating costs include insurance, which may become prohibitively expensive or even unavailable, and security investments, such as improved lighting and fencing. A typical inner city business might pay about $5,000 for a simple audible alarm system and $10,000 per year for a private security guard's salary. Such expenses can jeopardize the survival of small businesses—the strongest engine of employment growth.

Businesses in crime-ridden neighborhoods also may face higher labor costs to compensate employees for the higher risk of working there—or they may find it difficult to attract any employees at all. According to a study of two inner city Chicago neighborhoods funded by the National Institute of Justice, several industrialists were unable to staff additional shifts because of employees' fears for their safety.

Perhaps the most serious threat to business is that customers and suppliers are scared away. The Chicago study noted that "more than half of the businessmen in both neighborhoods reported that some or all of their suppliers had complained of feeling unsafe in the area." Cargo thefts were a familiar event, in which thieves "broke open the back door of the truck and quickly removed the cargo while the driver was stopped at a traffic light or waiting to deliver the goods at an alley loading dock." Auto theft

from places of business was also common in these neighborhoods, including the theft of one customer's car while parked directly in front of the plant during a short business meeting.

Criminal Recycling Centers

Criminals can tyrannize poor neighborhoods because they are not significantly threatened by the criminal justice system. Only 20 percent of reported crimes are ever solved. And a large proportion of crimes—especially in poor neighborhoods—are never reported. Among households with incomes of less than $7,500, only 40 percent of burglaries and fewer than one-third of all household crimes are ever reported. In poor neighborhoods, people are usually reluctant to turn someone in, call the police, or testify in court. Their reticence is understandable, for local justice policy quickly releases criminal suspects and then delays their trials for months. Victims and key witnesses are therefore exposed to opportunities for intimidation by criminals or their confederates.

In addition, many inner city residents lack confidence in a criminal justice system that recycles convicted felons back into the community where they continue to prey upon victims. Fewer than 30 percent of those convicted of violent crimes and serious property crimes are sentenced to prison. Seventy percent are sent back into the community on "felony probation," a status which leaves them virtually without supervision. The majority of those on felony probation (65 percent) are rearrested for similar crimes within three years.

Because the poor have little or no mobility, there is no escape from these predators or from the totalitarianism of crime. Where criminal enterprises such as narcotics dealing, prostitution, and numbers are the chief income-producing activities, they choke off the growth of legal enterprises, while generating even greater numbers of related crimes in the community. And the street crime typical of poor neighborhoods—robbery, assault, larceny, burglary, drug dealing and use—has a profoundly debilitating effect on the economy.

A recent joint report by the Citizens' Crime Commission of New York City and the Regional Plan Association noted that the two "primary fears of pedestrians in urban public spaces" are "the fear of being suddenly and violently attacked by a stranger and the fear of being bothered by panhandlers, drunks, addicts, rowdy teenagers, loiterers, the mentally disturbed, and other disorderly people." The latter fear—the fear of what James Q. Wilson has termed "incivilities"—may be as powerful as the fear of more serious crime. Abusive or insulting language, harassment, drug use and sale, public drinking, and loitering teenagers are often interpreted as signs of more serious potential crime.

Of course, a panhandler who stands in front of the same store every day, a mentally ill person shouting at passers-by, or a group of teenagers hanging out on a street corner are probably not plotting a crime. But when disorderly behavior reaches a certain density on the street, there is less of a deterrent to antisocial behavior. People feel insecure about working, shopping, eating, or strolling in the area. In Jamaica Center, in Queens, New York, a survey of office workers found that 60 percent left their buildings at lunchtime no more than once a week. Fifty-four percent avoided going through the local park during the day, even though it would have been more convenient to do so.

Such acts of avoidance eventually isolate people and empty out public places. They suggest how predatory crime and fear can damage the community in a way that extends far beyond personal injury and loss. As James Q. Wilson has observed:

> Predatory crime does not merely victimize individuals, it impedes and in the extreme case, even prevents the formation and maintenance of community. [It disrupts] the delicate nexus of ties, formal and informal, by which we are linked with our neighbors.

Neighborhood deterioration usually starts with an increased sense of fear and vulnerability. Commerce slows; people go elsewhere to shop and stay off the streets in the evening; stores put in alarms and bars in the windows; going-out-of-business sales increase, and as businesses change hands, the quality of merchandise declines and prices rise. Buildings get shabbier and some are abandoned. Disorderly street behavior increases. Investments and loans dry up. People who can afford to move out of the area do; schools deteriorate; and the whole community slides down the spiral of economic and social decline.

No urban redevelopment program can arrest the decline of inner city neighborhoods unless it is accompanied by a sharp reduction in crime. Billions of federal anti-poverty dollars have been poured into depressed inner cities without reviving them economically. The reason is that the people who live and work there are afraid and cannot make the most of the opportunities offered them. The natural dynamic of the marketplace cannot assert itself when a local economy is regulated by crime.

Enterprise zones will be no more successful in reviving inner cities unless they make security a top priority. Tax breaks can influence business locations, but they are of no avail to the company that cannot make a profit because its employees won't work overtime and its customers are afraid to visit. Crime is the ultimate tax on enterprise. It must be reduced or eliminated before poor people can fully share in the American dream.

Eradicating the Parasite

The best anti-poverty policy is a vigorous attack on crime in poor communities. Yellow fever was finally cured when attention was shifted from treating the dying patients to controlling the mosquito that carried the disease. Likewise, inner cities can be restored to economic health if we eradicate the parasite that infects them—crime.

A number of experiments around the country show that the spiral of commercial decline in a crime-ridden neighborhood can be stopped. The key is a dramatic reduction in crime.

In the early 1970s, a 40-block area in the East Brooklyn neighborhood of New York was home to about 200 businesses employing 3,000 people. But the area was deteriorating. By 1979, the number of businesses had fallen to 45, and they employed 1,500 people. The overwhelming rea-

son given by businesses for leaving the neighborhood was fear of crime.

This is a familiar story of decline. A similar one could be told of neighborhoods in virtually every major American city. But in East Brooklyn Industrial Park, there is a surprising sequel. Between 1980 and 1982, the number of burglaries in the 40-block area fell from 134 to 12, the number of street robberies from 208 to 62. Signs of commercial vitality appeared. Twenty new firms have moved into the area and at least 40 others have expressed interest. A new office building of 60,000 square feet is under construction and other buildings are being renovated.

These and other changes were the fruit of a project by a private development company to increase security in the neighborhood. Working in collaboration with the New York City Public Development Corporation and the police and fire departments, the Local Development Corporation of East New York tore down abandoned buildings, fenced properties, put in burglar alarms, trained private security guards, patrolled the area, provided escort services for residents and businesses—and succeeded in persuading local businesses and residents to help pay for the project. The city contributed by repairing streets and putting in new lighting.

In Oakland, a security program was initiated in 1982 by a group of private developers. Clorox and IBM are among the major tenants of Bramalea Corporation properties who contribute about $300,000 annually to provide for a police enhancement program of the 40-block downtown business district. The program increased the police foot patrol in the area and added a mounted patrol, as well as more motorbike and motorscooter patrols—which create a greater sense of protection and accessibility to police than car patrol. The program also made a well publicized effort to curtail incivilities and disorderly behavior in the neighborhood.

Property crimes, which dropped nine percent citywide from 1982 to 1983, fell by 20 percent in this central area. Declines in strongarm robbery, purse snatchings, commercial burglary, and auto theft were particularly dramatic. But more important than the drop in crime was the greater sense of security and confidence people felt, indicated by the larger flow of orderly pedestrian traffic. One local businessman commented, "I don't hear about muggings any more." A bank manager noted that use of the bank's cafeteria dropped significantly (suggesting more workers were going out to eat in the neighborhood), and merchants reported greater lunchtime shopping by employees.

The improved security has been decisive in attracting and retaining businesses. IBM came into the neighborhood on the basis of the security program. One business owner noted, "If we didn't have the foot patrol and increased police presence downtown, I wouldn't be in business in Oakland."

A project in Portland, Oregon, to improve the security of the Union Avenue commercial strip also led to a significant reduction in commercial burglary, following improvements in street lighting and store security. Reversing a period of decline, businessmen reported that gross sales were holding steady or even increasing since the lighting and security changes.

Improved security is also the key to a remarkably successful urban project in Watts. The riots that destroyed parts of the Los Angeles community 20 years ago wiped out marginal businesses and appeared to have killed off new business growth. New enterprises could not take root because crime made people unwilling to work, shop, or make deliveries in the area. Investors wouldn't touch the neighborhood, even with the prospect of capturing the market, because of the low customer traffic and risks of high losses.

Crime is the ultimate tax on enterprise. It must be reduced or eliminated before poor people can fully share in the American dream.

The first commercial enterprise of any kind to be built since the riots was the Martin Luther King, Jr. Shopping Center, which opened in 1984 at a location formerly called "Charcoal Alley" as a result of its fiery devastation in the riots. Estimated first year sales were about $45 million, or about $350 per leasable square foot—more than three times the average revenues of first-year shopping centers. Though it was built in one of the most violent and crime-ridden areas of the city, no major acts of violence or vandalism have occurred there. "The success of the shopping center shows that you can make money and create jobs here without fear of the stereotype that says you can't do business in the ghetto because of crime," said Dr. Clyde Oden, a Watts physician who is president of the Watts Health Foundation.

Built by Alexander Haagen Development, the shopping center is designed to be an oasis of security where businesses can function and customers can do their banking and shopping without fear. The entire facility is surrounded by a wrought-iron fence like the one surrounding the White House. Inside there is a control center with closed circuit TV monitors. Private security guards trained by the developer patrol the shopping center 24 hours a day, and the center also has a Los Angeles Police field office.

The center has created jobs for local residents through its private security program as well as its stores. In the words of Grace Payne, executive director of a neighborhood job training and community counseling center, construction of the mall is "the greatest move that has been made for the people in this community to have jobs." Four smaller shopping centers have subsequently opened in the area.

Stimulating new business growth is the aim of a community redevelopment program initiated in 1984 by Pfizer Corporation in the Williamsburg section of Brooklyn. One of the world's largest pharmaceutical companies, Pfizer operates a production and packaging plant in Williamsburg. It once shared the neighborhood with a number of

breweries and other businesses. But by the mid-1970s, crime and the flight of area businesses had contributed to serious environmental decay. Buildings made unprofitable by vandalism and rent control were abandoned. People who could afford to, moved away, intensifying the poverty in the neighborhood. Crime was "the number one problem facing the plant that might have forced us out," according to Pfizer plant manager Tom Kline.

But Pfizer didn't want to leave Brooklyn, where it was founded 130 years ago. Instead, it embarked on a program to reduce crime and help redevelop the area. The company's goal is to attract seven manufacturing companies, employing 700 people, within five to seven years; some preliminary commitments have already been received. Pfizer's redevelopment plan also includes the building of 100 new two-family homes for owner-occupancy with rental units, to be built by private developers with assistance from city agencies.

Meanwhile, the Public Development Corporation of New York, with the assistance of Pfizer, has bulldozed, cleaned up rubbish, and fenced 100 lots in a five-block radius around the plant; Pfizer has invested in cameras and intercoms for the local subway platform. The city has provided another anchor business two blocks from Pfizer by opening a 400-bed hospital employing 2,300 people.

Real Social Security

The programs in Brooklyn, Oakland, Portland, and Watts show that, if security is provided, businesses can take root in even the most hostile environment. Reducing crime and its disruptive effect on community ties eliminates the largest and most devastating obstacle to development in many poor neighborhoods. And where businesses can develop, they encourage further growth and help create a community's cohesiveness and identity.

Crime is a hazard to everyone in our society, but it hurts the poor the most; the wealthy and the middle class can call upon private and community resources to cushion them from some of its dangers. The first step in any urban anti-poverty program must therefore begin with the reduction of crime. This means more vigorous prosecution of predatory criminals and more vigorous protection of people in poor neighborhoods. America is beginning to take the steps necessary to fight terrorism overseas; the time has come to fight the even more threatening terrorism in our own cities. ☎

Improving Weapons Acquisition

What the Defense Department Can Learn from the Private Sector

David Packard

Defense acquisition is the largest and probably most complex business enterprise in the free world. Annual purchases by the Department of Defense (D.O.D.) total almost $170 billion—more than all the purchases of General Motors, Exxon, and IBM combined. D.O.D.'s research and development expenditures are more than 15 times those of the French, German, or British militaries, and 80 times those of the Japanese. Defense acquisition involves almost 15 million separate contract actions per year—or an average of 56,000 contract actions every working day.

In many respects, this enormous enterprise works remarkably well. American weapons are sought by everyone else. When other countries want high-quality weapons, embodying the best available technology, they look to the United States. We can be proud of the capabilities of our weapons and our forces when we compare them with those of the Soviets and of our allies. We can be proud, too, of the large number of dedicated and capable people who work in acquisition at the Department of Defense. I have often said that I could pick a team of people from the Defense Department who would be equal in ability and motivation to the best people I've seen anywhere in industry.

But the question remains: are we doing as well as we should be? And here it is clear that, no, the defense acquisition system has deeply entrenched problems that have developed over several decades from an increasingly bureaucratic and overregulated process. Public attention has recently focused on overpricing of spare parts, but more significant inefficiencies are to be found in the acquisition of major weapons systems. All too many of our weapons systems cost too much, take too long to develop, and by the time they are fielded, incorporate obsolete technology.

The Department of Defense is no worse than other government organizations in managing major programs. As a Rand Corporation study has shown, average cost growth in major defense programs is lower than that experienced by highway projects, water projects, public buildings, and large processing plants. But Department of Defense acquisition cycles—typically 10 to 15 years for major weapons systems—take twice as long to complete as new product introductions of similar complexity in private industry, such as the IBM 360 computer, the Boeing 767 transport, the AT&T telephone switch, and the Hughes communication satellite. Since time is money, the delays lead to unnecessarily high costs of development. We also forfeit our five-year technological lead by the time it takes to get our technology from the laboratory into the field. The United States must depend on its technological superiority to offset the Soviet numerical lead in personnel and weaponry, but because of the long acquisition cycle, we cannot take full advantage of our greatest strength.

It is not entirely appropriate to compare defense acquisition procedures with successful innovation practices in private industry. The responsibility of the Department of Defense is to preserve peace and defend freedom around the world. The responsibility of the people who manage defense acquisition is to provide arms to the men and women in uniform who may have to risk their lives in defense of our country. This is a different endeavor from meeting a target for profitability or sales growth or market share in the private sector. The stakes are higher. Mistakes can cost lives, or even our survival as a nation.

Yet somehow over the years, both the Department of Defense, and the multitude of congressional committees and subcommittees that oversee it, have lost track of some basic management principles that are taught in the first year of business school and are applicable to every complex organization. What follow are four basic management lessons from private industry that could lead to substantial improvements in the efficiency of defense acquisition.

Defining Objectives

The first lesson from private industry is that the defense establishment needs a better definition of objectives. The fundamental requirement of any successful business is a clear definition of its purpose and priorities. Looking back on my own experience, I attribute much of the success of

David Packard, *co-founder and chairman of Hewlett-Packard Company, was Deputy Secretary of Defense from 1969-71 and is chairman of President Reagan's Blue Ribbon Commission on Defense Management. Portions of this article are adapted from reports by the commission.*

the Hewlett-Packard Company to our early decision to concentrate on developing and manufacturing general purpose electronic instruments. Sticking rigorously to this decision, which meant avoiding other opportunities, was very helpful in focusing our energies.

The defense establishment, however, doesn't have a coherent procedure for determining its overall objectives. Today there is no rational process by which the executive branch and Congress reach coherent and enduring agreement on national military strategy, the forces needed to carry it out, and the funding that should be provided. As a result, there hasn't been a very good way of evaluating whether we are buying the right number of weapons or in fact even the right kind of weapons.

Since World War II, planning has been dominated by each military service's own perception of its role and mission. The services have done their own long-range planning and determined, to a great extent, their force level and weapon system requirements. Final decisions on weapons and forces required are made more often on a piecemeal basis characterized by a process of negotiation rather than through a coherent and preconceived master strategy.

Congress is partly to blame for the absence of focus on military objectives. Its present method of budget review, involving duplicative effort by a multiplicity of committees and subcommittees, centers on either the minutiae of line items or the gross dollar allocation to defense, and obscures important matters of strategy, operational concepts, and key defense issues. As Senator Barry Goldwater, chairman of the Senate Armed Services Committee, recently observed, "The budget process distorts the nature of congressional oversight by focusing primarily on the question of how much before we answer the key questions of what for, why, and how well."

The President's Blue Ribbon Commission on Defense Management is recommending that defense planning start with a comprehensive statement of national security objectives and priorities, based on recommendations of the National Security Council. These objectives would guide the evaluation of tradeoffs between different weapons systems. The Defense Department would present its budget to Congress on the basis of national strategy and operational concepts rather than line items.

Long-Range Plans and Budgets

Second, the Defense Department needs a more rigorous effort to match strategy with resources. A commercial enterprise that wants to stay in business cannot simply prepare budgets on an annual or biennial basis. It has to prepare long-range financial plans, typically of five years or more, to assure financing for its future production and marketing commitments and to make sure those commitments are internally consistent. Many of the problems of the Defense Department result from its failure to go through a similar exercise.

For too long, the defense establishment has determined budgets without sufficient regard to long-term plans, and has developed defense plans without any regard to budgets.

The current planning by the Joint Chiefs of Staff (J.C.S.) does not consider budgetary constraints when it measures military requirements against national security objectives. This produces a very unrealistic array of military requirements that can never be met. The current J.C.S. process does not recommend priorities to the Secretary, nor does it analyze tradeoffs among the services.

Meanwhile, the Secretary of Defense's Five-Year Defense Plan bears no relation to serious five-year planning. It is totally driven by year-to-year pressures on the budget, and often by changes during the year in the course of budget debate. Different five-year plans came up with 11 different budget projections for fiscal year 1985, with the highest projection 63 percent above the lowest. The initial five-year projections for 1986 were $77 billion above what Congress eventually approved. That is not long-range planning! You cannot effectively plan to spend $77 billion more than you are given.

Commitments have been made to weapons systems without any guarantee that the funds would be there when it came time to build them. The result has been instability and program stretchouts, which add to costs and weaken the American technological advantage.

We have to stop playing games with the defense budget. What we need is a more stable environment of planning and budgeting, including longer-term defense budget levels agreed upon in advance by the President and Congress.

The Commission on Defense Management recommends that the Chairman of the Joint Chiefs of Staff be strengthened and given the responsibility for planning military forces within realistic budget projections. He would prepare an overall plan of forces for the Secretary of Defense, balancing the advice of the services with that of the Commanders-in-Chief of the Unified and Specified Commands (CINCs), the commanders in the field who are the ultimate users of the weapons.

We recommend that the President determine what portion of the federal budget or of the gross national product should be made available to the defense effort. This question should be decided at a higher level than the Secretary of Defense. We recommend that the President provide the five-year budget guidance, and the overall worldwide security objectives for the country, and then the chairman of the J.C.S. would develop a military plan from those two guiding pieces of information.

We recommend that the President propose and the Congress approve defense budget levels for five years ahead and then a specific two-year operational budget. All program commitments undertaken in the two-year budget would have to be consistent with the resources available in the five-year plan, so that stretchouts will not be necessary in the future.

It is not necessary that five-year budget levels be agreed on with great precision. If we could get some agreement within a plus or minus five percent or plus or minus 10 percent range, we would be a great deal better off than we have been in the past.

More Attention Up Front, More Stability Later

The third major lesson from private industry is in choosing which weapons systems to build. Tens of billions of dollars can be saved if we make the right decision at the front end and then, once a decision is made to go ahead

with full-scale development or production, if we make a stable commitment to the program.

Companies with successful records of innovation have learned that the most important decisions in new product introduction are made at the front end of the process, before going into full-scale development. At Hewlett-Packard, we learned the hard way that engineers are often overoptimistic about how long it is going to take to develop a new product and about how much it will cost. They often think the main problems are solved when they really are not. So we learned that it's important to shake the bugs out, and to know how much a product will cost, before you commit to full-scale development and production. We also learned that the most effective market research is done at the earlier stages of development: by providing experimental prototypes for use by your best customers, you can see whether there's an actual market for the product you are thinking of making.

Unfortunately, the Department of Defense often takes too little time and care in evaluating weapon systems before going into full-scale development. Perhaps the worst recent example of this was the DIVAD gun, which was recently canceled after almost $2 billion in expenditures. The DIVAD decision was made in precisely the wrong way. Not enough attention was paid at the front end. The decision to produce was made before the bugs were shaken out of the computer software that was supposed to integrate its radar, gun, and missile systems. DIVAD probably wouldn't have had its production problems or entered the production phase if there had been real-life operational testing before the commitment to full-scale development and production.

Every successful new product development in the commercial world must meet both a performance target and a cost target. There is no valid reason why this cannot be done with military equipment. My experience is that prototyping is essential. You cannot know how well a technology will work and how much it will cost until you have tested a prototype in real-life operational conditions—preferably testing two or more prototypes against each other. It's extremely important that operational tests be started at the front end of the program; otherwise it will be necessary to backtrack in the later and more expensive stages. The guiding principle is "Fly and know how much it will cost before you buy."

To encourage the right decisions up front, the Commission on Defense Management is recommending the creation of a new Level II position in the Defense Department. The Under Secretary of Defense (Acquisition) would be responsible for determining that new programs are thoroughly researched, that military requirements are verified, and that realistic cost estimates are made before the start of full-scale development.

We are also recommending the creation of a Vice Chairman of the Joint Chiefs of Staff, who would be responsible for integrating the views of the combat commanders in the field, the CINCs, into decisions about weapons systems. In the commercial sector, the ultimate users of a product are integrally involved in its operational testing. But unfortunately, the CINCs do not currently have much say about whether a weapon system is ready.

The key decision is the decision to go into full-scale development. We recommend that the new Vice Chairman of the Joint Chiefs and the new Acquisition Under Secretary work together and make a final recommendation to the Secretary that a program is ready to go forward. Congress comes into this in a very important way. It's important for Congress to know that the decision is being made properly, because this is when it is authorizing funding that is going to involve billions of dollars in many cases.

We have to stop playing games with the defense budget. What we need is a more stable environment of planning and budgeting, including longer-term defense budget levels agreed upon in advance by the President and Congress.

A second milestone decision will come when final operational testing has been completed and the results have been evaluated. Congress then will be asked to authorize full-rate production, the big buildup for funds that are involved.

Focusing on these milestone decisions is the most important way that Congress can exercise its oversight responsibility over the Defense Department. Currently Congress spends much too much time looking at individual line items on a year-to-year basis, making judgments about whether we are spending too much or too little this year, second-guessing program managers on cost and performance details, and frequently imposing certain production decisions as the result of pork-barrel politics and logrolling. Substantial improvement of defense management will require Congress to do less micro-management, and more evaluation of whether we have the right overall military strategy, and whether our weapons are appropriate to support that strategy. The milestone decisions are the appropriate place for this debate.

One can make an analogy here to the oversight responsibilities of a board of directors in private industry. A good board of directors typically looks at overall elements of a company's performance—sales level, growth, profits, quality, competitiveness, rank in industry, and so on. It examines very carefully the reasoning behind major new investments in plants or facilities. But it doesn't get into the details of planning the new facilities. Its role is to look at the larger issues, not to second-guess the management on the details. A board of directors would very seldom even consider a line item in the corporate budget.

The chief executive officer of a company will not authorize full-scale development for a program until his board of directors is solidly behind it, prepared to fund the program

fully, and let the C.E.O. run it within agreed-to funding. The same standards ought to apply to the Department of Defense. Once the milestone decisions are made for a weapons system, then it ought to be funded on a stable basis, with minimal year-to-year interference from Congress. The current procedure is to change programs' budgets every year. This puts an enormous amount of uncertainty into the programs, making it difficult for program managers and contracting officers to plan ahead, and causing both substantial delays and cost increases. Stable funding for the B-1 program has saved about $2 billion over what would have been required by the unpredictable up-and-down funding patterns typical of most acquisition programs. Comparable savings would result from stability elsewhere.

Operating Freedom

The fourth lesson from private industry is that program managers need more operating freedom. I have long maintained that good management means getting the right person to do the job, giving him the means to do it, and holding him accountable for the results. Unfortunately, the 233 major program managers in the Defense Department are frequently so burdened with regulations and reporting requirements that they don't have time to manage their programs.

A program manager in the commercial sector has clear responsibility for his program, and a short, unambiguous chain of command to his chief executive officer, group general manager, or some comparable decision-maker. He reports only to his C.E.O., and typically does so on a "management-by-exception" basis, focusing on deviations from plan.

At the outset of a commercial program, a program manager enters into a fundamental agreement or "contract" with his C.E.O. on specifics of performance, schedule, and cost. So long as a program manager lives by this contract, his C.E.O. provides strong management support, including stable funding, throughout the life of the program. The C.E.O. has agreed that the program is going to go ahead, and the program manager can spend his full time managing his new development.

By contrast, most program managers in the Defense Department have to go through at least three management layers in order to communicate with the executive officer for acquisition in their service. Program managers constantly have to answer questions from a variety of staff advocates—some who want to make sure small businesses or minority-owned businesses get contracts, some who press for more competition in contracting, some who want an emphasis on reliability and maintainability in weapons development. None of these staff advocates have any responsibility for the success of the program. And often they keep the program manager so busy making reports and answering requests that he doesn't have time to manage his program.

There are just too many people in the process now. And that is why the Commission on Defense Management is recommending the establishment of a program executive officer (P.E.O.), who would have a small number of major program managers reporting to him. The P.E.O. would be equivalent to a C.E.O. in private industry. His responsibility would be to run interference for the program manager, to make sure the program manager has time to do his real work, that of managing the program. This is designed specifically to enable defense program managers to operate in an environment more nearly comparable to one in private industry.

We're also recommending that program managers have the flexibility they need to manage a technical work force. Current personnel policies in the civil service reward people for survival, not performance. And program managers often have difficulty attracting, retaining, and motivating the best scientists and engineers.

The need for better people in defense acquisition goes from top to bottom. Restrictions on conflict of interest make it difficult to attract well qualified Presidential appointees. Salaries for upper level scientific people are not competitive with industry, and the Defense Department is not able to attract the brightest young people from the technical schools or to keep the best experienced scientists. We're recommending that the pay flexibility that's been established at the Naval Weapons Center in China Lake be applied much more broadly within the Defense Department.

Contracting officers and purchasing agents, the people who buy millions of items a year, are not required to have any formal business education, nor do they receive all of the technical training needed to upgrade their skills. Many recent horror stories about spare parts result from the simple fact that some purchasing agents are unable to determine whether a particular price is exorbitant. We're recommending that people on this level be reclassified to require formal business training. We're also recommending that in-service training be expanded and provided at all levels, and that program managers be required to take courses in program management before they undertake a particular assignment. These are all standard practices in high-tech private industry, where technology is moving so fast that even scientists and engineers require continuous education to keep up with the latest advances.

Ultimately, if you want competent people in government, you will have to pay the going rate. If that means having fewer people in order keep costs under control, then that's the way to go. All indications are that having fewer but better people will improve the productivity of the organization.

Central Direction, Decentralized Execution

The proposals of the Commission on Defense Management are based on the management concept of centralized policy control and decentralized execution. There have been some complaints that we are recommending centralization of the whole process. This is just plain not so.

We *are* recommending that the new acquisition executive supervise the entire acquisition system. Defense acquisition is the biggest management job in the free world, and there ought to be somebody in charge of it on a full-time basis. Right now no one is. When I was Deputy Secretary, I found that I had adequate authority to do the job, and I spent a lot of time on the acquisition process. But I had other responsibilities. And looking back now, I am quite

sure that if I had been able to devote myself full time to acquisition, I could have done a much better job.

At the same time, we believe it is important to maintain the services' traditional role in managing new weapons programs. The proposal for a single centralized acquisition policymaker is designed to help make decentralization work better. It is part of our recommendation for short, clear, and unambiguous lines of authority and communication between program managers and top-level acquisition executives. Rather than create more centralization, this proposal will create a climate in which real decentralized execution can take place.

My own experience at Hewlett-Packard confirms the importance of decentralization. Early in our history, we decided that there were two important reasons to decentralize the organization.

The first is that decentralization enables people to concentrate their attentions on a limited area, and therefore to develop a specialized expertise and competence. We also felt that breaking the organization into small units would make it easier for people to identify personally with our company. One of the lessons of the current books on excellence is that people make the greatest contribution at work when they develop a personal rapport with the organization. We thought that this would be easier to do if the company were broken into small groups.

One can see this principle in the military services already. The Marines are the smallest of the services, and in many ways they are the most devoted to their own corps.

The current Model Installations experiment, under the direction of Deputy Assistant Secretary Robert A. Stone, is an example of effective decentralization. Under this program, local commanders of some 40 bases around the country are relieved of some of the rules and regulations common in the Defense Department and given more flexibility in managing their commands. The program can demonstrate substantially improved performance at bases, when capable commanders are given the freedom to make decisions on their own.

We'd like to develop centers of excellence throughout the department. I think that's the way to achieve substantially improved performance. You cannot legislate excellence into an organization. And you cannot inspect quality into your organization any more than you can inspect quality into your product. You have to develop teams with the dedication to getting the job done.

Now in taking this approach, it's not effective simply to let everyone go his own way. That is one of the problems we've had. You need a central sense of direction, and a central goal, and then freedom to work toward the achievement of that goal.

Weapons that don't work, exorbitant prices for spare parts, and other evidences of a troubled situation did not originate with the current administration. I had to deal with the same problems when I was Deputy Secretary of Defense 15 years ago.

Yet the Defense Department has always been able to perform exceptionally well when it operates outside the normal system on a "crash program" basis. One of the most successful programs was the Navy's development of the Polaris submarine-launched missile in the late 1950s and early 1960s. This was an extremely complicated program and no one was sure it could be done. But Admiral Red Raborn put together a team of excellence, and the missile system was operational three years ahead of target date. The payload capability and reliability were well within specifications.

Defense acquisition is the biggest management job in the free world, and there ought to be somebody in charge of it on a full-time basis. Right now no one is.

The F-16 program that I started was one of the major programs that involved prototyping. The aircraft was on time and on budget, and it has turned out to be one of our best-performing aircraft in terms of flight performance and reliability.

The prototyping was effective because we were dealing with real hardware instead of paperwork, and we could evaluate performance by flying two competitors against each other. We tested the F-16 built by General Dynamics against the F-17 (now the Navy's F-18) built by Northrop. Both are very good planes.

Another successful crash program was the production of the U-2 and SR-71 high-altitude aircraft at the so-called Skunk Works in Lockheed under Clarence L. (Kelly) Johnson. Both programs were highly classified and way out in front in technology, and so it was easier to keep the number of people involved to a minimum. One reason for their success was that they enjoyed minimum interference from both the Defense Department and Congress. The lesson of this, of course, is not necessarily that we need more secrecy in programs, but that if you have capable program managers you don't have to double-check on them every five minutes.

These successful programs in the Defense Department followed management practices similar to the best found in private industry. If they were applied more broadly within defense acquisition, waste and delay in the development of new weapons would be minimized, and there would be greater assurance that military equipment would perform as expected.

Is Strategic Defense Criticism Obsolete?

Rapid Technological Advances Have Changed the Entire Debate

Clarence A. Robinson, Jr.

Few Americans realize that strategic defense research did not begin with President Reagan's March 1983 speech calling upon scientists to see if they could devise a system for defending the United States against Soviet missiles. Actually, work on ballistic missile defense (BMD) has been going on for more than a decade. In the mid-1970s, the Navy initiated its Chair Heritage program for charged particle beam research at the Lawrence Livermore Laboratory, east of the San Francisco Bay area. Around the same time, the Army began a program called Sipapu (an American Indian word for sacred fire), a research effort into neutral particle beam weapons, at the Los Alamos Laboratory in New Mexico. Now called White Horse, that program is largely based on physics developed in the Soviet Union in the course of its BMD effort. Indeed, many BMD research programs in this country, especially in directed energy—lasers and particle beams—were initiated in Soviet laboratories such as Novosibirsk, Alexandrovka, Troisk, Sary Shagan, and Sarova.

The problem with the various BMD efforts in the United States during the late 1970s and early 1980s was that they progressed without any sense of coordination or coherence. There was no focused effort, constant service rivalries, and infighting over priorities and funding. Progress was usually made at the expense of other programs already in research. Sometimes there were impressive scientific breakthroughs, but they aroused little interest in a military bureaucracy that was, at the time, aiming its attention at redressing tactical forces and an offensive imbalance brought about by expansion of the Soviet ICBM force. Indeed, in the early 1980s, the Defense Research Projects Agency determined that 24 mid-infrared chemical lasers operating in low earth orbit could significantly blunt a missile attack by the Soviet Union. But the Pentagon showed little enthusiasm. At the time, it was trying to get support for the new MX missile and a survivable basing mode.

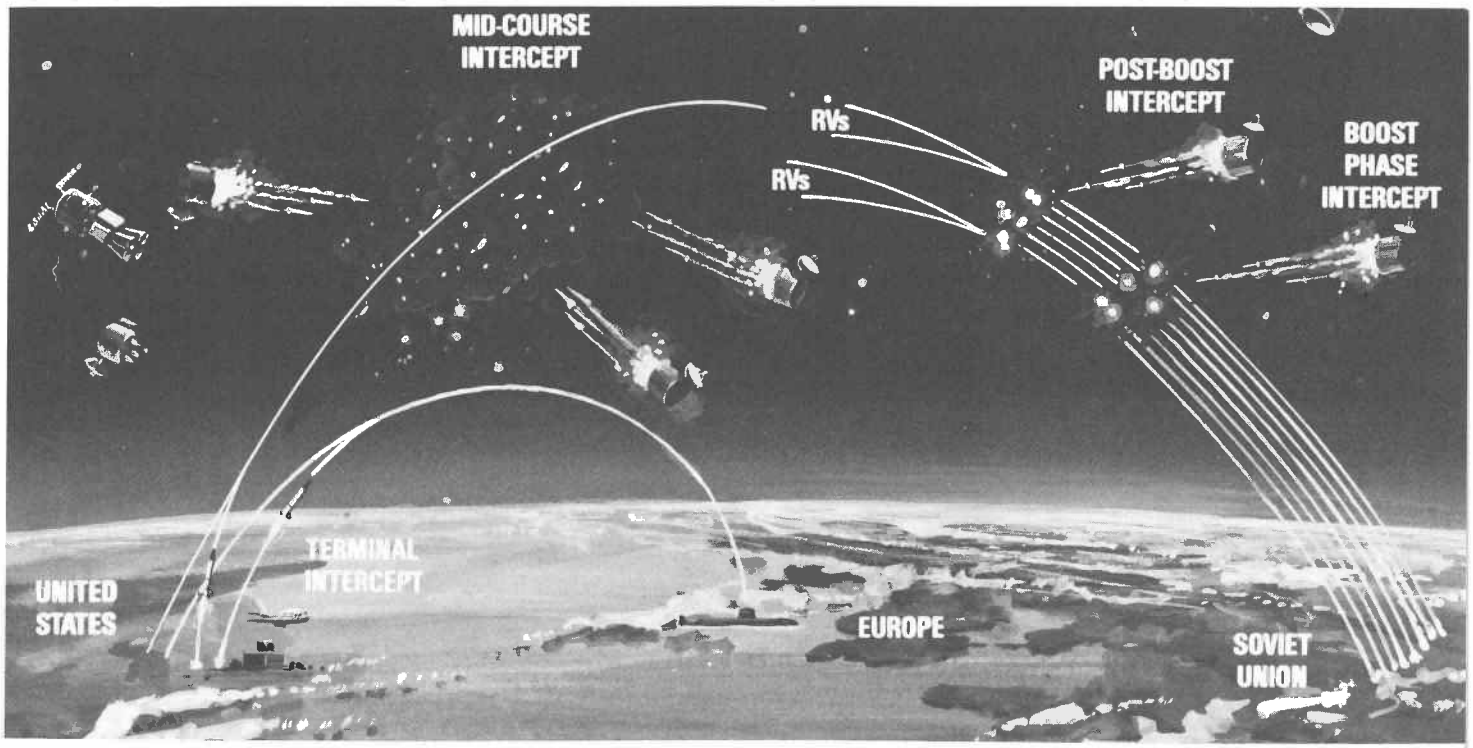
What President Reagan's so-called Star Wars speech did was give diffuse BMD programs a sense of strategic coherence and scientific coordination. Funding for strategic defense ended up being slightly less than what would have been spent on various technologies had they remained as separate programs under the Defense Research Projects Agency, the military services, and the national laboratories. But the level of funding was structured by the Reagan Administration to rapidly increase as the BMD research effort progressed.

No longer were breakthroughs to be overlooked. The various developing technologies were to be integrated by a central office that would structure them into a multilayered defense to intercept missiles and warheads in different phases of their flight.

From the beginning, the strategic defense initiative office (SDIO) was directed to conduct research within the context of the 1972 Anti-ballistic Missile Treaty (ABM) with the Soviet Union. (The treaty proscribes deployment of a defense against ICBMs, with the exception of 17 radars and 100 interceptors.) Further, SDI was aimed not only at devising the means for the layered defense, but also at developing measures to undercut the Soviet Union's ability to thwart such a defense. The problem of "countermeasures" was part of the SDI effort from the start.

Why the need for such a program at all? The reason is the changing strategic situation vis-a-vis the Soviet Union. In 1972, at the height of detente, the United States felt it had developed a way to restrict the growth of superpower arsenals. Offensive missiles were curtailed by SALT I, and deployment of defensive systems was limited by the ABM Treaty. Yet despite this, between 1972 and the present, the Soviet Union—sometimes in compliance with the treaties, sometimes in violation—developed and deployed five new classes of ICBMs and upgraded these missiles seven times. By contrast, the United States introduced its last new ICBM prior to the MX in 1969, and upgraded it only once. Soviet missile building resulted in a frightening asymmetry in force structures between the two countries.

Clarence A. Robinson, Jr., *former senior military editor of* Aviation Week, *is currently president of Leading Technologies in Arlington, Virginia, which does research in areas of high technology weapons, including strategic defense, for the government. He is adjunct professor of national security and space studies at the Georgetown University graduate school.*



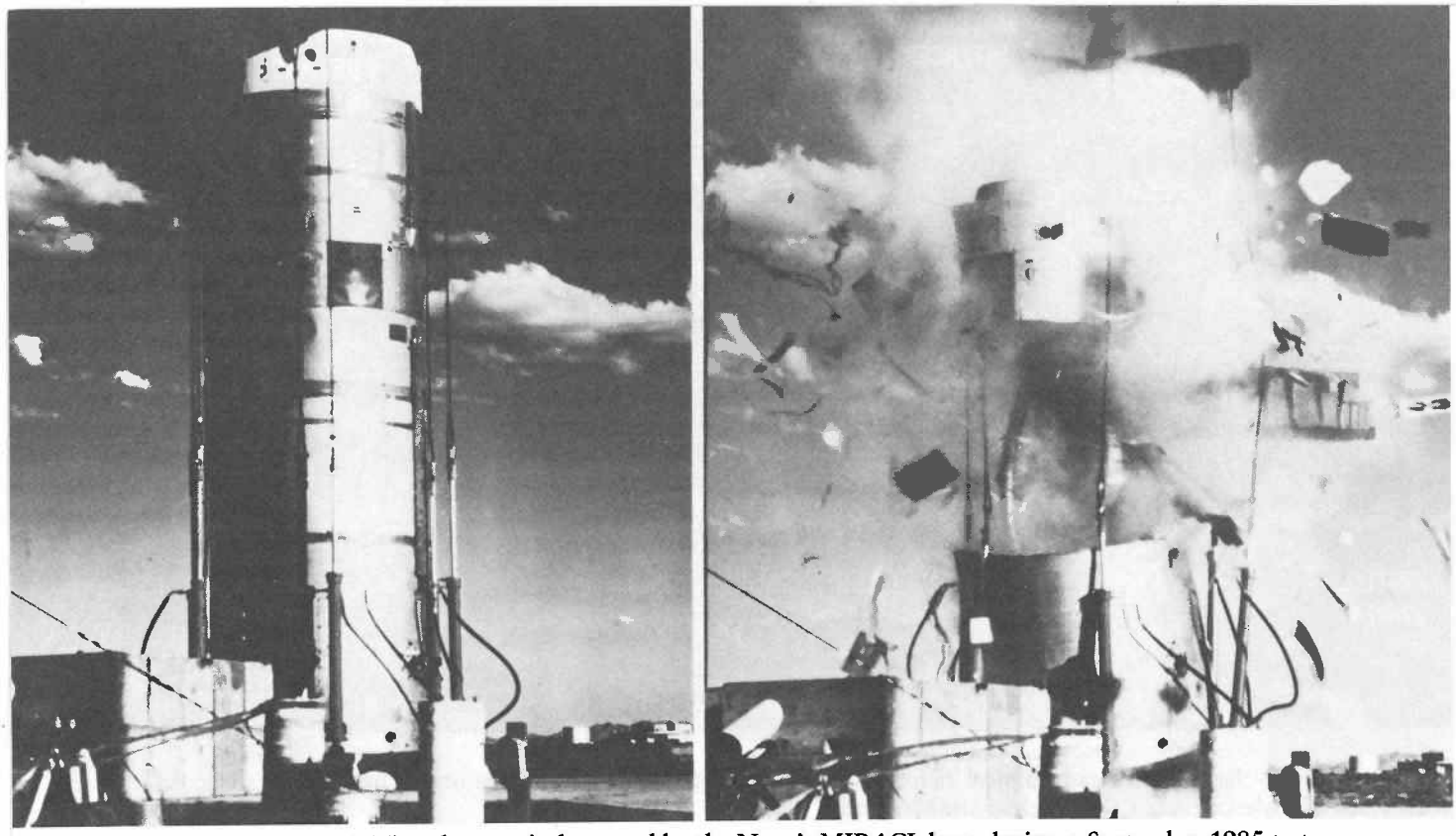
This asymmetry has military and political significance. With 1,400 ICBMs carrying 6,000 nuclear-armed reentry vehicles (warheads), the Soviet Union can threaten to attack American silos in a first strike with only its newest model SS-18 and destroy up to 90 percent of our Minuteman ICBM force. Conversely, a U.S. attack on Soviet ICBMs would destroy only about 15 percent of their force. This disparity is caused by a combination of factors: the United States has smaller missiles and lower-yield warheads, and the Soviet Union has up to 10 warheads on each missile, as opposed to up to three warheads on the U.S. Minuteman 3. The Soviet Union has also greatly increased the accuracy of its SS-18s to 800 feet Circular Error Probable—that means that 50 percent of the warheads fired will land within an 800-foot radius of the target.

At the same time as it expanded its offensive strategic force, the Soviet Union also proceeded with strategic defense. Now the Soviet Union has an operational anti-satellite weapons system based at Tyurantam. This system, using two types of sensors, successfully destroyed Soviet target spacecraft in a number of tests. Further, the Soviet Union has developed an extensive air defense network with some missiles that can function in an ABM mode, such as the SA-5 Gammon and the SA-12. Aggressive improvements are being made in Soviet radars, interceptor aircraft, and surface-to-air missiles. At Krasnoyarsk near Siberia, in violation of the ABM Treaty, the Soviet Union is constructing a missile detection and tracking radar. It is also stockpiling ABM engagement radars and interceptor missiles such as the ABM-X-3 phased array radar and the SH-04 and SH-08 missiles. Finally, the Soviets have built a variety of lasers, from gas dynamic to short wavelength chemical devices. All this creates a picture of a developing Soviet missile defense that could, in the aftermath of a Soviet first strike, absorb much of the weak retaliatory land-based arsenal of the United States. It is, literally, a scenario for Soviet nuclear victory. If unchecked, the Soviet Union will be in a position to achieve this in the mid- to late 1990s. American offensive deployments, constrained by budget allocations, cannot hope to significantly alter the picture. Hence the urgent need for strategic defense.

Missile Vulnerability

Strategic defense, in some portrayals, seems awfully fanciful and exotic. Actually, it is based on a very real and quite obvious fact—the incredible vulnerability of the ICBM. Missiles look to be indestructible, but in fact they are not. When missiles are traveling at high speed, 28,000 km/hr, even a small rock or ice cube placed in their path would destroy them on impact. Because the Soviet Union piles up to 10 very heavy warheads on its missiles, which the missile then has to carry for several thousand miles to the United States, the outer covering of the missile is built much like an aircraft—it is light, it is fragile, it is made of thin materials such as anodized aluminum and composite materials. Also, the internal pressure from the burning of propellents in the booster tanks applies force to the outer "skin" of the missile and it must sustain high gravity forces, increasing its vulnerability. The intense radiation produced by the burning propellent provides an infrared "signature" that makes detection and tracking of the missile relatively easy. The task of strategic defense is to locate the missiles and then destroy them.

In the last few years, influential groups of scientists have informed the American people that this is an impossible task—so remote that it is not even worth trying. They have advanced numerous "countermeasures" that the Soviet Union could supposedly use to render SDI useless. These countermeasures are proposed by critics as though they first thought of them. Actually, the countermeasures were considered in the Fletcher Report in 1983, prepared at President Reagan's request under the directon of James Fletcher, head of NASA. The report concluded that SDI was possible not only as a means of protecting American military targets but also as a population defense. As research into SDI has progressed since the Fletcher Report, defensive weapons have been devised for which there are no known countermeasures. Means for avoiding or defeating other countermeasures have been devised. The vast



A Titan booster is destroyed by the Navy's MIRACL laser during a September 1985 test.

majority of technical criticisms of SDI have been overcome and are not considered insurmountable obstacles by most scientists working on SDI, although they remain part of the political propaganda for groups opposed to strategic defense.

One of the most serious countermeasures proposed is fast-burn boosters, which would lift the missile out of the atmosphere with extra speed, causing it to discharge its warheads earlier, thus reducing the time the defense would have to shoot the missile down in its first phase of flight, when it carries all its warheads. Further countermeasures the Soviets could adopt would be to rotate or spin the booster to preclude focusing a sharp laser spot on the missile, coating the booster with an ablative shield to overcome the destructive thermal coupling from a laser beam; coating the booster with a lightweight material such as cork, for the same purpose; and providing a maneuvering capability for warheads along with additional "penetration aids" and decoys to bewilder the missile defense.

None of these would work very well. The fast-burn booster, for example, would require the Soviet Union to reduce the number of warheads on each missile and decrease its range in order to achieve the extra energy required in a given volume for the rapid acceleration capacity. This in itself would be a desirable result from the U.S. point of view. The SS-18 now has 10 warheads with a capacity of up to 34 warheads per missile. It would certainly enhance stability for that number to be considerably reduced for fast-burn prospects.

Naturally, the Soviet Union would be reluctant to trade weight and range in order to gain speed in the first phase of flight. Even if fast-burn boosters were deployed, the United States can develop kinetic energy interceptors capable of higher velocities so that the missile target could still be reached despite this shortened boost time. To do this, the United States would need to build rockets with a speed of 20 km/second. Today's rockets are capable of more than 10 km/second, but research progress is being made in speeding them up. Alternatively, it would be possible to fire projectiles at more than 10 km/second using electromagnetic energy. Oddly, groups opposed to strategic defense often advance countermeasures like the fast-burn booster and then oppose research into means to overcome them.

Spinning a missile the size of an SS-18 is no easy task. And it is complicated by the fact that the Soviet Union would have to spin its missile at the speed of precisely one revolution per second, and that's only to protect against mid-infrared lasers. A slower spin would not prevent a sharp laser beam from burning a hole in the skin of the ICBM and destroying it. A faster spin would have no effect on the lethality of the laser beam, either. Other lasers require different rates of spinning for the ICBM. Performance of the Soviet ICBM would have to be degraded to achieve what is, in itself, an enormously complicated ballistic task.

The use of the ablative coatings, which would be effective against continuous wave infrared high energy lasers, would be heavy and costly to deploy on existing missile boosters already operational in hardened silos. The weight of the ablator would severely curtail range and throw weight. Even if effective against infrared lasers, such coating could not counter pulsed, short wavelength lasers, kinetic hit-to-kill vehicles, or particle beam weapons which send sub-atomic particles into the body of the missile and explode from within.

The task of locating warheads and separating them from decoys and chaff during the later phases of the flight is a difficult one. But remarkable measures have been devised for "interactive discrimination," the process of finding the nuclear warhead. For example, laser beams such as the ultraviolet excimer laser could be used to cause fluores-

cence by dislodging electrons from the surface of the warhead to produce a signature. The pulses of the laser could also be absorbed to produce an infrared signature on the warhead. Particle beams can also be used to interact with warheads and produce a radiation signature. The warhead, once identified, could easily be shot down with any of a number of kill devices.

Multilayered Defenses

This is not to say that none of the criticisms of SDI have merit. But they are refuted by the concept of a multilayered defense. If the United States deployed not one but several systems of missile defense—kinetic hit-to-kill rockets, the electromagnetic coil and rail guns, directed energy neutral particle beams, chemical lasers, and so on—then Soviet missiles and warheads that eluded one aspect of the defense would be targeted and destroyed by another. There is simply no countermeasure against all the possible layers of a missile defense. As time progressed, such a defense could become comprehensive enough to guarantee that 99.9 percent of Soviet warheads would be shot down. But even in the near term, defenses can be deployed that would absorb a percentage of a Soviet first strike. This could cause uncertainty and eliminate the incentive of the Soviet Union to launch such a strike in the sure knowledge that only a fraction of its warheads would get through—and then it must suffer the consequences in terms of a U.S. retaliation.

At the present time, the Soviet Union only has to target two nuclear warheads on each U.S. silo to be assured of a 90 percent probability of kill. With even limited defense, the United States introduces enormous uncertainty in the minds of the Soviet strategic nuclear planning staff. Calculations show that with two layers of defense deployed—boost and terminal—the Soviet Union would have to earmark up to 300 warheads for each target just to obtain a 50 percent probability of kill. With a single layer, the Soviet Union would have to allocate 100 warheads per target to achieve that same rate. These ratios suggest an enormously unfavorable situation for the U.S.S.R., both in terms of cost and in terms of wasting large fractions of the arsenal to do limited damage.

There is a growing voice among many in Congress and in the Pentagon that, given these hopes for strategic defense, a terminal defense should be deployed now. In particular, some have urged that the United States build a defense for missile fields where the MX missile is being deployed in order to protect it from Soviet preemptive attack. But these ideas are mistakes.

The reason is that the terminal defense, though essential as part of a layered defense, would only permit the United States to defend areas of missile fields and certain military targets—population defenses would be limited. This would undercut support for the program. More important, terminal defenses—which mainly consist of shooting small interceptors at incoming warheads from the ground—could easily be overwhelmed by the attacker. They give the attacker the incentive to proliferate his ICBMs and add to the number of warheads per missile in order to overwhelm the defense. Thus terminal defenses alone might be more risky and destabilizing than they are worth.

At the time the United States agreed to the ABM Treaty in 1972, we could only deploy terminal defenses, and they were nuclear armed in nature. Detonation of a nuclear device in order to shoot down an incoming warhead would black out the ground-based radar sensors the ABM system relied on; thus successive warheads could not be located and would penetrate. Also, the Soviet Union could add missiles and warheads—proliferate and fractionate, as the jargon has it—in order to overwhelm the system in a cost-effective way. The advantage in the early 1970s clearly lay with the attacker. Now with a variety of homing sensors and onboard data processing on small interceptors, the situation is somewhat different, but terminal defenses alone do not obviously shift the advantage to the defender.

With two layers of strategic defense deployed, the Soviet Union would have to earmark up to 300 warheads for each target just to obtain a 50 percent kill probability.

What makes strategic defense viable is rapid technological developments in missile defense during the boost phase—the first phase of the ICBM flight. That provides cost benefit and military advantage for the whole defense. After all, in the first phase of flight, the booster has all its warheads on it—a single strike and not only the missile but all its nuclear warheads are lost. Wait until the second phase, and the warheads are discharged; each one must be located and killed separately.

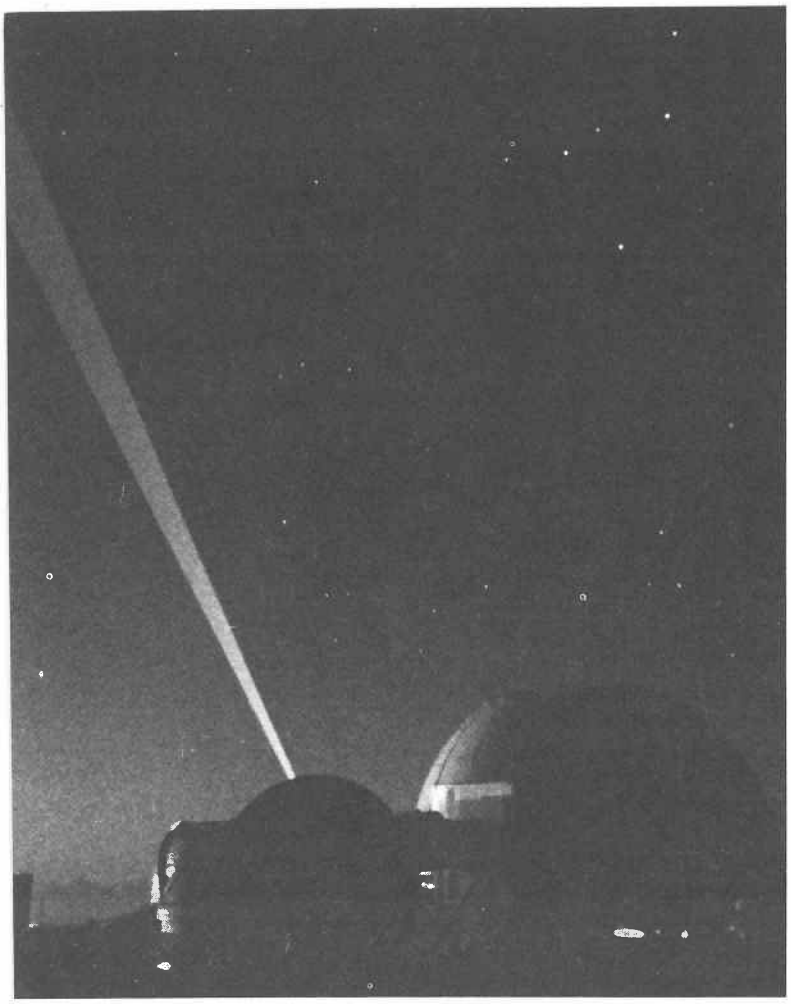
Killing the booster when it has all its warheads on board totally eliminates the incentive for the attacker to fractionate or add more warheads to each missile, because that means even more warheads would be lost. The boost phase defense disrupts the plan of the attacker because he cannot know ahead of time which of his missiles will survive and hit their targets. Small kinetic kill vehicles which could cost a few thousand dollars apiece might be used to destroy giant missiles costing millions, if not tens of millions, of dollars.

Four Phases of Flight

Here is what an effective strategic defense has to do:

The flight of a ballistic missile is considered in four phases. The first is the boost phase which lasts from 300 to 500 seconds. During this phase, the first and second stages of the rocket are burning, producing an intense infrared signature for early warning satellites to detect the launch from geostationary orbits.

The second stage is the post-boost phase when the "bus" carrying the warheads or MIRVs separates from the main engines. This phase lasts approximately two minutes, during which the warheads are aimed and fired from the



Ground-based lasers can compensate for turbulence in the atmosphere to send sharp beams into space. Shown above at an Air Force facility in Maui, Hawaii.

bus, along with penetration aids such as chaff, balloons, and decoys. It is possible to engage the bus and destroy it before the warheads are deployed, taking advantage of ultraviolet and other signatures from the bus.

In the third or mid-course phase, the warheads and penetration aids travel in a "threat cloud" on ballistic trajectories through space above the earth's atmosphere. This phase lasts about 20 minutes and is the longest part of the trajectory. There is lots of time to destroy the warheads, but the problem is to find them. They are hidden among the decoys and optical and radar chaff, and must be found and tracked first.

The terminal or reentry phase lasts approximately 90 seconds as warheads come back into the atmosphere above their targets. The decoys, being lighter, are then slowed down by the earth's atmosphere; this filtering process enables immediate identification of the warheads.

In the 1970s, the terminal defense could only react in the final minutes of an incoming warhead's trajectory, making interception very difficult. Also, the system was reliant on vulnerable ground-based phased array radars. And battle management and computer capabilities were insufficient to handle the large volume of threats and to filter out, through signal processing, decoys and penetration aids early enough to get the warheads and avoid being overwhelmed.

Today, though, things are vastly different. Enormous technical advances have been made, especially in four categories: ground-based lasers, space-based lasers, space-based neutral particle beams, and ground-based charged particle beams. In addition, there has been rapid progress in kinetic kill weapons technology, nuclear-powered lasers, and the battle management and computer coordination required to operate these different defenses as an integrated system. All these developments ensure that the military and cost advantages are shifting dramatically in favor of defense.

Ground-based Lasers

Genuine breakthroughs have happened during the last year with *ground-based lasers.* Based on earth, these devices propagate the laser beam through the atmosphere to a relay mirror in space that redirects the laser beam onto the targets' boosters and reentry vehicles.

Basing the laser on the ground is more cost effective than placing a heavy device in orbit with enormous power requirements. The ground-based lasers being developed are short wavelength in comparison with the mid-infrared wavelength space-based chemical lasers. This means they require more power, but that can be supplied on earth; it doesn't have to be lifted into space. Using short wavelength visible lasers on the ground enables keeping the relay mirror in space small, a few meters or less in diameter.

Recently, SDI researchers have figured out how to make mirrors lighter, which is crucial for lifting them into space. A flat mirror was recently manufactured that is less than 10 percent of the density of the primary mirror in NASA's largest space telescope. This level of performance meets the requirements for space relay mirrors. It is also important to stabilize the mirrors in orbit. They have to be in a direct line with the laser beam and the target. Scientists have figured out how to stabilize mirrors better than ever before. New materials are being used for the mirrors—ceramics and composites with optical coatings. Not only does this have stabilization advantages, but it costs less to build and lift into space.

Perhaps the most significant technical advances are in the area of so-called *adaptive optics technology.* The problem with firing lasers from the ground is that they are diffused by turbulence in the earth's atmosphere and the beam is degraded. The beam's sharp focus is needed to burn through the surface of the ICBM. However, researchers have developed sophisticated sensors which measure the turbulence in the atmosphere. A remarkable device, the rubber mirror, is used to compensate for these atmospheric distortions and send a highly focused beam into space.

The rubber mirror essentially consists of scores of actuators behind the surface; these selectively deform the mirror in a way that cancels out turbulence. Recent compensation experiments at a mountaintop site in Maui, Hawaii, have demonstrated that a low average power visible laser, in this case an argon ion beam, can be propagated through the atmosphere with pointing accuracies within required tolerances. It works.

Sensor technology, which complements laser technology, has also developed. One significant accomplishment is the cryogenic cooler, which is used to cool infrared sensors. Because the job of these sensors is to detect heat, they

cannot be allowed to get hot themselves—the cryogenic cooler serves this purpose. Very small and inexpensive coolers have been built which are now undergoing testing. There have been other developments, such as increased sensitivity, imaging infrared, new detection materials, and mosaic arrays. SDIO has initiated contracts for the so-called terminal imaging radar, a ground-based sensor that is particularly useful for high endoatmospheric (within the atmosphere) engagements. This is critical for the terminal phase of the defense.

The feasibility of infrared lasers was impressively demonstrated in August 1985. A Titan booster was mounted on a test stand. The booster was filled with water to the same pressure as fuel, and was stressed to the same gravity loads experienced during launch. Essentially, conditions were simulated to make the Titan similar to a Soviet booster actually powered from within. An infrared laser, operating with multi-megawatts of power in a continuous wave mode, instantly destroyed the Titan booster. The Navy's Mid-Infrared Advanced Chemical Laser, called MIRACL, demonstrated the lethality of lasers against boosters.

Chemical lasers in general have seen dramatic advances. These lasers are capable not only of shooting down Soviet missiles and space-based warheads, but also other lasers aimed at destroying our missile defense system. Chemical lasers can be used in "keep out zones" to destroy any lasers or objects that enter into those zones. The United States has greatly improved its nozzle technology, which enables it to add more power to a laser for a given size. For example, our Alpha chemical laser, developed as a 2.2 megawatt laser, can now generate five megawatts because of nozzle advances and added modules.

For different kinds of lasers, there has been progress in beam control and large optics technology. Perhaps most significant is the ability to join together several powerful laser beams into a single concentrated beam. Researchers have coupled six laser resonators and proved the potential for a very high density beam. Optical phased arrays are used to coordinate these beams. Essentially, this is a system for multiplying the power source: if a single laser is not powerful enough to get a target, the forces of several lasers are joined.

There have been developments in mirror and laser beam director technology that enable a much better focusing of the laser beam onto its space target. Recently a large optics facility was completed which enables diamond polishing of laser mirrors to degrees of precision and quality never before achieved. The SDIO surprised itself by the pace of progress in this area. Research has also brought about improvements in beam emittance. This enables control of the laser beam and the ability to rapidly switch the beam onto primary and secondary mirrors.

At the Lawrence Livermore Laboratory, research has been moving full speed ahead into *charged particle beam devices.* These move at nine-tenths the speed of light. Primarily for terminal defense, the particle beam penetrates the warhead to destroy and disrupt its internal subsystems—the so-called "exploding brick" effect.

An additional effect of particle beams is that a cone of radiation surrounds the channel of particles. It is sufficient to destroy the electronics in nuclear warheads and to cause slumping of the nuclear materials, halting detonation. There is no known countermeasure to this defense.

Previously it was thought that charged particle beams could not be used for ballistic missile defense because electrons, being electrically charged, would be affected by the earth's magnetic field. Thus the beam's trajectory would be bent and precision would be lost. However, using a lower power laser, researchers have figured out how to make the electrons adhere to the laser photons and cancel out the earth's magnetic effects.

What makes strategic defense valuable is rapid technological developments in the boost phase—the first phase of the ICBM flight.

Work on the *neutral particle beam* includes the White Horse program at Los Alamos. The particles in this beam are hydrogen atoms, which are neutral ions. The purpose of this, again, is to avoid the effects of the earth's magnetic field.

There have been two substantial advances with the neutral particle beams—the first in adding to its duration, the second in adding to the power. Oak Ridge National Laboratory has produced high ion currents lasting more than five seconds—an incredibly long period of time. At Los Alamos, the goal is to develop a very high current beam (100 milliamp) using a device known as a radio frequency quadruple accelerator, the second stage of a neutral particle beam. This means that longlasting, powerful currents can be produced.

Neutral particle beam technology includes recently developed techniques to provide precision boresighting with optical trackers. This enables accurate aiming of the weapon. Further, the neutral particle beam, when applied against a "threat cloud" containing warheads and decoys, produces a radiation signature from the warhead which enables it to be identified and then destroyed. According to the SDIO, these advances provide new evidence that neutral particle beams have practical applications in near-earth orbit for weapons missions and for interactive discrimination.

At the Lawrence Livermore Laboratory, scientists are working on *free electron lasers.* Mounted on the front of the accelerator, the laser absorbs its electrons and converts them into visible laser energy. The free electron laser is incredibly efficient—it has been demonstrated at 40 percent efficiency, while the highest efficiency of other lasers, including the short wavelength excimer laser, is around four percent. A free electron laser will soon be built at White Sands Missile Range in New Mexico to demonstrate the technology of visible wavelength at high sus-

tained power levels. Free electron lasers can be based on the ground and hit targets in space during any of the phases of a warhead's flight via relay mirrors.

Scientist Edward Teller has been a powerful advocate of the *nuclear pumped X-ray laser.* This is a very valuable weapon which will enable the simultaneous destruction of massive salvo launches of ICBMs. The laser is powered with a nuclear bomb. It works by exploding a small nuclear device and then channeling its power through 50 laser rods at targets in space. The rod is first aimed at the target, the nuclear device is exploded, and the target is no more. The nuclear pumped laser is a weapon of awesome power; no known countermeasure could withstand the force of concentrated nuclear energy fired at such speed. The efficacy of this technology was demonstrated in a series of tests at an underground Nevada nuclear test site.

The nuclear pumped laser is a weapon of awesome power for which there is no known countermeasure.

The initial feasibility was demonstrated with the X-ray laser in Dauphine and Excalibur tests. These were followed by a series of tests named for cheeses: Romano, Cabra, and Cottage. The last test, Cottage, was held in March 1985. It proved the physics for the system and identified new high energy laser and optics schemes to direct the X-ray beams.

Since a nuclear weapon device is a pumping mechanism, the United States cannot base X-ray lasers in space and adhere to the space treaty. The weapon is, however, very small and a large number can be carried in the bus of a Trident submarine-launched ballistic missile for launch in the pop-up mode to engage targets in the post-boost or mid-course phases of trajectory. Depending on the submarine location at launch, the X-ray lasers could be placed in space very early in an attack. While a salvo launch by the Soviet Union might be able to overwhelm space-based chemical lasers, augmentation by the X-ray laser after a Soviet attack could blunt it.

In addition to lasers, there are *kinetic energy kill devices* which are enormously effective for boost-phase intercept. This hit-to-kill or kinetic weapons intercept option also exists for all phases of a ballistic missile's flight. Kinetic energy weapons could be used for boost-phase intercepts, since small rockets with homing seekers can be carried on satellites in low earth orbit. These same interceptors also can operate in other phases of trajectory. These hit-to-kill devices are called flying tomato cans because of their shape and approximate size. They can weigh 40 pounds or less and travel through space at 10 km/second to engage targets 1,000 kilometers away.

A different type of interceptor could operate from the ground to hit and destroy targets within the atmosphere in altitudes of between 10 to 30 kilometers. This would be useful for the terminal phase of the defense. For these small hypervelocity interceptor missiles, the non-nuclear warhead is guided to the vicinity of the incoming warhead through a series of external commands and onboard small radar sensors. Maneuvering to within a few meters of the target, the warhead explodes to form a "pellet cloud" that destroys the reentry warhead. This is sometimes called the shotgun approach because it operates like a shotgun, firing a maze of pellets, some of which are bound to find their target.

Recently, the homing overlay experiment (HOE) proved the capability of a non-nuclear interceptor launched from a fixed ground base to destroy an incoming ballistic missile outside the earth's atmosphere. The basic intercept technology was successfully demonstrated in an experiment on June 1, 1984. A Minuteman ICBM was launched from Vandenburg Air Force Base; its warhead was intercepted in mid-course by a kill vehicle fired from Mech Island in the Kwajalien atoll. This intercept is significant because it shows the kill capability available in the mid-course phase of defense in space.

Ultimately, kinetic energy weapons such as the HOE, which destroy their targets by simply colliding with them at closing velocities of 32,000 km/hr, could be an essential part of the multilayered defensive system.

Both target acquisition and tracking have been extensively analysed, along with the interceptor/kill vehicle for the terminal tier of the defense. The surveillance is performed by an airborne optical adjunct. This program is being carried out by mounting several infrared telescopes to look out in space atop a Boeing 757 transport aircraft designed to carry them to a high altitude. A fleet of the sensors would be operated to detect arriving reentry vehicles and track them. Then they would be shot down.

Problems That Remain

These are just a few of the technologies that are showing unforeseen progress in the SDI research effort. No mention has been made of the electromagnetic railgun, which can be used to fire kinetic kill devices. Or of advances in hardening high-density focal plane arrays and processors so they are not as vulnerable to nuclear radiation. Or of the new concept of a chemical rocket for boost-phase intercept.

The SDI program is experiencing progress in areas such as sensor imaging with phased array radar and with signal processing. There has been impressive progress with surveillance and sensor miniaturization, especially with optical sensors. Multispectral measurements of boosters, post-boost vehicles, and reentry vehicles have been obtained from both optical and radar devices.

This is not to say that technical problems do not remain. It is only to suggest that they are being successively overcome. Strategic defense has moved dramatically from the "whether" to the "how" stage: it is now a question of what is the best way to do it, not whether it can be done. In this sense, critics who continue to speak of SDI in terms of science fiction are behind the debate.

Perhaps the most intractable problems for SDI lie in the areas of battle management and computer programming. On this point, the critics' arguments have some validity. SDI must be capable of stopping not only a single or small ICBM launch, but the simultaneous launching of the entire Soviet arsenal. This means thousands of warheads launched at different places moving in different directions toward different targets. How to coordinate a system to get all—or virtually all—of them?

It is estimated that several million lines of computer code will be required for a viable SDI coordination program. That seems like a very daunting number. Actually, the telephone company has a program that uses several million lines of code. While the SDI program is quite different, it must be remembered that progress is being made now, and progress in this area has been extremely rapid in the past. Ten years ago, there was no indication of anything as ambitious as a 16,000-bit computer memory chip; today companies use 256,000-bit memory chips and research is leading us toward a four-megabit memory chip within a few years. Jumps like this in data processing can very quickly change the entire picture and make a previously formidable problem quite simple.

Recently, the SDI office established a panel from industry, government, and academia to examine the battle management technology and evaluate software capabilities for a defense system. The Eastport Study Group concludes "that computing resources and battle management software for SDI systems are within the capabilities of the hardware and software technologies that could be developed within the next several years." During the past year, a consortium of universities has been charged with the task of developing battle management algorithms to evaluate processor performance. The consortium will also work on synchronizing networks of artificial intelligence for the system. Because of the difficulty of writing a single program for a single machine with millions of lines of computer code, the plan is to write several separate programs and then integrate them to achieve the same effect.

A second major challenge is for SDI researchers to continue to work on ways to reduce the cost of launching material into orbit. Right now it costs several thousand dollars per pound to send up material on the space shuttle. A program has been established between the SDIO and NASA, as well as other defense agencies, to develop space logistics and lifting techniques to launch material more cheaply and efficiently.

New launch vehicle concepts are being developed that could cost substantially less. Components that need to be sent into space are being miniaturized. Ways are being figured out to keep as much as possible on the ground. Ultimately, this problem may be a litmus test for space-based weapons: unless costs of maintaining assets in orbit can be considerably reduced, SDI will be very costly to deploy in space.

A little more than three years after President Reagan's strategic defense speech, and a couple of decades since serious work began in the area of missile defense, scientists have to look back and say that the progress has been astonishing. Certainly, as old problems have been solved, new problems have arisen. But the direction of the research is toward finding better, cheaper technologies. None of the problems are viewed as insoluble, or not worth trying to solve. American scientists are proving equal to this grand enterprise, as they have proved equal to similar grand ventures such as the Manhattan Project and the moon landing in the past. It is up to the American people, however, to provide the support that is necessary for this country to find a solution to the menace of the nuclear threat.

Mr. Donaldson Goes To Washington

Politics and Social Climbing in the TV Newsroom

Dinesh D'Souza

There is an overwhelming, and sometimes quite vehement, conviction on the right that television journalists are East Coast liberals, raised in opulence, schooled at the Ivies, recruited into the profession to promote a radical elitist world view.

The evidence shows that most TV reporters are not products of the liberal establishment. To give a few examples: Mike Wallace of CBS grew up in the Midwest and attended the University of Michigan. Roger Mudd of NBC hails from Richmond, Virginia. Steve Bell of ABC grew up in Iowa. Ken Bode of NBC, a native Iowan, attended the University of South Dakota. Richard Threlkeld of ABC went to Ripon College in Wisconsin. Dan Rather of CBS was born in Wharton, Texas, the son of a ditchdigger, and went to Sam Houston State Teachers' College. Charles Kuralt of CBS was raised in Wilmington, North Carolina. Jim Miklaszewski of NBC grew up in Milwaukee and attended Tarrant County Junior College in Texas. Diane Sawyer of CBS grew up in Kentucky.

Bettina Gregory of ABC correctly notes that, in network journalism, "the emphasis is away from the East Coast liberal axis." The reason for this, producers say, is that TV news reaches into homes all over the country and thus needs faces and voices that are not parochial but have wide appeal. Midwestern accents and all-American looks are a real asset, and of late even Southern intonations seem to be fashionable.

No matter where he comes from, however, the aspiring TV journalist typically adopts a left-liberal world view as he picks up the tools of his trade. There is nothing conspiratorial in this. To get their stories on the air, TV journalists have to embrace the culture of network news, either consciously or unconsciously. It is only natural that an ambitious, social climbing reporter from the heartland who wants to please his colleagues and his superiors will absorb their ideas of what makes a good story, of what is considered responsible journalism. And since the culture of television journalism is liberal, it is hardly surprising that reporters get their idea of what is news—ultimately the most ideological question in journalism—from a whole range of left-liberal assumptions, inclinations, and expectations.

An interview with Sam Donaldson in the March 1983 *Playboy* offers a revealing look at political socialization in the newsroom. Donaldson did not start out as a liberal crusader. He was raised on a farm in El Paso, Texas. His mother was a devout Baptist. Young Sam was dispatched to the New Mexico Military Institute, perhaps to reform a burgeoning arrogance. Then he went to Texas Western College in El Paso. He is said to have supported Barry Goldwater for President in 1964.

It was not until Donaldson migrated to the city, and became part of its journalistic culture, that his values altered dramatically. "When I came east to New York and Washington," he says, "my view of the world and politics changed. When I went back home, I had violent political arguments with my mother and friends. I had left the fold. I was reading the *New York Times*, the *Washington Post*, and other so-called Communist-inspired newspapers."

Donaldson does not seem to view those shifts as ideological, but rather as signs of maturation. "I didn't think everyone who was out of work was really responsible for not having a job; I didn't feel someone who couldn't read and write English could be faulted for not finding a position as a computer programmer." These would be examples of intellectual growth, if indeed young Donaldson or his parents ever thought otherwise. But from Donaldson's caricature of his origins, one gets the sense that this same trivializing instinct is what causes him to ridicule strategic defense or supply-side economics: he regards them as notions straight out of the bovine world from which he was liberated.

Donaldson complains that "Under the Reagan Administration, reporters were invited [to White House dinners] but not their spouses. Why? Was the wife of General Motors chairman not invited? Oh no, she came. Was Gregory Peck's wife not invited? No, no, she came. The point was that press spouses were dispensable. The Reagans didn't really consider us on the same level as their Hollywood friends." This unusual outburst of class envy suggests how socially self-conscious Donaldson is, how eager he is to ascend the cultural ladder to greater heights of acceptance and accolade. Sam Donaldson definitely does not want to

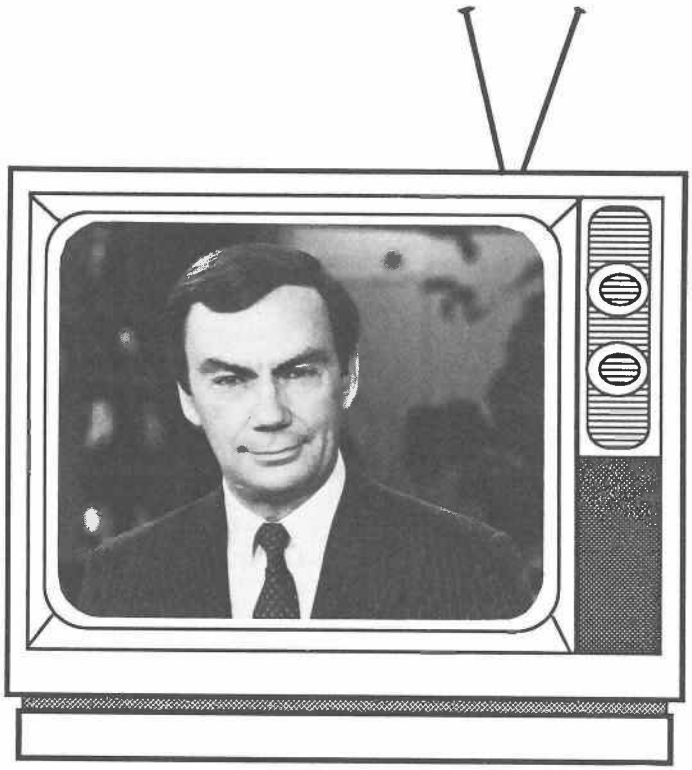
Dinesh D'Souza *is managing editor of* Policy Review.

be thought of as a former disc jockey from El Paso. "A lot of people do not regard me as a serious man," he worries. Donaldson tries very hard to compensate for his background. The shape that the atonement seems to take is ideological liberalism.

Brokaw's Parvenu Politics

Another country boy whose view of the world adapted to the liberal view as he entered the journalistic big leagues is Tom Brokaw of NBC News. In an April 1983 interview with *Mother Jones*, Brokaw chronicled what he saw as a process of acquiring sophistication. "I grew up in small towns on the prairie," said Brokaw. Indeed his parents still live in Yankton, South Dakota. He was raised with discipline and stern values.

But then, after Brokaw joined NBC and moved to New York, he absorbed a new set of principles. For example, he came to see President Reagan's values, which used to be his own, as "pretty simplistic" and "I don't think they have much application to what's currently wrong." Brokaw spoke scornfully of Reagan's *Reader's Digest*-Norman Rockwell perception of the world. As for the President's political program, "I thought from the outset that his supply-side theory was just a disaster. I knew of no one who felt it was going to work." *Mother Jones* asked: what about those who say that El Salvador is moving toward democracy? "They're wrong. My job is to stay calm at the center and point out why they're wrong." Abortion? "It comes down to the question of whether a woman has a right to control her body." Capital punishment? "Barbarous."



Sam Donaldson: "When I came east to New York and Washington, my view of the world and politics changed."

Oddly, even as Brokaw boasts that he has outgrown the political values of the heartland, he feels abashed about admitting that he has taken up the material luxuries of the big city. About his stretch limousine, he comments, "I got this goddamn problem with the car and driver. I've got to get to work, and that's the best way to do it. But I just don't use it the rest of the day." Brokaw seems to want to convey the impression that he would prefer to arrive at NBC headquarters in a tractor with hay sticking out all over it.

Here is how the *Washington Journalism Review* describes Brokaw today: "Socially adept, Brokaw not only says and does the right things, he knows the right people, counting many glamourous figures from the world of art, entertainment, sports, and politics among his intimate friends. In California, he ran with a rich, politically liberal crowd that sought out the company of prominent journalists. It is a fact that he has been playing tennis with Art Buchwald. It is a fact he taught a seminar at Yale. His life, his world, includes those people." This is what it means for a Midwestern hick to make good in the culture of journalism. "Saying the right things" is code, in this milieu, for promulgating the values of liberalism and progressivism.

Donaldson and Brokaw are fairly typical of network reporters, not in personal characteristics, obviously, but in the way they view their profession as somehow congruent with the liberal world view. It is very difficult for them to recognize the social and cultural forces that have shaped their work, not only their conclusions but also their assumptions. They frequently talk as though they regard themselves as bold and lonely dissidents in the corridors of power; whereas in fact they wield the full authority of the Fourth Estate, and repeat the same lines of reasoning as scores of fellow practitioners of the trade. This may be regarded as the "herd of independent thinkers" syndrome that affected protesters in the 1960s, who considered themselves rugged individualists even as they did exactly what their professors told them.

The culture of TV journalism has been expertly described in a recent monograph, "TV News And The Dominant Culture," written by John Corry, TV critic for the *New York Times*, and published by the Media Institute in Washington. Corry maintains that an intellectual and artistic culture "rooted firmly in the political left" determines the criteria for what constitutes a good news story, sets the boundaries for what is acceptable, casts a negative odor around subjects and approaches to be shunned. "Television does not consciously have a liberal or left agenda," he writes, but "it does reflect a liberal to left point of view."

While facts and quotations are the substance of a news story, creating the impression of objectivity, Corry maintains that cultural predispositions inherited from the 1960s and 1970s give TV the "big picture . . . a starting point, an attitude, ordinates on which to box its moral compass." Thus good and evil are defined in the Manichean framework of the TV expose by a set of beliefs and assumptions

Hands In The Cookie Jar

On September 12, 1985, Lisa Myers of NBC News reported on the strategic defense initiative. She noted that "hundreds" of physicists and engineers have refused to take part in research because "they view the project as ill conceived, dangerous, and a waste of scientific brain power." An M.I.T. scientist was introduced as "a physicist who worked on the Manhattan Project which developed the atomic bomb"; his long role in the disarmament movement was not mentioned. He was quoted calling SDI "destructive and nonfeasible." Reporter Myers observed that "the scientific resistance comes despite the fact that most universities are financially squeezed and hungry for research money." Then, having established the altruistic motives of the protesters, Myers acknowledged that "there are scientists who support Star Wars." But she did not say how many and implied they were "eager to do research," i.e. add to their coffers. One scientist was quoted saying that SDI would "force a new solution." On this note the report ended.

Maybe this is an objective story in the sense that it is a response to a news event, both sides are quoted, and the factual information is accurate. But it is not a balanced story, in that it attaches quite different weight and authority to each side, credits Star Wars opponents with scientific disinterest while questioning the motives of pro-SDI researchers, and applies harsh epithets to the feasibility of space defense while refuting them only with a weak comment about a new solution to deterrence. It is certainly possible to conceive of an equally objective report by Myers creating an entirely different impression on the viewer. This is a case in which the bias is quite nuanced. In that respect it is fairly typical.

What Invasion?

In March 1986, the Reagan Administration charged that a large Nicraguan force had invaded *contra* camps across the Nicaraguan border. Richard Schlesinger of CBS News reported on March 25 that "publicly the Hondurans say this incursion is a serious threat, but off the record they tend to discount the severity of it. One senior Honduran official tells me he plans to go to the beach today and his only worry is whether a cold front approaching Honduras will ruin his trip." Another unnamed source told Schlesinger that claims of an incursion were "a propaganda ploy, all part of President Reagan's attempt to sell the $100 million *contra* aid package." Two days later Mike O'Connor of CBS quoted "outside analysts" saying the size of the incursion was "deliberately exaggerated." Anchorman Dan Rather referred to the "still yet to be seen, supposedly large Nicaraguan invasion force operating in neighboring Honduras." The tone of disbelief bordering on ridicule was echoed on NBC by Jim Miklaszewski and Fred Francis.

It was almost a week later, on March 29, 1986, when the *Washington Post,* not one to take the administration's claims at face value, acknowledged that the Nicaraguan incursion was probably the largest attack on Honduran targets in four years of border incidents. The *Post* agreed with the government estimate of between 800 and 2,000 troops. Moreover, Nicaraguan president Daniel Ortega confirmed the incursion. Yet with the exception of Peter Collins of ABC News, none of the TV reporters who had raised the initial skepticism corrected the record.

The story of America's economic recovery is one that completely bypassed the three networks. A study by the Institute for Applied Economics found that even while the economy bounced back and 95 percent of the indicators were positive, TV news continued to act as though there was a recession, with 86 percent of stories sounding a negative alarm. ABC speculated that the unemployment drop was the result of many jobless Americans ending their search for work, CBS challenged the veracity of the statistics, and NBC explored the angle that while the statistics were good, we should not forget "pockets of poverty where recovery is still a dream," as Irving R. Levine dramatically stated it.

Aquino's Anti-Communism

Covering the aftermath of the Philippine election on CBS, Bob Simon on February 25, 1986 remarked, "The worst enemy of Communist insurgents is a liberal. And Mrs. Aquino and the very bright people around her are declared liberals. The Communists have a much rougher time now with Mrs. Aquino in power." Now this surmise was plausible, but one could just as plausibly have raised questions about the new prime minister's resolve in fighting the insurgents. The resurgence of Communist military activity after the election suggests Simon was jumping to a premature conclusion.

Here is Peter Jennings on ABC World News Tonight, October 22, 1985. "The Reagan Administration has once again accused the Soviet Union of cheating on an arms control agreement," Jennings began, his tone clearly suggesting: there he goes again. "Four weeks before Mr. Reagan and Mr. Gorbachev meet at the summit in Geneva, the Secretary of Defense's accusation in Washington today does not do much to improve the atmosphere." Perhaps not. But so what? Is Peter Jennings implying that evidence of treaty violations should be concealed in order to lubricate changes for new agreements? It is really not clear. The ideology of TV news is often promulgated not explicitly but through hint, nudge, smirk, and insinuation.

On April 15, 1986 Allen Pizzey of CBS reported on President Reagan's retaliatory raid on Libyan targets and concluded, "President Reagan may consider this a blow against terrorism . . . but it will almost certainly spark more, not less, acts against U.S. targets." Here is an opinionated conclusion that, at least to date, has not been borne out by the evidence.

These are just a few examples of bias in TV news coverage. Special thanks to Brent Baker of the National Conservative Foundation for providing most of them.

which predate the event being covered and exercise a mostly unrecognized influence on the reporter.

"Issues and causes favored by conservatives are suspect, while probity clings to the other side," Corry writes. "Counterculture politics introduced the notion of victims, a category wide enough to include everyone except middle-aged white males . . . At the same time, the causes of all the victims are joined" and TV news has taken on a redemptive mission to liberate all of them. Finally, television has accommodated itself to a "radical political vision" which acquiesces in the view that the United States is racist and imperialist and culpable for most of the woes and inequities of the Third World. Because of their cultural insecurity, TV journalists force themselves to "apply a benevolent neutrality to anti-democratic, anti-Western forces."

The Objectivity Scam

Several interviews I recently conducted with television journalists confirm Corry's thesis. Although most TV reporters swear by the canons of journalistic objectivity, in practice they acknowledge that this is an elusive, if not mythical, goal. Perhaps the most strenuous practitioner of objective journalism is Bettina Gregory of ABC News, who says she sometimes goes to the length of measuring the number of seconds she allows each side on the air, to make sure she is being unbiased. The question, though, is whether this methodology presents an accurate picture of events. Gregory covers health and safety issues. Presumably the viewing audience cannot be expected to get a clear picture of what is going on if faced merely with equally weighted charges and counter-charges. Rita Braver, who covers health for CBS News, points out how impractical Gregory's approach can be. "When I cover drugs, say the effect of PCP on kids," she says, "it would be absurd for me to look for a person who says PCP is good for kids." Braver admits she approaches her stories with an anti-drug bias, upsetting though it may be to the readership of *High Times* magazine.

Andrea Mitchell of NBC News is schizophrenic on the business of objectivity. "I approach my subject by not making any assumptions," she says, a procedure that is hard to imagine, let alone carry out. Mitchell acknowledges that "Objectivity can never be purely achieved because the very act of selecting a story and reporting it and editing it involves choices." Indeed it does, and a few minutes later, Mitchell indicates the direction in which her choices sometimes lean. "The economic achievements" of the last few years, she states, "are not the result of supply-side economics but of Paul Volcker. So I'm not giving Reagan credit." It is hard to see by what definition this is an objective point of view, but it could certainly be defended as a legitimate opinion if Mitchell's reports in 1982 blamed Volcker, not Reagan, for the recession. But in fact they did not.

A significant minority of TV reporters acknowledge the fragility of claims of pure objectivity. Bill Plante of CBS says TV news is a combination of journalism and entertainment, so naturally the needs of drama and emotion color the coverage. John McWethy of ABC says that in reporting "obviously a value-free context is impossible. I don't know what objectivity means. I don't even like the word 'balanced.' Balanced implies that if you give one minute to President Reagan, you also have to give one minute to Ted Kennedy and maybe even Lyndon LaRouche." Robert Bazell of NBC argues that "Objectivity is a fallacy. Journalism almost always is about a point of view. There are different opinions, but you don't have to give them equal weight." Bazell maintains, "Having a point of view and giving the other side's opinion are not mutually exclusive."

Another view comes from Ken Bode of NBC who maintains that the function of TV journalism is to be interpretive, to make complex events comprehensible to the viewer in a short time. Bode doesn't view his mission to be objective: "My job is to make the dynamic of politics understandable to the viewer." Irving R. Levine of NBC says candidly, "The reporter has got to determine, ultimately, what is valid and what is not, whose arguments are most persuasive." Perhaps the most scathing attack on objectivity comes from Linda Ellerbee of NBC who writes in a recent book, "We report news, not truth . . . There is no such thing as objectivity. Any reporter who tells you he's objective is lying to you." These are some practical definitions of what TV journalists do, as opposed to what First Amendment lawyers and Press Club spokesmen say they do.

Oddly, reporters who most heatedly defend the doctrine of objectivity often turn out in practice to be most biased in their reporting. Perhaps the reason is that they are simply not aware of the presumptions and value judgments that go into their stories. Supposing all facts to be "objective," and all quotations to be "facts," they work their arithmetic formulae of objective journalism, convinced that because they quoted the other side—"President Reagan denies that he is callous and insensitive toward poor people"—they have been fair. By contrast, reporters who see the ambiguities and eclecticism inherent in their craft tend to be less sure of themselves, more inclined to sweep in a wider range of viewpoints, to assure, if not objectivity, at least some sort of balance.

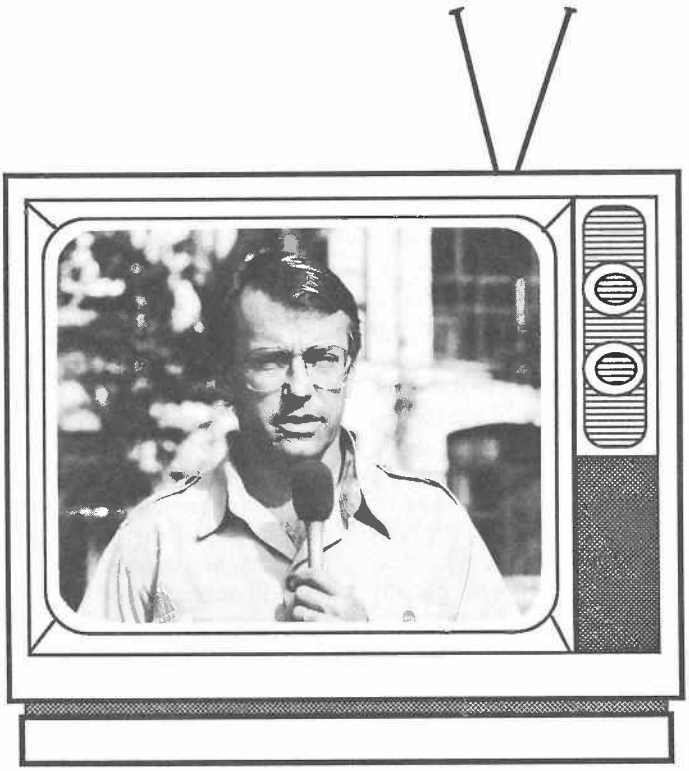
Two prominent television journalists have acknowledged the manner in which the journalistic culture promotes the liberal program and metamorphoses reporters into a liberal career mindset. "The news media in general are liberal," says Barbara Walters of ABC. "If you want to be a reporter, you are going to see poverty and misery, and you have to be involved in the human condition." In this we see several of the characteristics of TV reporters: hasty and false inference (I see poverty, therefore I am a liberal), arrogance (we're liberal, what the heck), and pseudo-profundity and cliche ("involved in the human condition"). Walter Cronkite, former CBS anchor, describes reporters as "certainly liberal, and possibly left of center as well. I think most newspapermen by definition have to be liberal."

Bad News Is Good News

How does this liberalism affect reporters as they cover stories? I asked Irving R. Levine of NBC News why his coverage during the economic recovery stressed those who were still out of work. "I have tried to bring a deep skepticism to the President's politics," Levine explains. "My

reports on Reagan's economic program focused on their deficiencies and contradictions." Partly it is in the nature of reporting to examine problem areas, Levine notes. But also, "It's a hell of a lot easier to get a story on the air when the unemployment rate is going up." So journalism, in order to be dramatic, must highlight the negative. As Levine succinctly puts it, "For producers and reporters, bad news is good news." This may not be politically motivated, but it certainly has political implications.

Jeff Greenfield of ABC News argues that TV reporters do respond to a "zeitgeist" which shapes their assumptions and approaches to stories. But more often this operates in the direction of standard themes and reductionism, Greenfield believes. Addressing conservative complaints about derisive labeling for strategic defense, he says, "The reason reporters call it Star Wars and not SDI is because they are simplistic, not because they are ideological." Certainly Greenfield is right that SDI is a somewhat dull and bureaucratic term. But why, I asked, do reporters during political conventions repeatedly refer to "ultraconservatives" and the "extreme right" but never "ultraliberals" or the "extreme left"? Greenfield acknowledges that reporters operate on different frames of ideological reference than most people. He cites the case of Jesse Jackson, "really a Third World radical, but he was never identified in those terms."



Richard Threlkeld: "Ethiopia was a starving people story. In South Africa, the whole point seems to be a generation-old system of oppression."

While denying ideology as a primary motivating factor for TV reporters, Greenfield comments that "It is absolutely true that reporters covering Latin America in the early 1980s were still living in Vietnam." Some reporters, he says, "are still recovering from their shock that Reagan backed Duarte in El Salvador instead of D'Aubuisson." One reason the right is sometimes mistreated, Greenfield says, is that "TV reporters are slow to change their perceptions." They used to regard conservatism as outside the parameters of legitimate debate. "Not long ago we felt the only respectable figure on the right was Bill Buckley." But increasingly, according to Greenfield, "We are getting to the point where a Walter Williams or a Charles Murray is a valid source. So in quoting people, TV reporters are going beyond the usual suspects."

One area where Greenfield finds a definite bias is in TV coverage of social issues. "The cosmopolitan nature of the network news makes it virtually impossible for the traditionalist point of view to be aired," he says. He gives the example of a Reagan proposal to inform parents when their minor children receive contraceptives. This was nastily dubbed the "squeal rule," Greenfield says. "I have a young daughter and I want to know if she is being fitted for a diaphragm. At least this should be a proper subject for a policy debate. But most TV reporters covered the controversy as though the only people who favored the so-called squeal rule were anti-sex theocrats."

Bill Plante of CBS News maintains that "There is an anti-authority bias in TV coverage that is very American. It can be viewed as ideological, I suppose." But when Plante discussed coverage of the 1983 recovery, it became apparent that more was at work than just a populist anti-establishmentarianism. "We were criticized for looking for isolated victims," Plante says. "But this is explained by our perception that the public expects government to perform certain functions, for example, the idea that no one should go hungry, or perhaps even that no one should want for medical care." This, then, is what Plante means when he says, "News coverage is driven less by ideology than by a perception of what makes news." For TV reporters, it seems, the news is defined and shaped in ideological terms that they do not seem to recognize or acknowledge.

I asked Jim Miklaszewski of NBC News about his report aired shortly before the vote on *contra* funding, whose thesis was that the *contras* were "an ill-trained, ill-equipped, ragtag peasant army, losing the war." *Contras* "lack even the most basic combat skills, like the proper way to shoot a gun." And further, "Former Nicaraguan National Guardsmen lead the *contra* high command." Miklaszewski concluded, "After five years and $100 million in U.S. aid, the *contras*... have failed to win the support of most Nicaraguan people."

Anyone who saw the report would come away with the feeling: why are we helping people who are corrupt, bozos, and losers to boot? Perhaps Miklaszewski was right that the *contras* are inadequate fighters, but shouldn't he have raised the question of whether it was lack of American funding and training that was the reason for this? Was it fair for him to assert, without qualification, that *contra* leaders were all former National Guardsmen from the

Somoza regime? What evidence did Miklaszewski have that the *contras* were not supported by most Nicaraguans? I asked.

Those Mysterious Sources

Miklaszewski started off by taking refuge behind the curtains of journalistic etiquette. "I simply reported what my sources told me," he said. Presumably all factual errors or unsupported assertions were to be blamed on careless and untrustworthy sources; but if so, why did Miklaszewski choose to quote them? No, Miklaszewski didn't really know for himself how badly trained the *contras* were. "I'm not on the ground in Nicaragua." And *contra* support? "There is no visible support for the *contras* in Managua." But this is to be expected, surely, because the Sandinista regime identifies the *contras* as illegal bandits. Probably black families in South Africa are equally reluctant to voice open support for the banned African National Congress, I suggested. H'm, Miklaszewski pondered that one. "You're taking one part of that story," he protested. "You're zeroing in on one aspect." He fell back on the earlier defense. "I'm told by my sources, like Peter Bell of the Carnegie Endowment, that despite the state of the economy and the Sandinista system, the *contras* don't have much popular support." Miklaszewski did acknowledge that "the U.S. government had a strong hand in the return of democracy to El Salvador. That's a success story that hasn't been told."

Rebecca Chase: "When I get environmental assignments, I feel pressure to find another Love Canal, show the evil chemical companies at work."

I asked John McWethy of ABC News why the networks frequently describe South Africa as an evil empire, but cringe when the same term is used to characterize the Soviet Union. Presumably a uniform zest for negativism or drama, or an evenly anti-authority bias, would demand that equally stringent human rights standards be applied to both countries. McWethy firmly defended the double standard. Reagan's evil empire comment "was a gaffe because we are dealing with a country with a nuclear arsenal that can destroy us." By contrast, "You can call South Africa an evil empire with no really horrendous implications." By this logic, all the world's moral opprobrium should fall on some place like Suriname or Uganda. Is it fear, and not moral considerations, which dictates our human rights criticism of other countries? John McWethy was silent; he didn't really have an answer.

Shifting ground a little, I asked McWethy why coverage of turmoil in South Africa and Ethiopia was treated so differently by the network media. While in both cases the governments were criticized, it seemed that the South African criticism was systemic—the assumption being that apartheid had to go and the only question was when, not whether—while criticism of Ethiopia was never directly aimed at the structure of oppression, Communist collectivization. "You're comparing apples and oranges," McWethy protested. "Ethiopia is a two bit country nowhere as important as South Africa." Why not—because there are fewer whites there? "The focus of our coverage in Ethiopia was on the human tragedy of drought. The government was incidental to the story." By contrast, McWethy maintained, "South Africa purports to be a democracy, so we can judge it by those standards." He was quite agitated by now. "This strikes me as a very ideological line of questioning."

Faced with similar questions, Richard Threlkeld of ABC News argues, "The story in Ethiopia was our effort to get food to starving people. It was a starving people story. In South Africa the whole point seems to be a generation-old system of oppression." I pointed out that a moment earlier Threlkeld had insisted that journalists were apolitical and didn't make value judgments; here he was, advancing a quite controversial distinction which he claimed was virtually a network consensus in covering Ethiopia and South Africa. Threlkeld tried to justify the double standard in different terms. "All civilized nations condemn apartheid. Journalism, as a mirror, reflects that." Now that raises a whole new set of questions—which nations are civilized? Which civilized nations condemn apartheid but not Communism? Is the regnant public passion of the civilized world the moral standard by which news should operate?

One very intriguing thing that both McWethy and Threlkeld admit is that television news judges free countries and totalitarian countries by different standards. When I asked McWethy about TV coverage of the Nicaraguan and Philippine elections, and why there wasn't as enthusiastic a demonstration of fraud in the former case, he said, "It was clear that the Nicaraguan elections were a joke. But most reporters felt that was different. Nicaragua

is a totalitarian country." McWethy concedes that "Sometimes reporters operate differently in totalitarian countries than in free countries."

Threlkeld says that "We can't see much behind the curtain of oppression in Communist countries and certain Third World countries. Syria, for example, won't let us take the pictures we want. That's why we report on Israel's abuses so much. Democratic countries are more vulnerable to being exposed by TV news." South Africa gets the worst coverage, Threlkeld says, because "South Africa calls itself a civilized and pluralistic society." But, I said, the Soviet constitution makes similar extravagant claims of freedom that are not met—why not assess it by that standard? "Marxist rhetoric makes claims of freedom. But nobody believes it." What if South Africa were to renounce the West and ally itself with the Soviet Union—would that guarantee it a better shake from the American TV media? Threlkeld was taken aback. "That shouldn't be an incentive for South Africa to go Communist," he said, sheepishly.

"The cosmopolitan nature of the network news makes it virtually impossible for the traditionalist point of view to be aired."

Jeff Greenfield

Activism and Ventriloquism

A conversation with Andrea Mitchell of NBC News revealed her as an acknowledged activist. Her family was "always absorbed in politics," she says, and she can remember her parents listening with shock to the McCarthy hearings. She entered TV journalism because "I felt it was a way to advance the issues I cared about." Norma Quarles of NBC says, "I like to cover stories that shed light on injustice, that bring about change." What kind of injustice? Quarles cites the example of President Reagan wanting to close down free boarding schools for American Indians. Shortly after Quarles's expose, she boasts, lawsuits were filed which forced the administration to keep the schools open.

Quarles complains about the mentality of the American people. "People don't seem to care. There's a positive mood in the country. There is an attitude that everything is fine and it's not." Quarles gives the example of low-income housing programs which are sorely needed, she says, but which the administration won't consider. Quarles observes that if she wants to make a point on the air, she sometimes uses ventriloquist tactics. "If I get the sense that things are boiling over, I can't really say it. I have to get somebody else to say it."

Reporters often seem to project their own opinions onto sources in order to get their point made one way or another. For example: Irving R. Levine on January 3, 1986, reported, "Increasingly even Republicans are saying that a tax increase is unavoidable because soon everything that can safely be cut will have been cut." This is the inevitability approach—the reporter presents his solution as the historically necessary one. Mark Phillips reported on CBS on November 21, 1985, "A key adviser to Gorbachev afterwards confided to me that the Soviet leader did not have a very high regard for President Reagan's intellect."

Many of the prejudices and stereotypes on which TV reporters operate are acknowledged and confirmed by Rebecca Chase of ABC News. A reporter of somewhat conservative temperament, Chase admits to exasperation with the way the three networks covered the issue of hunger during "Hands Across America." New York and Washington producers of the networks were almost in competition to find hungry people, Chase says. Operating on the stereotype that "hungry" means "black" and "Southern," this meant a lot of assignments for reporters based in Mississippi and Atlanta. One reporter was asked to scour the small towns of Mississippi to find hungry people; she travelled for days, sometimes though places where 80 to 90 percent of the people were on food stamps, but she couldn't find hungry people.

"Basically, the evidence shows that we have a food stamp program that works pretty well," Chase says. "But some people are convinced that there is a massive problem. So they put pressure on us reporters in the bureaus to find facts to confirm their theories. Often reporters are just lazy—they call up the local hunger coalition and they produce a hungry person to go on the air."

Many reporters instinctively give credibility to liberal sources. Chase cites the recent Harvard Task Force report on hunger, which identified 20 million hungry Americans. Following up on the study, Chase went to one of the towns identified in the study as worst off. "It was the part of Texas where Texas A&M is located," Chase says. "Of course students list low incomes, so the average income is very low. But those students aren't hungry. The real problem is with food stamp distribution, and it is in other parts of Texas that weren't mentioned in the study." Too often, reporters don't bother to do fact-checking when faced with claims that fit their cultural predispositions, Chase said. But let the administration make a claim that some place is better off than before, and there is a frenzied effort to prove it factually wrong.

John Corry's thesis about a journalistic milieu shaping the ideological assumptions of most TV journalists is "absolutely right," according to Chase. "Most of my colleagues are not very political. They don't care to belong to groups. But the prevailing journalistic culture is liberal. You win awards for validating liberal theories. I know when I get environmental assignments, I feel pressure to find another Love Canal, show the evil chemical companies at work, find little girls who now have increased risks of leukemia. We're always searching for victims."

There is nothing wrong with journalism siding with the underdog, perhaps, but does it really do this? Chase gives the example of "reporters [who] won prizes for exposing

the horrors of mental institutions. But do you see stories on the horrors of deinstitutionalization? Hardly. Why not? Because reporters feel, hey, that will make some people want to put those people back. And reporters don't want to encourage that feeling."

Another example: "We know that a lot of poverty in this country is due to out-of-wedlock pregnancies of single women. Yet lots of TV stories continue to link poverty to 'budget cutbacks.' First of all this is very inaccurate terminology—we're generally talking about cuts in the projected rated of growth, not real cuts. But even so, to presume that budget reductions are to blame for increased poverty is simply wrong. It reflects false and uncritical assumptions at work."

Will TV news change? It already is, slowly, reluctantly. Partly this is a result of media criticism, but mostly the change reflects the influence of the larger culture on the social enclave of TV journalism. Even in liberal circles, it is no longer fashionable to ridicule patriotism, tirade about the "fairness issue," or warn about imminent nuclear apocalypse. Contemporary liberalism is fashioning itself in response to ideas legitimized by President Reagan's term in office. TV journalists are affected by that, and their coverage is beginning to show it.

WHO SHOULD SUCCEED REAGAN?

Some Preliminary Thoughts

RICHARD V. ALLEN
IRVING KRISTOL
WILLIAM NISKANEN
HOWARD PHILLIPS
PHYLLIS SCHLAFLY
PAUL WEYRICH
JERRY FALWELL

Richard V. Allen

The country's prolonged exposure to Ronald Reagan as President of the United States has renovated thinking on foreign policy. It represents a change, in the sense of return to basic considerations about the safety of the American republic. The Reagan revolution in foreign policy has been a return to reality, or to the essence of *realpolitik* in the best sense. This is not a policy of belligerence but one of quietly and patiently reconstituting our defenses and sending signals to the Soviet Union that we will not interrupt the process of securing ourself for illusory promises of what is yet to come through the process of negotiation. This means drawing even with the Soviet Union in strategic power, and being able to checkmate Soviet foreign policy advances, especially in Third World countries.

The culminating point of our defense strategy is the strategic defense initiative (SDI). SDI is the consummate defense of the United States. And the American people strongly favor the concept of defense: all you have to do is turn on the televison and watch a football game to hear the crowd shout: "Defense!" You never hear the crowd shouting "Offense!" Almost by instinct we know the best offense is a good defense.

Everybody, including Jack Kemp, recognizes that rolling back the Soviet Union at the margins is more difficult to accomplish than it is to describe in a policy statement. But if Kemp were elected, he would be able to pursue such a policy based on what Ronald Reagan has accomplished in his eight years. The Reagan accomplishments are the fundament on which his policy could build.

A Kemp foreign policy would be more activist and would actually reflect an attempt to force the ebbing of Soviet power at the margins, for example in Angola and in Afghanistan. There is no need for us to be hesitant in supplying American weapons to Afghanistan. Why should we spend 10 times more on inferior Soviet equipment bought on the international arms market?

Kemp would be an active and consistent promoter of SDI; Bush would be a less valuable supporter. So the public exposure of SDI under a Bush administration, I would imagine, would be somewhat attenuated. Kemp and Bush are opposed to bad arms control, or arms control for the sake of arms control. One of the most important lessons we have learned in recent years is that contrary to what the pundits of the press had to say about Ronald Reagan's consistent failure to negotiate a major arms control treaty, this does not have political fallout: the people aren't upset.

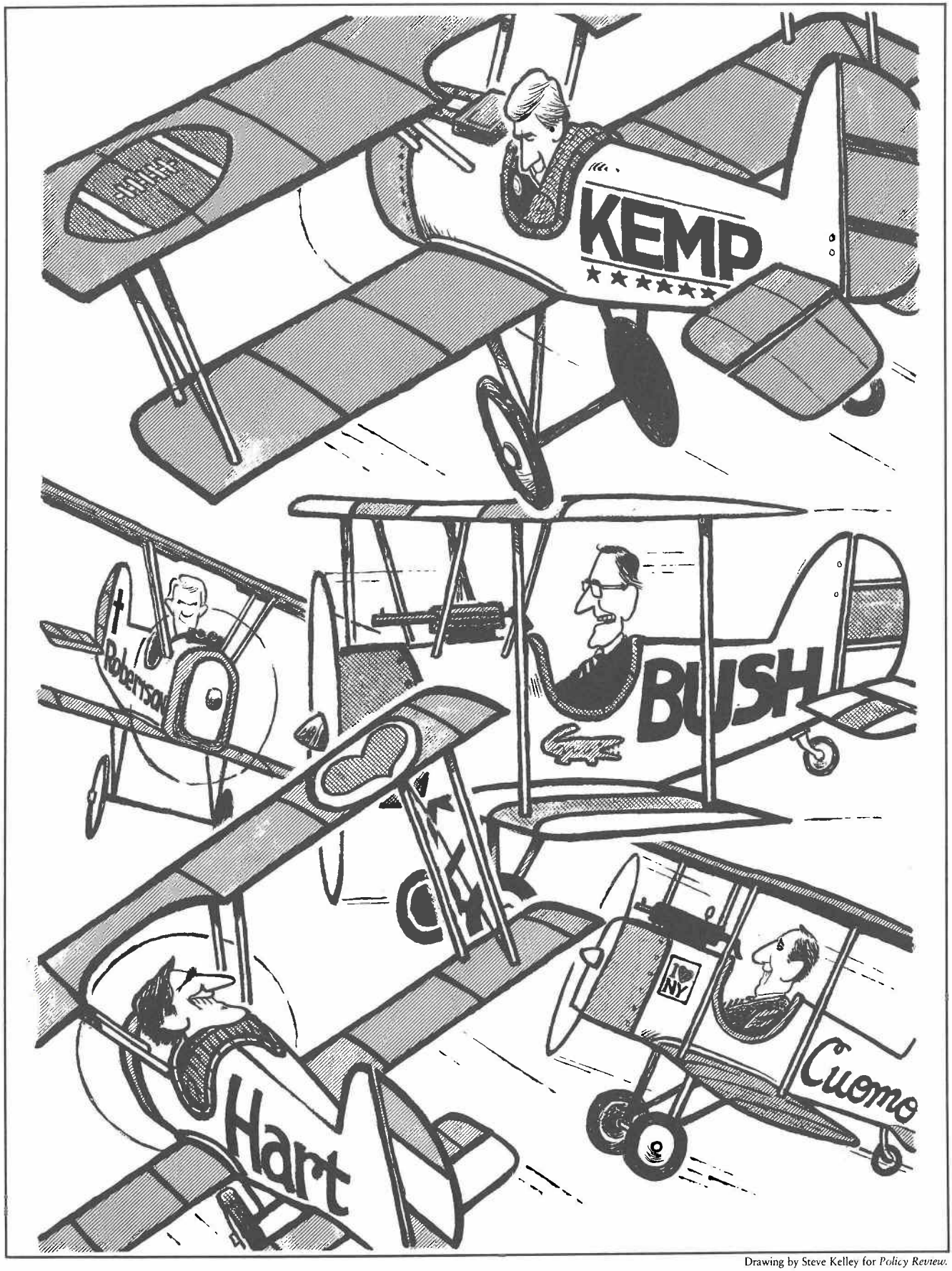
I do not think that Bush's wide experience in foreign policy is obviously or necessarily a guarantee of success. As a matter of fact, the less encumbered we are by baggage and theories of the past the better off we will be. Good foreign policy really rests on the basis of prudential judgment, inputs, and fundamental values topped off by common sense and a keen understanding of what is good for the overall interest of the United States. I would much rather have a working class foreign policy of the type that Ronald Reagan has demonstrated than a Kissingerian approach or some other elaborate conceptual structure.

Foreign policy is just like business. Diplomats and foreign policy experts put on their trousers one leg at a time—just like everyone else. There should be no licensing procedure in order to think about and make decisions on foreign policy.

Cuomo seems to present himself as kind of a tough guy, but this would not translate into foreign policy resolve. He would surround himself with the wrong crowd because that would be the basic direction of the Democratic Party. Cuomo's stand on abortion reveals to me what a political opportunist he is. I expect that he would perform the same type of intellectual fraud in the field of foreign and defense policy. So again, I am looking to the character of the candidate more than any public expression of his on a piece of paper.

Gary Hart's critique of the American military establishment contains some valid points. But Hart is at heart still the same fellow who ran George McGovern's campaign. His small-is-better defense is really one step back to the flawed policies of detente and dialogue with the Soviet Union. One shouldn't oppose dialogue with the Soviets on principle; but it is vital to avoid a return to the failed policy structure of detente.

To the extent that Hart has been a part of the mainstream criticism aimed at the Defense Department and to



Drawing by Steve Kelley for *Policy Review.*

the extent that his views are contained in the Packard Commission Report, he has been a positive force. He is obviously part of the debate and hopes to stimulate thinking about what needs to be done with the defense establishment. And clearly, something needs to be done.

Dole has been a strong supporter of every basic initiative of the Reagan Administration. He has, from time to time, extracted policy benefits of his own in the process. He has approached foreign policy, in recent years, through an economic prism, which is very good. Dole understands the interrelationship of trade and national economic policies with basic foreign policy. If President, he would pursue a very pragmatic alliance-centered diplomacy. He would not suffer from delusions of grandeur and he would not cater his policies to the Nobel Prize committee.

There are several outstanding foreign policy accomplishments in the Reagan Adminstration, one being Grenada. In an initiative like Grenada, the question is which of the candidates, Republican or Democrat, would be capable of being able to take that kind of preemptive action. I would say that were Paul Laxalt President, he would do it. Jack Kemp most likely would take that action. Bob Dole could be persuaded to take that action. Howard Baker, in my judgment, would be disinclined to take that action and would seek another route. George Bush would take it, but after a substantial contemplative struggle had been resolved by those around him. George Deukmejian would indeed take such action.

Gary Hart would not invade Grenada. If Joe Biden were President, he could be talked into such an action; I think he has a great deal of common sense and is not burdened by an ideological agenda. Iacocca could be persuaded to do it because there are enough inputs of realism into his scheme of things that he would see the necessity to act. If Sam Nunn were President, he certainly would take that action. Cuomo, I don't think so.

I laud Jack Kemp's supply-side foreign policy. Lamentably, the questions of the gold standard, I.M.F. reform, Third World debt are not igniting issues in American politics. While they need to be talked about, they are not the main issues. I think that Jack realizes that. That data is dry as dust, and it is very difficult to make it interesting to the American people. But after all, Kemp is an intellectual who thinks these problems through and has come to policy conclusions. These are sincerely held; they are not positions that he has determined by wetting his finger against the wind.

Again, you come back to the basic character of each candidate. What kind of candidate is that? Does he sample and read the public opinion polls and act accordingly, or does he, as Reagan does, consult the public opinion polls to determine, out of a sense of curiosity, which way public opinon is going, and then try to lead it or alter it? The difference lies in being led by public opinion or actively leading it. And Reagan has never failed to understand that difference. That is one of the crucial tests that I would apply to any candidate. ☎

RICHARD V. ALLEN, *former assistant to the President for National Security Affairs in the Reagan Administration, is a Distinguished Fellow at The Heritage Foundation.*

Irving Kristol

I think the most important issue in 1988 will be the economy. It always is. I don't expect to hear too much about foreign policy or human rights in the next campaign. The Republican candidates may try to emphasize foreign policy—especially the desirability of SDI. Democratic candidates, I suspect, will try to duck it. The American people are in a rather belligerent mood at the moment and they are not at all uncomfortable with Reagan's foreign policy. But the economy will predominate. Besides the economy, there is not going to be any urgent issue—only the general question of what kind of President the American people want. There is so very little that the federal government can do about social issues, for instance. Most of these issues are governed at the state level or by the courts. So I do not see the majority of the electorate aligning themselves on social issues, though they will generally favor candidates who give the impression of being moderately conservative on such issues.

The deficit will be an important rhetorical issue. But if the economy is strong, people will not really worry about the deficit, although they will all say they are worrying about it.

Jack Kemp is my choice to be the next President of the United States. I think he is a leader. No one who has ever met him can doubt that. My favorite Kemp anecdote is one that George Will recounted. Will asked him if he was a baseball fan; Jack said "No." And George said, "Why not?" Jack said, "No quarterback." Jack likes to run things, he likes to take command.

Sure, Kemp is reluctant to dismantle the welfare state. Jack believes, as do I, that it is foolish to try to do a Dave Stockman and make savage cuts in the budget. You are not going to do it. But you can slow down the rate of growth of government spending—that is all that Jack has always thought we could do, and in my view it is all that is necessary to do. You don't have to balance the budget in two or three years. It doesn't matter if it takes five or six or eight, so long as the trend is in the right direction.

Everyone understands that Kemp is for future marginal tax cuts. What he or anyone would do in office will depend on the economic situation. He will certainly try to stabilize the dollar and the other currencies. This he feels very strongly about. And I think he is right. I don't know that we will ever get back to a gold standard. Maybe we will get back to a bimetallic standard, gold and silver, or some sort of commodity standard. Kemp is certainly right that world trade flourishes best with stable currencies, and the instability of the currencies today results in a huge amount of financial speculation all over the world. This is very unsettling to the productive parts of the world economy.

Kemp would surely have a more assertive foreign policy than Ronald Reagan. He would not be inhibited by the Pentagon, which seems to want a huge military establishment, but to use it as little as possible. The American people are not going to support such an establishment indefinitely if it does nothing. It has to earn its way, as it were. I think in the case of Libya, Kemp would have taken far more decisive action than Reagan. He might, for in-

stance, have destroyed the Libyan Air Force—which, in my opinion, would have made more sense than Reagan's token bombing.

Would Kemp ever commit American troops abroad? Yes, in the right situation. Any President who commits American troops abroad, and in a situation that makes sense, in a decisive way so that they are going to win, will get the support of the American people. There is a myth that the American people are averse—actually, as distinct from rhetorically—to sending troops abroad. One should remember: these are professional soldiers. We are not talking about a conscript army of American "boys."

Bush, I think, would probably have an even less assertive foreign policy than Ronald Reagan. My guess is he would have something like Gerald Ford's foreign policy. He seems to be a fine gentleman, but not a forceful leader. One does not get the sense that he is the kind of man who, if there is a fight going on, might have the urge to join in. My impression is that he would be a much less militant advocate of SDI than Reagan or Kemp.

When it comes to economics, my sense is that Bush is a very conventional Republican. He will be very happy working with Mr. Dole to pursue balanced budget economic policies. The trouble with these traditional economic policies is that they do not focus on employment, they do not focus on jobs. Instead they focus on the budget and on inflation. In a modern democracy, however, jobs are the first priority. And if a politician doesn't understand that, his economic policies are going to lead to political disaster.

Jobs are and should be the first criterion of economic performance. Jack Kemp understands that, which is why he is willing to, if necessary, accept the huge deficit. Thatcher doesn't understand that, which is why, apparently, she is going to lose. Mr. Kohl doesn't understand that, which is the reason why, despite a very successful administration in conventional terms, he is in such deep political trouble. The basic problem for both Thatcher and Kohl was conventional conservative economic thought. This ends up delegitimizing conservatism because of its failure to address the key issue of employment.

I don't regard Dole as a serious candidate. I know people in Washington do, but he arouses no interest whatsoever in any segment of the American population.

If both Kemp and Bush stumble, anyone can jump in and be the nominee. There is Jeane Kirkpatrick and Don Rumsfeld, just to name a couple.

The Democrat whom I know best, not personally but from watching his career, is Bill Bradley. Bradley was the only Democratic senator from the Northeast who voted for aid to the *contras*. That was a brave thing for him to do. He would be a first-class candidate for the Democrats. He seems, however, disinclined to run.

In any case, he or Chuck Robb would have a lot of trouble getting the Democratic nomination. I don't know how you skillfully navigate in that party. Because you have so many well organized factions, your spectrum is broken up into different parts. What do you do about the radical feminists? What do you do about the left-wing isolationists? How can someone like Robb or Bradley cope with this? I am convinced that both would be the strongest kind of candidate. Whether they could get the nomination is another matter.

Liberalism today is pretty much an umbrella under which a variety of interest groups take shelter. But whoever runs for the nomination will also want to win the election. So he cannot afford to be seen to be making too many concessions to these groups. That would alienate the Democratic working class and the Democratic middle class. Cuomo is very clever in slithering his way around these issues. But he doesn't appear to travel all that well outside New York. People may not want so quintessential a New Yorker as President.

Gary Hart, I do not take seriously. I regard him as a *papier mache* candidate, floating in the wind. If he gets any serious opposition, he will crumble. I don't know anything about his new ideas. I doubt that he has any new ideas. All he has is something that he calls "new ideas." This is what his so-called new ideas are all about, fudging traditional liberalism. The American people are not going to buy it.

IRVING KRISTOL *is editor of* The Public Interest *and the John M. Olin Professor of Social Thought at New York University Business School.*

William Niskanen

The one unavoidable question for 1988 will be how the candidates propose to address the deficit: reduce it by spending restraint or by tax increases, or whether they are even concerned about the deficit.

Now it is true that the deficit is an abstraction to most voters, unless it leads to something that they see more visibly, like inflation, higher interest rates, or loss of jobs. Right now, the most visible manifestation of the deficit is that it is increasing interest payments by $10 billion to $15 billion a year. And it is threatening to crowd out other federal spending activities.

Of all the candidates, Congressman Jack Kemp seems to be least concerned about the deficit in that he seems to be unprepared to make either budget cuts or tax increases. On the other side, Senator Robert Dole seems to be willing to make both budget cuts and tax increases to reduce the deficit. The administration is somewhere in between.

Jack Kemp seems to argue that there is no reason to be concerned about the deficit, because economic growth can be sufficient to reduce its impact. Now arithmetically that is correct, but I don't know what it is going to take to increase the economic growth rate. Most economists, including myself, foresee sluggish growth between now and 1988.

I have never heard Jack Kemp suggest cutting anything out of the budget. His recent article in *Policy Review* about his budget was mostly fluff. He suggests that agriculture subsidies would automatically go down if we were on a commodity standard. But I don't understand that. It may be that he wants to inflate between now and the time we lock in on a commodity standard, and that is something that Jack Kemp ought to make clear. My impression is that he favors a gold standard, but he first wants to raise the price of gold to around $400 an ounce, so we can have looser money. I think that most of Kemp's budget cutting

proposals seem like free lunch proposals.

My sense is that George Bush's views on economic policy are somewhat closer to traditional Republican views than that of the President, but that is based upon his earlier record rather than his record as Vice President. He would probably be more willing to accept a tax increase as part of the process to reduce the deficit. His earlier criticism of supply-side economics was that it was one sided: it was tax cutting without budget cutting. Bush is correctly perceived as believing that he would prefer a combination of tax cutting and budget cutting. Bush, Howard Baker, and Robert Dole have been proved correct: tax cuts that are not substantially met by budget cuts during the same period will lead to huge deficits and some very real problems.

Ronald Reagan was unsuccessful in getting significant budget cuts, but for a very good reason: he did not talk about it in either the 1980 campaign or the 1984 campaign. Bush might be willing to run on that issue in 1988. I don't think you get a mandate just by winning, or even by winning big. You get a mandate by running on certain issues. If Bush is prepared to talk about the necessary budget cuts, then I think that he can win and I think that he would have more leverage in Congress than President Reagan has had.

I think Dole has a very attractive set of positions as a rule and that he has proved that he may be the best politician in Washington. Now whether he is a good politician out there in the country is not clear. Dole's voting record, by the way, is probably more supportive of President Reagan than anybody else's in Congress. I expect that he would endorse most of what is thought of as Reaganomics, but with more explicit action to reduce the deficit.

We would have some kind of tax increase under a Dole administration. In fact, it's hard to believe that we can avoid a tax increase unless somebody is much more effective than has been the case today in making a case for spending cuts.

On the domestic side, the most important programs to cut back are the federal grants in aid to state and local governments. President Reagan's New Federalism proposals of 1983 got nowhere. But on net, if you look where the budget cuts were made, grants in aid were the primary targets for budget cuts. And I think they should be continued targets.

I would like to see some long-term reforms on things like Social Security, as well as both civil service and military pensions. Done correctly, however, those are not likely to lead to much near-term budget savings. The only possibility of achieving long-term reform is to do it in a way in which the real benefits of current beneficiaries are not changed. That is awkward in a democracy because no one has any incentive to do it in the short run. But it really has to be done at some stage, between now and the end of the century, anyway.

We are likely to see a rethinking of our military and foreign policy, our military role abroad, particularly. The lack of support by the Europeans for the Libyan strike has triggered a revival of talk about reducing our troop strength abroad in Europe. And I am encouraged by that, at least encouraged by talking about that.

It is very difficult to figure out what the Democrats will be up to in 1988. Mario Cuomo looks like he is much more of a traditional Democrat. Hart talks about new ideas but we don't hear very much about the content of them. I worry about the kinds of people Hart listens to. In general, opposition candidates run against the record of the incumbent party. And if economic conditions are moderately good in 1988, it is going to be a difficult thing for an opposition candidate to do. But I am guessing that reviving economic growth will be the theme of the Democratic candidate because I do not expect robust growth between now and 1988.

Selective increases in federal spending are likely to be proposed by the Democrats. They are likely to revive federal spending for education, on the grounds that we are not getting enough out of our public education system. They are right, but their solution is likely to be wasteful or counterproductive.

Cuomo has almost no foreign or international perspective. My understanding is that he has only been abroad once or twice. I think he may very well be tempted toward the kind of protectionist positions that Walter Mondale was drawn into, and which Hart, to his credit, is more likely to reject. Hart is more likely to be enamored with industrial policy ideas, so he will try to prepare himself as the candidate with new ideas. But I think it will be very selective as to what we will get from him.

As for Hart's industrial policy, there is an inherent tension as to whether you protect losers or try to pick winners. Hart will try to identify himself with trying to pick winners. But the politics of industrial policies are to use the powers of government to help losers. And Hart won't be able to resist that, I think. Running in Michigan, he will be drawn into questions about whether his administration would help sectors that have been hurt by trade or technology, and he may very well agree to it.

Hart will take the pitch that you can save a lot of money in the military by just cutting out waste. That may be enough to get him by. I think that that is a position that doesn't hold water. You cannot get a lot of money out of the Defense Department just by cutting out waste and improving procurement practices. You have to look carefully at the general mission of the Defense Department and its commitment to the questions of quality versus numbers and technological superiority versus numbers. Those are very hard questions.

But one doesn't expect a great deal of specificity in agendas during a campaign. We have been, in some sense, spoiled by Mr. Reagan because he gave us a much more explicit agenda than we really ever had on economic policy. If you look at the 1932 campaign by Franklin Roosevelt, he promised to balance the budget and not much else; he later developed a very ambitious economic program, including a lot of mischief, but that was all after the campaign.

George Bush has the 1988 Presidency to lose. I think that there is a 30 percent probability that he will be President in 1989—the combined probability of winning the nomination and winning the election. I think that's three times as high as that of any other person. So he is the most likely candidate and the most likely President.

He also has the potential of being a good President. He is hard working and intelligent; he reaches out for advice.

What is not tested is his judgment on matters because he has been so loyal to the President. My own bet is that the Republican ticket in 1988 will be Bush, and if Kemp will accept it, Kemp can have the Vice Presidential nomination. I think that will be a strong ticket, maybe the strongest ticket that the Republicans could run. And I think Kemp would be wise to accept the Vice Presidential nomination if it were offered.

It is much less clear who the Democratic candidate will be, and what his issues will be. The Republican candidates will have to run on Reaganomics whether they want to or not. The Democratic candidates will have an opportunity to develop their economic positions quite late, depending on what they see to be the issues at the time. If the economy turns weak, it will be one thing; if trade is perceived to be an important issue, they will run on protectionism; if the economy is strong, they are likely to run against Ed Meese. It should make for an exciting election in any case.

WILLIAM NISKANEN *is president of the Cato Institute. A founder of the National Tax Limitation Committee, he served on the Council of Economic Advisers from 1981-85.*

Howard Phillips

The next President will have to deal with all of the problems that Reagan deferred. He will have to deal with the burgeoning Soviet threat in the Western hemisphere. He will have to deal with the increased reliance of the United States on arms control treaties rather than strategic defense as a way of minimizing the Soviet threat. He will have to deal with the enormous national debt and the increasing burden of the interest payments on that debt.

President Reagan has chosen to increase his personal popularity rather than to directly confront problems. He operates on the assumption that there is less to be gained by addressing these problems than by letting nature take its course. In all cases, no decison is better than a wrong decision. But in some cases, no decision is a wrong decision. For example, most people have now accepted David Stockman's incorrect conclusion that non-defense spending can't be cut. It can be cut, it has not been tried.

Now concerning candidates for 1988. The jury is still out on Pat Robertson. He has demonstrated some extraordinary gifts in his business and religious career but whether such gifts would be transferable to the political arena is unknown. Pat Buchanan is a man of extraordinary courage and insight who would be an excellent President. But he has not yet been given the assignments which would cause people to think of him in those terms.

Jeane Kirkpatrick is a person with whom I disagree on a number of issues, but I rate her very highly as a prospective President, because she has shown that she has enormous courage and intellectual integrity. One thing I have come to believe is that it really doesn't matter whether a candidate professes to agree with me or other conservatives on the full range of issues. Ronald Reagan professed to agree, but this is irrelevant to his behavior in office. I would rather have a candidate who purportedly agreed with me less, but in action took measures which related to my primary concerns. And so for that reason, I am very open, for example, to the possibility of a Kirkpatrick candidacy.

The principal disadvantage for Pat Robertson is that the American people feel burned at having accepted an untested candidate in Jimmy Carter who proved to be not to their liking. In politics, while familiarity may breed contempt, it also breeds acceptance. I think Robertson's prospects will improve the longer he is on the scene. Because Robertson is far better informed than Reagan, he would be much less inclined than Reagan to defer to the judgment of, and to delegate decision making authority, to people who avowedly reject his principles.

Robertson is reluctant to speak in areas that relate to his religious vocation lest this rouse fears of an improper Christian involvement in politics. But his strength is his Christian base; to the degree that he becomes apologetic concerning it, his prospects will diminish.

Jack Kemp is very determined in fighting for those causes to which he is committed. I don't always agree with those causes. But clearly he has perseverance. Like Reagan, he is a person who is largely without guile, and I think that is valuable in a President. For example, Johnson was undone because he was too tricky for his own good and for everyone else's good. That was the undoing of Nixon as well. It is good to have a President who can gain, deservedly, the trust of the American people. They may disagree with such a President, but they will know that his mistakes are honest ones.

Kemp is very cautious when it comes to the possibility of offending some powerful forces. For example, I think he was fearful of offending the civil rights lobby when he voted for sanctions against South Africa. I think that is also reflected in some of the things that he said about not wanting to cut Great Society programs, in his support for the Martin Luther King birthday holiday, in his support for the Legal Services Corporation, and so on.

Kemp would be more likely than Bush to move toward strategic defense and to move away from reliance on arms control. When it comes to taxes, there is no comparison. There is absolutely no justification, whatsoever, for ever raising taxes. And I think that Kemp's bias is against taxes. Bush would be much more receptive to a tax increase. One can judge a man, to some degree, by the company he keeps, and certainly Jim Baker and others who are close to Bush have been advocates of tax increases. On the other hand, Bush would be more likely to wield the veto pen than would Kemp when it comes to closing down not only wasteful but destructive programs that have done a great deal of harm to this country. I would include virtually all, if not all, of the Great Society programs in that category.

Howard Baker would be the quintessential establishment President. I am sure he would be very popular with the *Washington Post,* the Council on Foreign Relations, the *New York Times,* and the national networks. He would be a disastrous President from a conservative perspective. We would see a further surrender of American national sovereignty, further increases in the power of the federal government, and I doubt that he could inspire very much confidence on the part of the American people. I think he would be a disaster.

I have great personal regard for Bob Dole. He has a

coherent ideological approach to public policy. I think, at least to some degree, he seeks to govern by creating ad hoc alignments. He was able to secure strong conservative support by the extraordinary work that he did for Jonas Savimbi, for which I am very grateful. But at the same time, there are other policies that he might pursue that would diminish conservative support for him. If Bob Dole were to make a commitment on key issues, he would stick to his word. So, I would regard Dole as someone with whom conservatives ought to negotiate in the hope of securing specific policy commitments.

The three strongest candidates the Democrats could have on their ticket would be Senator Bill Bradley of New Jersey, former governor Chuck Robb of Virginia, and Lee Iacocca of Michigan. Iacocca would be a higher risk factor because he is untested in political office and in campaigns, he has a very hot temper, and he could conceivably blow the entire campaign as a result of having a bad weekend. But I think that the greatest danger that the Democrats face is their identification with their own radical McGovernite tradition.

I don't think that either Gary Hart or Mario Cuomo is going to win if the Republicans nominate any kind of a sensible ticket. And in the absence of a severe economic recession or depression, the values issues will be dominant in terms of the swing voters, and that would favor the Republicans. What the Democrats will have to do is camouflage the sources of power in their party. The best way to camouflage those forces is by nominating people who sound fairly sensible, as do Bradley and Robb.

The biggest argument against the Democrats is the baggage that any Democratic candidate would bring into office. You don't just elect Bill Bradley, you bring along that whole leftist establishment that is part and parcel with any Democratic coalition. But exclusively from a national security standpoint, I would probably be as comfortable with Robb as President as with most of the people now seeking the Republican nomination.

HOWARD PHILLIPS *is chairman of the Conservative Caucus and president of Policy Analysis, Inc.*

Phyllis Schlafly

Ronald Reagan has had a dramatic effect on the political equation in America. He has changed the framework of debate. He has made it popular to be conservative, and everybody is affected by it. When you hear Mario Cuomo talking about cutting taxes, that is Ronald Reagan's influence. All the candidates in 1988 will have to judge themselves in relation to his overwhelming success.

I haven't made a choice of whom I am going to support. The most dramatic thing that has happened under the Reagan Administration is the economic recovery plus the general consensus that the way to have economic recovery is to cut taxes, get government off our back, and allow the private sector to flourish. That is Jack Kemp's thesis. Jack Kemp is the architect of Reaganomics, which makes him the natural heir to the Reagan constituency.

In cutting spending, Kemp and his allies have done as well as as they could. Still, the deficits have ballooned, and I don't like that one bit. I grew up believing that you shouldn't buy anything you couldn't pay for. In fact, I really don't believe in the credit card life where you enjoy now and pay later. But frankly, the American people don't give a darn about deficits. I can remember all the grim years of the New Deal when all the Republicans talked about was deficits. From 1934 until 1952, the number one political issue of the Republicans was the red ink of the Democratic Party. And the American people said ho-hum. Walter Mondale tried to make this an issue in 1984 and the American people said ho-hum.

I am not saying that deficits are not important. I am just saying that, in the real world of practical politics, they are not a big issue. Another non-issue, by the way, is the gold standard. I am very puzzled that Jack Kemp is giving it so much importance.

The American people basically don't care what goes on 10,000 miles away from home. I think that Jack Kemp would have made the decison to go into Grenada, as Reagan did. The hallmark of the Reagan Administration foreign policy really is Grenada. Our next President must be someone who is willing to take the risk of confrontation. Reagan did, and I feel sure that Kemp would be able to do that.

On social and family issues, as far as I can see, he has a 100 percent voting record. In my opinion, the most important family issue is tax fairness to families. Kemp has been the leading advocate of tax reform to relieve the tax burden on people who have children.

I have every reason to think that Kemp's judicial appointees would be every bit as good as Ronald Reagan's. I don't know of any significant difference. It is beyond me what the pro-lifers expect Ronald Reagan to do to stop abortion any more than he has done. There is no way, if he spent every waking minute of the day lobbying for a constitutional amendment, that he could get it with the current Congress. What do they expect him to do?

Finally, Kemp would have great political strength because of his broad base. He comes from a blue-collar Democratic district and definitely appeals to working people. This appeal would transfer to the national constituency as soon as they know he is a candidate. The American people have a love affair with football. That makes Kemp's football background a fantastic asset. I do not happen to be a football fan, but I recognize what is out there. You try to get 60,000 people out for something else! Americans like the combativeness of it. They like the brains that go into it. They respect a quarterback who can make decisions.

Bush might have difficulty appealing to a lot of blue-collar groups. It isn't a conscious effort by Bush to exclude anybody, but he embodies the old Republican country club image that isn't too attractive to many other people.

I don't know if Bush would make the bold decisions like Grenada and the tax cut that have distinguished the Reagan Presidency. I do think Bush is a supporter of SDI; he has made that commitment.

On economics, Bush would lean toward a traditional balanced budget approach. He might even want to raise taxes, which I would consider a disaster. But then again,

everyone has been affected by the success of Reaganomics, and in politics, success bends everybody its way.

I don't know about Bush's courting of social and family issue conservatives. I hear this in the media, but I don't see any evidence of it in terms of staff or personal contacts. This so-called courting is basically media hype.

On the Pat Robertson candidacy, I would never say "never"; in the era of assassinations and Watergate, anything can happen. It is not likely that Robertson could be elected President, even though he has a large constituency and is an extremely attractive candidate. If he did become President, he would be very much like Reagan. Any differences would be marginal. The reason is that Reagan has shown that his approach is the most politically successful, as well as being the agenda that Robertson cares about most.

I don't see Bob Dole as somebody who has his heart in any of the issues that conservatives care about. He is trying to do an effective job as Majority Leader. But he does not seem to be an issues oriented person.

Howard Baker has all but dropped out.

Another Republican possibility is Paul Laxalt. Some people are putting out feelers toward him. He would certainly be an authentic heir to Reaganism and an attractive candidate. He has that Presidential look about him.

Another man who seems to be running very hard at the present time is Donald Rumsfeld. He would be more in the Bush camp, except that he might be stronger on defense.

As for the Democrats, they have got themselves in a box. You can't be nominated on the Democratic ticket unless you get the approval of the N.E.A., the A.F.L.-C.I.O., the homosexuals, the feminists, and other assorted special interest groups. Any Democrat with broad appeal has a hard time getting past these very well organized and influential groups. The Democratic National Committee has reformed some of its rules, but it is still the victim of a special interest process. The sub-groups in the Democratic Party are so well organized and so powerful that they all exercise veto power over whomever is nominated.

Gary Hart would make a terrible President. He is against everything that Reagan is doing. He would spend more money; he would be more accommodating to the Soviet Union. I don't know when he would use American force abroad—when Castro lands in Florida, maybe.

Hart's neoliberal label is largely a fraud. Liberalism has become almost a bad word. So he is just trying to reconstitute liberalism under another name.

Mario Cuomo borrows rhetoric from the successful Ronald Reagan. He tries to wrap his liberal, big spending ideology in family trappings, because he knows that "family" is a good word today. Perhaps having been governor of New York, he has learned how to get his views across and legislated better than Hart. In that sense, he would probably be more formidable, and would do more damage.

Bill Bradley just doesn't have the image to be President. He doesn't look like the quarterback, which in politics is the decision-making role. It is true that he latched on to the idea of tax reform and was smart enough to see that coming. However, it is very significant that the Gephardt-Bradley tax reform plan was anti-children. Bradley-Gephardt would have raised the tax exemption for adults only, which means that if their plan had gone through, the whole income tax code would have been skewed even worse against children than the present tax code. In my opinion, that is political stupidity. ☎

PHYLLIS SCHLAFLY, *syndicated columnist and author of 12 books, is president of Eagle Forum and a member of the Commission on the Bicentennial of the U.S. Constitution.*

Paul Weyrich

The issues that will be important in 1988 are: in the defense area, deployment of SDI, not just continuation of research, but deployment. In terms of foreign policy, the universal aid to freedom fighters, as well as a genuine strategy for putting pressure on the Soviet bloc to eventually dismember it.

In the economic sphere, we will look for candidates who can, on the one hand, continue economic growth, because some conservatives would in fact kill economic growth, while at the same time bring spending under control. This is Jack Kemp's big weakness—he never wants to touch the spending side.

In terms of the family issues, abortion continues to be the major issue. There is just no way around that. Abortion is a symptom. It is a symptom of a permissive society—a society in which the instant gratification syndrome has the upper hand. To get this under control is going to require an attack, if you will, on a whole culture of license.

There are candidates who have a lot of the required qualities, but who may or may not be in the ballgame. I'm speaking, for example, of Bill Armstrong or Paul Laxalt. Both closely parallel the Reagan experience, but at this stage it is not possible to say whether they will be in the ballgame or not. And I don't count out Governor Deukmejian either, because it looks like he will win big in California. If he does, he will be a contender at least for Vice President, if not President.

Pat Robertson has had more experience than any of these other candidates in actually helping the poor and knowing what works and what doesn't work. I know that he would try to defund a lot of these federal projects that have been failures. Robertson is also extremely interested in the freedom fighter issue and in dismantling the Soviet empire. He would emphasize the family issues more than the other candidates.

His weakness is his religion. In this current climate, anybody who is overtly religious, who prays openly, who believes in miracles, and who says that the Lord has spoken to him, is suspect. Were it not for his overt religiosity, he would probably be one of the major contenders right now, simply because he is very attractive. He is non-threatening in his personality, he speaks extremely well, and just like Reagan, he is able to shed criticism in a way that some of his other contemporaries are not.

The first rule of politics is to play to your base. If Robertson does anything that would be perceived as turning off that base, he would have a problem. For example, in Michigan, he just had a rally where people were screaming, jumping up and down, trying to encourage him to run.

Though there's been some Washington criticism that he has been too policy-oriented, outside of the Christian faith, I don't think it's affecting his following.

Robertson could not be elected if it were perceived that he was establishing a theocracy in the country. He has to demonstrate that he can govern, and at the same time be himself. I haven't changed my religious views at all. But I recognize the need for civil government, and I recognize the need for working with people that I may share values with but that don't happen to share my denomination or my particular faith, or any faith.

Jack Kemp has strengths and weaknesses. His sense of optimism is definitely in tune with the feel-good America syndrome that Reagan developed. Kemp is a fundamentally optimistic individual. And it's a funny thing about an optimist, some of the stuff tends to work out. I wouldn't have given you a nickel when that tax reform bill was voted on in the House of Representatives with Kemp's help, over the objections of most of the Republicans. I thought Kemp should have helped defeat that abominable tax bill. But he argued that he wanted the process to be alive, because something good would come out of it. Well, sure enough, Bob Packwood surprised me and came up with what is an outstanding tax bill. By and large, it is genuine tax reform, and Kemp helped us get there.

Kemp's main problem, however, is that except on the economic issues, he has not projected himself as a leader. And he has been given an opportunity again and again to be the leader of the House conservatives. They are looking for leadership. They want to follow him. I have seen the conservative Republicans in the House beg Kemp to step out in front. And I've been in a position of pushing him to go out in front, but he simply doesn't do it. In a sense, he has a humility that doesn't lend itself well to a Presidential candidate. A candidate should be humble enough so that he's not perceived as arrogant by the voters, but not so humble that he won't push himself forward and say, "We have a plan."

Kemp would be generally in favor of the social issue conservative position. He would not sign obnoxious legislation. I think his appointments of federal judges, or of heads of policy positions in the State Department, would be the right people. But he would not be overtly active in his advocacy of social issues, because he is not comfortable with those issues. He feels that those issues offend the Jewish community with whom he is very close, and he doesn't have a formula in his own mind that allows him to be as friendly as he is with the Jewish community while at the same time advancing those issues. Kemp has got to be more confrontational. The permanent success of the Roosevelt coalition depended on two things: offering hope on the one hand, which Reagan and Kemp are splendid at doing, and creating an enemy on the other hand, which neither of them wants to do. You have to have both elements in order to put together a major coalition that sticks, because if the enemy is absent the other forces can gather. That is what's happening now and what will continue to happen because Kemp doesn't ever want to make the union bosses into the bad guys.

George Bush's strength is definitely incumbency. He benefits from the fact that the traditional Republicans, as opposed to blue-collar workers or the Christian right, are monarchists at heart. This was why Ford was able to beat Reagan, despite the fact that Ford's policies were unpopular, and despite the fact that he was regarded as an inept President. But he won, because of the great devotion that the Republicans have toward people who are in power. So George Bush's strength solely lies in the fact that he is the Vice President and may well be the President before 1988.

The big theme of George Bush is "I will be another Ronald Reagan, I will do exactly what Reagan has done for another four years or eight years." Richard Nixon tried this in 1960, and Bush is going to try it to get the nomination. Bush thinks in terms of the existing order. He doesn't think in terms of fundamentally altering the country. Under him, taxes will be raised, the budget will be balanced, and we would have an era of some austerity.

I think that the Vice President has genuinely moved in the direction of pro-family policy from where he was. You have to consider that when he was in the House of Representatives he was one of the architects of population control. It is a long way from that mindset to his current position that abortion on demand is not acceptable. On the other hand, Bush needed to be seen as acceptable in fundamentalist circles, otherwise that whole vanguard of Christians would unite against him; he would go down the drain. So what he had to do was take the sting out of that opposition. This has been accomplished. That Falwell would embrace him has caused some people to be upset with Falwell, but the main thing it's done is to take that fervor out of the fundamentalist opposition to Bush. They're still not for him, and most won't vote for him, but they're not united to defeat him, which they would have been under other circumstances.

I do not believe that Howard Baker will be a serious candidate. Bob Dole, on the other hand, *is* a serious candidate. He is the ideal compromise candidate if you get into a deadlocked convention. He has all the elements that would be acceptable to the Bush Republicans, but he would also be acceptable to social issue Republicans. He has very carefully courted all different kinds of elements and done just enough for them that they would not bolt the convention if he were nominated. He would be a reasonably good President because he's decisive and very tough. He knows how to punish people who are on the other side of him.

The Democrats do have a chance because any time you have eight years of one President, you always have some willingness on the part of the voters to try something else. A Chuck Robb, for example, would be a very strong candidate for the Democrats. He was able to demonstrate in Virginia that you can hold on to the civil rights coalition while still being conservative fiscally and being strong on military issues. He was very supportive of the President on Grenada, supportive of SDI, supportive of the MX missile. Lee Iacocca might be a possibility. Despite all his denials, I'm convinced he is running for President, and running hard.

Gary Hart had a real campaign going in 1984, when he stuck with his "new ideas," when he was critical of the unions and their influence in the Democratic Party. Then all of a sudden, people perceived that he was the same old

kind of Democrat. Gary Hart wants to be two things. On the one hand, he wants to be new and innovative, but on the other hand he wants to satisfy all the traditional Democratic groups. You cannot do both.

I think that Mario Cuomo is without doubt the phoniest Democrat running for office today. He is a domestic liberation theologist, and he is absolutely phony in this family orientation. He could be emasculated by the time a campaign is finished because the positions that he takes are simply not the positions that are acceptable to anybody with any ounce of moral strength in him. Cuomo will have great difficulties in the South and almost no support in the West. But the Democrats need to make inroads back into the South. That's why Chuck Robb is very dangerous to the Republicans. He proved in Virginia how popular he could be. He went out of office more popular than he came in and very few governors do that.

Bill Bradley is attempting to break out of the traditional mold. His support for genuine tax reform was significant. He also recently changed to support aid to the freedom fighters in Nicaragua, which was a significant break because outside of Alan Dixon of Illinois, there wasn't any other northern Democratic senator who supported aid and it was a clear attempt to disassociate himself from the loser foreign policy image that the Democrats have had.

But Bradley has one major political liability, and that is the entire range of family issues. He not only is wrong on the abortion issue, but he fought the $2,000 tax exemption for dependent children.

The Republicans' greatest weakness is the failure to acculturize the new people who have come into the party, and to really make them part of the action: to make the blue collar worker, the evangelical fundamentalist, some of the conservative Jews, Catholics, and others actually part of the action and part of the leadership. Republicans have failed to become a majority party. Instead they continue to operate in the minority mindset that they have operated in for so many years. ☎

PAUL WEYRICH *is president of the Free Congress Research and Education Foundation and senior editor of* Conservative Digest.

Jerry Falwell

George Bush has learned a great deal from serving with Ronald Reagan. He is not only a loyal Vice President, he is a learning Vice President. He has often said that Ronald Reagan has been a good teacher.

One criticism of Bush is that he is too involved with the foreign service establishment and is very accommodationist. But I feel that he would continue the Reagan attitude toward foreign policy. I think Bush would be capable of making the kind of bold decision that Reagan has made on Grenada and Nicaragua. I would have probably said no six years ago, I would say yes today.

Bush like Ronald Reagan, would make his own decisions after listening to all sides. I do not think that he would be a carbon copy of the current State Department.

On economic policy, Reagan has successfully ignored all of his advisers in rejecting a tax increase. Whether George Bush would have that kind of tenacity, only time can tell. I believe he has seen how Ronald Reagan's economic policies and refusals to retreat have so marvelously helped the American economy.

On the social issues, I know that a lot of people are puzzled that someone from the religious wing of the conservative coalition is sympathetic to someone like Bush, who comes out of quite a different strand. In 1980, I spent a great deal of time talking with Reagan about his Vice Presidential selection. I urged him not to choose George Bush. I was disappointed when he did. However, at that time, I accepted the reality and made it my business to get to know George Bush.

I have, over the past six years, become a personal friend of the Vice President; he is someone I have watched carefully. At the Ferraro debate, he clearly took a position with us on abortion. He has taken a clear stand on voluntary school prayer. He has openly spoken in support of our pro-family agenda. At this point, I do not know of one major area where the religious right disagrees with what George Bush says.

I think that Jack Kemp's day is coming. He will probably be President one day, and I would be delighted. But in the perception of the American people, Kemp is still a young rising conservative star. We have to also realize that, as was the case with Ronald Reagan in 1976, there is a time for everything and I do not believe that, at this point in American history, the people are ready to elect Jack Kemp.

Pat Robertson will probably be Bush's chief opponent for the nomination. But he is a Johnny-come-lately. He will do a lot of good things for the Republican ticket. He will bring into the political arena a large group of previously unregistered and uninvolved persons, and then will lead them all right to the polls in 1988 to vote against the Democratic candidate. I am for his being a candidate, and I would have no problems with his being the nominee.

But I look at reality: George Bush has been a U.N. ambassador, a congressman, head of the C.I.A., he has been Vice President twice—I don't know of anyone who is more qualified to be President than Bush. I think that Bush has, through his experience with Reagan, moved to the right. And I much prefer a person who has been on the left, or in the center, who is moving to the right than one who has been on the right and has moderated.

I like Senator Dole and former Senator Baker very much. They are both competent. But I don't think that the religious right would be excited over either candidate. As far as the social issues are concerned, both of them are lukewarm. As far as a strong position on Soviet-Cuban expansionism, neither has been a crusader. Those are the things that get our people excited.

Bush is not like Ronald Reagan by any means. But a Bush ticket with Jack Kemp or Pat Robertson as a Vice Presidential candidate would create great enthusiasm on the religious right. ☎

REVEREND JERRY FALWELL *is president of the Liberty Federation and chancellor of Liberty University in Lynchburg, Virginia.*

SUPPLY-SIDE SPARKPLUG

The Case for Tax Cuts in the Third World

BRUCE BARTLETT

The literature on economic development contains relatively little on the impact of taxation on growth. The main reason is the belief that since such a small percentage of residents of developing countries participate in the money economy or pay any taxes, the explicit tax structure is relatively insignificant compared with a multitude of other factors. Moreover, fostering growth is generally far down on the list of priorities when designing a tax system. Raising revenue has been the overwhelming goal, followed by income redistribution, forced saving, and administrative ease.

Until fairly recently, it was generally believed that the major function of the tax system was to regulate aggregate demand: raise taxes when excess demand stimulated inflation, and cut taxes to pump up demand and stimulate growth. Little attention was paid to the structure of tax rates. Only aggregate levels mattered. Hence, almost all previous research on the impact of taxation on developing countries has concentrated on aggregate levels of taxation as a share of national output or on such questions as the proportion of revenue derived from various kinds of taxes.

As long as marginal rates remained relatively low on the vast bulk of the population, changes in the tax structure didn't seem to matter very much. However, when the inflation of the 1970s pushed taxpayers in all industrialized countries up into tax brackets heretofore reserved for the wealthy, many economists began to reexamine the microeconomic foundations of tax policy and attributed much of the slow growth of the late 1970s to rising marginal tax rates.

Eventually the term "supply-side economics" came to be attached to the view that low marginal tax rates were a necessary prerequisite to economic growth. However, it really describes a more fundamental change in the attitude towards taxation. It is now widely believed that taxes have a significant impact on both the quantity and quality of work as well as the rate of saving. It is also now recognized that because of such factors as the underground economy, tax rates may be so high as to actually reduce government revenues.

This thinking has yet to penetrate the development field, however, where it is still common to read that a problem with developing countries is an unwillingness to collect sufficient taxes, especially from the wealthy. For example:

Lord Kaldor: "The shortfall in revenue is . . . largely a reflection of failure to tax the wealthier sectors of the community effectively." (*Foreign Affairs,* 1963)

Richard Goode: "An underdeveloped country that is determined to avoid both stagnation and inflation will have to find ways of raising large and growing amounts of tax revenues." (*Finance and Development,* 1967)

Walter Heller: "A personal income tax with a narrow base but high rates on large incomes, buttressed by administrative efforts concentrated on this area, may be a suitable instrument for achieving some of the ends of economic policy and distributive justice." ("Fiscal Policies for Underdeveloped Countries," 1954)

Barbara Ward: "One thing . . . is certain. No nation has even halfway peacefully entered the modern world without a progressive income tax." (*Washington Post,* 1977)

W. Arthur Lewis: "If it is desired to accelerate capital formation at a time when profits are still a small proportion of national income, there is in practice no other way of doing this than to levy substantially upon agriculture." (*Theory of Economic Growth,* 1955)

One important problem with the imposition of taxes in a developing country, as opposed to an industrialized country, is that the money economy competes with subsistence agriculture. Since direct taxes are seldom ever imposed except in the money economy, high taxes will tend to shift production out of the money economy and into subsistence agriculture. According to P. T. Bauer and B.S. Yamey:

> It is therefore likely that in many underdeveloped countries, taxation falling on activity in the money sector will reduce the supply of effort to that sector

BRUCE BARTLETT *is the John M. Olin Fellow in Political Economy at The Heritage Foundation. He was formerly executive director of the Joint Economic Committee of Congress. This article is adapted from a report co-written with Alvin Rabushka for the Agency for International Development.*

below what it would be otherwise. This reallocation of resources affects adversely total real income. The lower national income and the retardation of the spread of the exchange economy in turn impede long-term growth.

Bauer and Yamey also note the potentially adverse effects of trying to increase national saving through taxation:

> The proceeds of compulsory saving are not a simple addition to the total saving. It is not even certain that total saving will be increased in the process. Even when savings are increased in the short run, the repercussions of the taxation may reduce the flow of savings in the long run by retarding the spread of the exchange economy and the growth of specialization, though conversely, it may also be remembered that the expenditure of the funds may have important beneficial effects promoting economic progress . . . Whatever the merits of such a transfer, they cannot be assessed rationally unless it is recognized that it is a transfer and not a net increase of resources.

Actually, it is likely that total saving will fall sharply if the government attempts to raise saving by increasing taxation. Recent research indicates that this is because saving is far more sensitive to after-tax rates of return than previously thought. Hence, the reduction in total national saving may exceed the increase in government revenue. Even if taxes could be imposed such that national saving would not suffer, the shift of resources from the private to the public sector would still inhibit growth. This is because, as Bauer and Yamey note, the restriction of private saving will restrict the supply and effectiveness of local entrepreneurship and because the savings will be used to expand state undertakings.

Entrepreneurship, we know, is a critical element in development. High tax rates suppress entrepreneurship more than other activities because entrepreneurs typically undertake investments with greater risk. Hence they require an above average rate of return. If this return is diminished too much by taxation, entrepreneurship will dry up. As Keynes observed in *Essays in Persuasion,* "The margin which he [the entrepreneur] requires as his necessary incentive to produce may be a very small proportion of the total value of the product. But take this away from him and the whole process stops."

Thus a tax system may have a significant impact on development even if it does not impinge much on the vast bulk of citizens. The strongest impact of taxation is usually on entrepreneurs, including those individuals just able to rise above subsistence, who may be trying to start a new business or who may be contemplating additional education or training to qualify them for the managerial class. To such people—who are the economic "sparkplugs" of society—the marginal rate of taxation may be a significant factor in their decision to start a business, obtain additional education, or leave the country. One cannot assume that simply because a tax is paid by few people that it does not influence their actions and other potential taxpayers.

One reason for confusion on this issue is a misunderstanding about the relative importance of the income and substitution effects of taxation. The substitution effect suggests that people will choose more leisure and consumption when work and savings result in higher taxes. But many development economists have mistakenly argued that this substitution effect is offset by an income effect, which suggests that when taxation denies people a portion of their income they will increase their effort in order to maintain the same net income. Thus, imposition of a tax may stimulate, rather than retard, work effort.

One cannot assume that simply because a tax is paid by few people that it does not influence their actions and other potential taxpayers.

In fact, experience shows that there is really no offset between the income and substitution effects: the income effects necessarily cancel out and the substitution effect always predominates. If a tax deprives an individual of income, it is exactly offset by the increase in income of whomever receives the government's expenditures. This is obviously true in the case of a pure income transfer, but it is really true of all government taxation; all that is left is the extent to which the tax rate influences substitution. This includes the shift of work into leisure or the untaxed sector (such as subsistence agriculture or the underground economy) and the reduction of saving and investment into consumption or capital flight.

Growth in the First World

This framework permits the tax experience of the industrialized countries to be applied to the developing world. Prior to the Industrial Revolution, England, the United States, and the European nations were in a position not too dissimilar to many L.D.C.s (lesser developed countries) today. In addition, one might say that the war damage inflicted by World War II destroyed the industrial base of nations like Germany and Japan. For these reasons, it is worth briefly examining the Industrial Revolution and the postwar experience of Germany and Japan to see what role tax policy may have played in encouraging economic growth.

The Industrial Revolution began in England in the late 1700s. There is still debate about its precise causes, but there is little question that the intellectual climate of *laissez-faire* contributed greatly in helping to rid the nation of stifling regulations, tariffs, and other barriers to economic expansion. As economist Ludwig von Mises put it, "The *laissez-faire* ideology . . . blasted the ideological barriers and institutional barriers to progress and welfare."

The classical economists of that period were not opposed to government per se, attributing an important role to it in protecting property rights and providing necessary

roads, harbors, and other public works. And they were as concerned about the stifling effect of private monopolies in restraining growth as they were of government. Nevertheless, it is true that the classical economists attributed little positive role to the state in encouraging growth, other than in the dismantling of state barriers to it. As Adam Smith wrote:

> It is the highest impertinence and presumption . . . in kings and ministers, to pretend to watch over the economy of private people, and to restrain their expense, either by sumptuary laws, or by prohibiting the importation of foreign luxuries. They are themselves always, and without exception, the greatest spendthrifts in the society. Let them look well after their own expense and they can safely trust private people with theirs.

Classical economists shared the view that people would invariably find ways of getting around most state barriers to wealth creation, if the state could be restrained from extending its domain into such new areas. "The natural effort of every individual to better his own condition . . . is so powerful a principle, that it is alone, not only capable of carrying on society to wealth and prosperity, but of surmounting a hundred impertinent obstructions."

The cotton industry is a case in point. As an entirely new industry, it was untouched by existing laws and regulations. As Paul Mantoux notes, by the very fact of its novelty any recently created industry was beyond government's hold. And unless it became the object of special laws or regulations, it could grow up in complete freedom. Indeed, just keeping up with the changes in a rapidly expanding industry like cotton was beyond government. Mantoux writes:

> It was hard enough to maintain the old regulations, and it was becoming quite impossible to set up new ones. Thus, from its birth, the cotton industry was free from the heavy yoke which weighed on the older industries. No regulations prescribed the length, the breadth, or the quality of its materials or imposed or forbade the methods of manufacture. There was no control save that of individual interest and of competition. Because of this, machinery quickly came into general use, bold ventures were made, and many kinds of goods were manufactured. There was the same freedom with regard to labor. Neither the trade guild, with its time-honored traditions, nor the system of apprenticeship with its strict rules, ever existed in the cotton industry.

As the scope of the new industries expanded, the share of the economy which was free of restriction expanded as well. And under pressure from the advocates of *laissez-faire*, many old restrictions were abolished as well. As a result, T. S. Ashton writes, "The state came to play a less active, the individual and the voluntary association a more active, part in affairs. Ideas of innovation and progress undermined traditional sanctions: men began to look forward, rather than backward, and their thoughts as to the nature and purpose of social life were transformed." Thus the concept of freedom went beyond simple freedom from state coercion to freedom from outmoded thinking and cultural restraint as well. And this too helped contribute to the atmosphere of innovation and invention which characterized the Industrial Revolution.

Hence, there can be little question that economic freedom was a major factor setting the Industrial Revolution in England into motion. This concept carried over into the area of tax policy. As David Ricardo wrote in *Principles of Political Economy and Taxation*, "There are no taxes which have not a tendency to lessen the power to accumulate." Thus the government's policy should be to keep the burden of taxation as low as possible. "It should be the policy of governments," Ricardo said, "never to lay such taxes as will inevitably fall on capital; since by so doing, they impair the funds for the maintenance of labor and thereby diminish the future production of the country."

Adam Smith put his views on taxation into four famous maxims:

> 1. The subjects of every state ought to contribute towards the support of the government, as nearly as possible, in proportion to their respective abilities; that is, in proportion to the revenue which they respectively enjoy under the protection of the state.
> 2. The tax which each individual is bound to pay ought to be certain, and not arbitrary.
> 3. Every tax ought to be levied at the time, or in the manner, in which it is most likely to be convenient for the contributor to pay with.
> 4. Every tax ought to be so contrived as both to take out and to keep out of the pockets of the people as little as possible, over and above what it brings into the public treasury of the state.

Smith explained his last maxim as meaning that the actual cost of tax collection, such as the hiring of revenue agents, should be as low as possible; that penalties for tax evasion should not be excessive; that the burden of record keeping and documentation be kept as low as possible; and that taxes should be so structured as to discourage as little industry and production as possible.

These principles were widely adhered to throughout the 19th century in Britain and carried over considerably to Britain's colonies. These principles applied in the United States as well, where state intervention in the economy was largely limited to protecting property rights, national defense, and some public works. In fact, there was no income tax until 1913, except for two brief periods during and after the Civil War. And large-scale taxation and government intervention in the economy did not really begin until the onset of World War II. One might say that for the first 150 years of America's history as an independent nation, government adhered to a very limited role in the economy.

Nor is there evidence that government played much of a role in the rejuvenation of the economies of Germany or Japan following World War II. In Germany, for example, economic recovery did not begin until the economics minister, Ludwig Erhard, abolished the system of economic controls imposed by the Nazis and continued by the Allies. Erhard also instituted a currency reform which stopped inflation and began a series of tax reforms which sharply reduced tax rates.

Until the Erhard reforms in 1948, the 50 percent marginal tax rate began at 2,400 Reichsmarks (about $600) and the 95 percent bracket started at an income of only 60,000 Reichsmarks (about $15,000). Indeed, without a thriving black market outside the reach of tax authorities, combined taxes on income and property might equal or even exceed total income. As a result, almost half of all taxes went unpaid.

Beginning in 1948 tax rates were sharply cut. As the chart below indicates, the personal exemption was increased and the tax brackets stretched out, so that high rates affected fewer people. Eventually, the rates themselves were cut, with the top rate falling to 53 percent by 1958, which is close to the current top marginal tax rate.

A similar experience occurred in postwar Japan. During the initial period of American occupation, the principal problem was spiraling inflation. Unfortunately, the tax policies of the American authorities initially made things worse. These included (1) higher and more steeply graduated individual income tax rates and lower personal exemptions, (2) higher corporate and excess profits taxes with no inflation adjustment for depreciation allowances, (3) a heavy capital levy on wealth, and (4) an increase in the number of sales and excise taxes, including a value-added tax.

These disastrous tax changes soon led to a breakdown of the tax payment system. Tax evasion was widespread, tax collectors became as hated as the pre-war secret police, businesses were falling apart because they could not replace capital, and revenues seriously lagged. At this point, General Douglas MacArthur, head of the American occupation forces, invited Professor Carl Shoup of Columbia University and a group of other American tax experts to visit Japan and make recommendations for the reform of the Japanese tax system. Their first recommendation was a sharp reduction in tax rates and an increase in personal exemptions. The top tax rate was reduced from 85 to 55 percent, the personal exemption was raised from 15,000 to 24,000 yen, and a tax credit of 12,000 yen per dependent was instituted. With regard to business, the Shoup Mission recommended adjustment of depreciation allowances for inflation, abolition of the excess profits tax, and reduction of the corporate tax rate to 35 percent. In addition, numerous technical reforms were recommended and instituted. After its recommendation had been implemented, the Shoup Mission declared that Japan now had one of the best tax systems in the world.

The development of industrialization in each case took place in an environment of economic freedom and low taxes. But is this experience transferable to the present day Third World?

Growth in the Third World

The best example is Hong Kong, where there is essentially a 17 percent flat-rate tax system for all citizens. It also has very few government regulations or any other interferences with the free market. Indeed, Hong Kong has the freest economy in the world and one of the most vigorous, especially considering its population density and lack of natural resources. Alvin Rabushka says:

> Free trade, free markets, low taxes, non-intervention, and personal liberty combine to demonstrate that the free market model of economic organization can be a living reality and not just a textbook convention. Hong Kong can serve as a model for other developing countries that have thus far relied on a state-directed path of economic development but have failed to complete the transition to a more prosperous modern economy.

Singapore is sometimes cited as a counter-example to Hong Kong—a country with high growth and relatively high tax rates. Actually both characterizations are misleading. Although Singapore's income tax rates rise to 40 percent—more than twice as high as Hong Kong—the higher rates apply only to very large incomes. The 25 percent rate does not begin until one earns a taxable income of over $23,500 and the top tax rate only applies to taxable incomes above $350,000. On the other hand, Singapore has a very high social security scheme, known as the Central Provident Fund (C.P.F), which has been sharply raised in recent years to 25 percent of workers' salaries (matched by employer contributions), which partly led to a decline of 1.7 percent in Singapore's national output last year. However, a recent government report has recommended a sharp reduction in the top personal and corporate tax rate to 30 percent, a reduction in the C.P.F. contribution to 10 percent, and faster write-offs on machinery and equipment. Implementation of these reforms may again put Singapore among the world's fastest growing economies.

Individual Income Tax Rates in West Germany (in Reichsmarks or Deutschmarks)

Period	Personal Exemption	Income at which 50% Rate Begins	Top Rate	Income Where Top Rate Begins
1946–1948	600	2,401	95%	60,000
1948–1949	750	9,001	95	250,000
1950–1952	750	20,001	95	250,000
1953	750	36,001	82.25	220,000
1954	800	45,001	80	220,000
1955–1957	900	125,001	63.45	605,001
1958–1966	1,710	78,420	53	110,040

Source: Karl Hauser, "West Germany," in *Foreign Tax Policies and Economic Growth* (New York: Columbia University Press, 1966).

Recent evidence suggests—contrary to conventional wisdom—that Hong Kong's spectacular postwar growth rate led to a more even distribution of income, despite the lack of redistributionist tax policies. Writing in the prestigious British publication, *The Economic Journal* (June 1981), Steven Chow and Gustav Papanek show that during the period of Hong Kong's greatest growth, when one would expect income distribution to shift toward the wealthy, it actually shifted away from the wealthy, largely toward the fast-growing middle class. Nor did the poor suffer. Between 1966 and 1976, the real income of the poorest 10 percent of the population more than doubled.

During the period of Hong Kong's greatest growth, income distribution shifted away from the wealthy, largely toward the fast-growing middle class.

The poorest 20 percent increased their incomes over 40 percent, and the next 40 percent doubled theirs. This was during a period of heavy immigration, consisting largely of poor people. This makes Hong Kong's achievement all the more remarkable. It is important because one frequently cited justification for high tax rates is a fear that lower rates would bring a more uneven income distribution.

Indeed, rapid growth based on free markets and low taxes has narrowed the distribution of income between the highest and lowest income classes in such countries as Brazil, Taiwan, and South Korea. In Taiwan, for example, Professor Theodore Schultz of the University of Chicago notes there is "fairly firm evidence that the extraordinary growth in per capita income has appreciably reduced the inequality, largely from rapid investment in schooling, [that] has made people more available to the jobs out of agriculture into many kinds of industries and willing to migrate." Gary Fields, writing in the *American Economic Review* in September 1977, has shown that Brazil is another case where rapid growth based largely on economic freedom led to an evening of the income distribution.

A recent World Bank study by Keith Marsden, who studied a number of high-tax and low-tax L.D.C.s, reported that higher rates of economic growth allowed a substantial rise in real living standards in the low-tax countries, shown by their higher levels of private consumption. At the same time, growth expanded the tax base and generated increased revenues, which financed more rapid expansion of expenditure on government services such as defense, health, and education. As a result, the share of income of the poorest households remained relatively high. Therefore, he says, "available data on income distribution seem to refute the argument that countries with high taxes are more equitable than those with low ones."

Recent evidence suggests that the success of the East Asian countries in obtaining high rates of growth through a low tax policy and the publicity given to tax cutting efforts in the United States is causing "supply-side"—pro-growth—thinking to penetrate the Third World. India, for example, has sharply cut tax rates in recent years. The top rate, which went as high as 97.75 percent, was cut in 1975 to 77 percent, leading to a surge of growth. A year later, the top rate was cut to 66 percent, stimulating further growth. Most recently, Prime Minister Rajiv Gandhi instituted a new round of tax cuts and deregulation measures, dropping the top rate to just 50 percent. Again, the impact has been quite positive, with the Indian stock market surging to new records almost immediately. As the *Financial Times* of London recently noted, "From the moment Mr. Rajiv Gandhi came to power and set about reforming India's punitive taxes, Byzantine industrial controls, and impenetrable trade barriers, euphoria has reigned in industry, in the stock market, and even in much of the political establishment." The *Financial Times* further notes that India's economic growth, which had averaged 1.5 percent for decades, jumped to 4.5 percent in 1985 and is expected to be five percent this year.

Another developing country where tax cuts and a free market strategy appear to have had significant positive effects is Sri Lanka. Until 1977, Sri Lanka (formerly known as Ceylon) was ruled by a leftist coalition, including the Communist Party. There were government controls on virtually all aspects of economic life. Tax rates went as high as 70 percent, biting at a relatively low income. By 1976, the government's share of gross national product reached 70 percent and the economy was stagnating, averaging just 2.9 percent growth during 1970-76. In the 1977 elections, the leftists were thrown out and replaced by a conservative government, which quickly moved to sweep out the government controls, cut tax rates, and reduce government spending. The result has been a sharp increase in economic growth, with G.N.P. growth rising from three percent in 1976 to 4.2 percent in 1977, 8.2 percent in 1978 (the first full year of the new program), and averaging five percent or better since then. Per capita G.N.P. has almost doubled and government's share of G.N.P. has dropped by half, despite the need for increased defense spending to fight leftist and separatist Tamil terrorists.

Unfortunately, in other cases, good intentions have failed to achieve results due to mismanagement and bad luck. Jamaica is a case in point. In 1980, conservative Edward Seaga replaced leftist Michael Manley as Prime Minister and promised free market reforms in the nation's heavily regulated economy. But although tax reform has been on the agenda for five years, Jamaica still has a prohibitive tax system, with the highest marginal tax rate—57.5 percent—applying to annual incomes of just $2,500. At the same time, Jamaica has suffered from a sharp decline in the price of its principal export commodity, bauxite. The Jamaican economy is continuing to stagnate, with high unemployment throughout the economy. Most of the promises of economic reform remain unfulfilled.

Throughout the Third World, tax reform remains a crying need, as extremely high marginal tax rates apply to individuals who would be considered poor in the United

States or other Western nations. Evidence for this fact has recently been compiled by the World Bank. The Bank took the 1983 poverty level income for a family of five in the United States, converted it to local currency, and looked at the marginal tax rates which applied to this income.

The results are revealing. Of 20 low-income countries studied, 13 imposed marginal taxes rates—the tax on each additional dollar earned—at rates above 50 percent. Tanzania imposed a marginal tax rate of 85 percent on what would be poverty level income in the United States. The average tax—the total tax paid as a share of income—was 55.4 percent. And many other countries were just as bad, taxing even families with half the poverty level income at rates well above 50 percent in many cases. The adjoining table presents some of the data.

Throughout the Third World, tax reform remains a crying need, as extremely high marginal tax rates apply to individuals who would be considered poor in the United States.

Need for Tax Reform

Imposition of such high marginal tax rates cannot fail to have powerfully negative effects. As a consequence, development specialists are much more inclined to make tax reform a major element in Third World development strategies than they were just a few years ago, before rampant inflation pushed people into such high tax brackets. Thus a recent World Bank study by Chad Leechor, *Tax Policy and Tax Reform in Semi-Industrial Countries*, said:

> There is an emerging consensus that lower marginal tax rates are desirable as a way to preserve the incentives for work and savings and as a precondition for further changes that will improve equity among taxpayers . . . In the medium term, lower tax rates do not necessarily produce lower revenue; the tax base may expand to compensate for the lower rates.

Although lower marginal tax rates may not be a sufficient condition for growth in the Third World, they may be a necessary condition. Given that the high rates presently in existence raise relatively little revenue—in some cases virtually none—the cost of at least experimenting with lower rates is small. Perhaps with Third World leaders like Rajiv Gandhi showing the way and the wide publicity given to the U.S. effort to get its top tax rate down to 27 percent, some Third World nations may decide that tax reform can lead the way to growth.

Marginal Tax Rates for $12,000* and $6,000 incomes

Country	$12,000 Rate	$6,000 Rate
Low-Income Countries		
Ethiopia	49.0	29.0
Bangladesh	60.0	55.0
Mali	70.0	60.0
Zaire	60.0	60.0
Burkina-Faso	25.8	23.2
Burma	50.0	35.0
Malawi	45.0	30.0
Niger	45.8	10.8
Tanzania	85.0	65.0
Somalia	56.1	56.1
India	61.9	65.0
Benin	27.2	23.6
Ghana	60.0	60.0
Madagascar	26.8	14.5
Sierra Leone	70.0	57.5
Sri Lanka	61.6	61.6
Kenya	50.0	25.0
Pakistan	60.0	50.0
Sudan	60.0	50.0
Chad	38.4	21.6
Lower Middle-Income Economies		
Senegal	24.1	19.4
Liberia	34.0	27.5
Yemen	15.0	15.0
Indonesia	15.0	15.0
Zambia	45.0	15.0
Egypt	32.1	25.4
Ivory Coast	19.0	12.4
Zimbabwe	34.0	22.0
Morocco	39.8	18.6
Philippines	24.0	15.0
Nigeria	25.0	15.0
Thailand	22.0	10.0
Peru	26.0	8.0
Guatemala	7.0	0.0
Turkey	40.0	40.0
Tunisia	63.3	42.6
Jamaica	57.5	45.0
Ecuador	24.0	17.0
Colombia	35.0	21.1
Upper Middle-Income Economies		
Jordan	15.0	5.0
Malaysia	25.0	9.0
Chile	8.0	0.0
Brazil	25.0	10.0
South Korea	23.0	7.5
Argentina	0.0	0.0
Portugal	41.5	21.5
Mexico	36.5	16.8
Greece	43.7	22.0
Hong Kong	10.0	0.0
Singapore	12.6	6.3
Industrial Market Economies		
Ireland	35.0	35.0
Japan	25.0	4.0
USA	12.0	0.0

*U.S. poverty level for family of four in 1983.
Source: G.P. Sicat and A. Virmani, *Personal Income Tax Rates in Developing Countries* (Washington: World Bank, forthcoming).

NUCLEAR DELUSIONS

Six Arms Control Fallacies

COLIN S. GRAY

The enormous criticism heaped on President Reagan for his decision that the United States will no longer feel obliged to abide by the constraints of SALT II shows the extent to which arms control mythology pervades American culture and American elites. It is not that Americans are naive about the nature of the Soviet Union. Surveys show a quite sensible appreciation by the American public of the threat this country faces from the Soviet Union. Yet Americans have been seduced by the arms control narcotic. They have been led to believe that the very fact of arms control, or the "arms control process" as it is often loftily termed, is an automatic protection against the risk of war.

The U.S. commitment to the arms control process today may be likened to what Dr. Samuel Johnson had to say about second marriages—it is a triumph of hope over experience. A proper respect for experience should be a principal source of guidance for debate over U.S. arms control policy. It so happens that we have a very great deal of historical experience, both of the negotiation of arms control agreements with totalitarian powers and of the ways in which those powers behave and misbehave when nominally constrained by treaty.

What is described here is a record of actual arms control performance. People are at liberty to dream of ways in which the United States might seek the control and reduction of arms far more effectively in the future than has been the case to date.

But if those dreams are to be offered as responsible advice for possible adoption as policy, they must meet some tests of reality. Much too often, there is a missing first sentence to some bold new vision from the heartland of the arms control community, which should read: "First, let us imagine a quite different Soviet Union."

Assuming the Soviet Union as it exists, and assuming arms control as we have had it and as we continue to perceive it, the record shows that arms control has ill served our national security. In particular, it has generated myths that continue to thrive, uninhibited by experience and evidence. These myths have the effect of averting our gaze from the real threats we must face if we want to preserve our freedom and security.

Myth 1: Arms control reduces the size of superpower nuclear arsenals and creates stability.

Despite what its name implies, arms control has clearly not stopped the growth of superpower arsenals. One of the most damning indictments of the SALT era is that it has licensed, or at least been compatible with, a truly massive growth in both the U.S. and Soviet strategic arsenals. According to studies by John Collins for the Congressional Research Service of the Library of Congress, and by the International Institute for Strategic Studies, the number of strategic nuclear weapons deployed by the Soviet Union between 1970 and 1985 increased by 533 percent, from 1,876 to 9,987. The increase registered by the United States was 275 percent, from 4,000 to 10,174. This brings to mind Richard Pipes's ironic comment, "If this is arms control, it might be interesting to experiment for a while with an honest arms race."

Arms control advocates argue that while the arms control period has seen these rapid buildups, nevertheless arms control has controlled the rate of growth of strategic arsenals, which would otherwise be even higher. The reason for this, they say, is that each side builds weapons in response to, and in anticipation of, what the other side builds; therefore, a certain knowledge of the outer bounds of what the adversary will do should serve to dampen the engine of competition. By channeling arms growth into "stable" channels, where neither side can hope to launch a successful first strike against the other, arms control diminishes appetites for aggression and reduces the risk of war.

This is the theory. It is not entirely without merit. Arms control probably has curtailed the rate of growth of superpower arsenals, which might have been higher without it. But the real issue is the relative strength of those arsenals. If arms control has restrained the U.S. arsenal in such a way that the restrained Soviet arsenal is still in a position to destroy it, that would defeat the very purpose of arms control, which is to achieve stability and diminish the

COLIN S. GRAY *is president of the National Institute for Public Policy. He is author of numerous books on military strategy, including most recently,* Nuclear Strategy and Nuclear Style.

Once upon a time all the animals in the zoo decided that they would disarm, and they arranged to have a conference to arrange the matter. So the Rhinoceros said, when he opened the proceedings, that the use of teeth was barbarous and horrible and ought to be strictly prohibited by general consent. Horns, which were mainly defensive weapons, would, of course, have to be allowed . . . [the Lion and the Tiger] defended teeth and even claws, which they described as honorable weapons of immemorial antiquity. The Panther, the Leopard, the Puma, and the whole tribe of small cats all supported the Lion and the Tiger. Then the Bear spoke. He proposed that both teeth and horns should be banned and never used again for fighting by any animal. It would be quite enough if animals were allowed to give each other a good hug when they quarreled. No one could object to that.

Winston Churchill, October 25, 1928

threat of war. The Soviet Union, using only a fraction of its total ICBM force, is in a position to destroy the vast majority of land-based U.S. silos in a first strike. Moreover, American bombers would have a difficult time penetrating Soviet air defenses, the best in the world. Even our nuclear submarines may be vulnerable as detection techniques become more sophisticated; in any case, military analysts have long been opposed to allowing national security to hinge on a single "leg" of our deterrent triad. What could be more "unstable" than this?

All the evidence suggests that the Soviet Union builds its missiles in response to its perceived military necessities, not in congruence with agreements signed with the West. Indeed the Soviet Union only signs treaties that do not inhibit its weapons-building plans; when those plans are threatened by treaty, the Soviet Union has not been shy to violate treaties to which it has affixed its name.

According to recently declassified British intelligence documents from the late 1930s, the British admiralty used the argument that the Anglo-German Naval Agreement of 1935 was worth abiding by because otherwise the situation would be even worse. Actually, it's difficult to see how. The Germans may have built more ships, but the British could have as well. As it was, the Germans violated the agreement flagrantly, building, for example, 45 percent larger cruisers than permitted.

Americans have the false impression that we are successfully preventing the growth of Soviet missiles and warheads. In fact, we are not. SALT II places limits on weapon launchers or silos. The reason for this is that silos are holes in the ground and consequently are easy to count; missiles and warheads are much more difficult to tabulate. Arms control places no direct constraints on numbers of missiles and warheads, or on quantity of missile "throw weight." It

is these that are significant in conflict, not the holes they come from. In this respect, the fundamental premise of arms control is misguided.

Myth 2: The ABM Treaty saves money and contributes to stability.

The Anti-ballistic Missile (ABM) Treaty of 1972 has been described as the "jewel in the crown" of arms control. A founding father of modern arms control theory, Thomas Schelling, claimed recently in *Foreign Affairs*, "I consider [the ABM Treaty] the culmination of 15 years of progress, not merely the high point but the end point of successful arms control."

Soviet military journals expressed open contempt and derision for the assumptions that underpinned the ABM Treaty.

Arms controllers believed that the ABM Treaty, by preventing the United States and the Soviet Union from deploying missile defenses, would put a brake on the offensive-defensive spiral of the arms race. Specifically, it was felt that both countries would react to the other side's missile defenses by trying to bolster their offensive arsenals in order to be able to penetrate and overwhelm the defense. Outlawing defenses would eliminate the incentive for this offensive proliferation, arms control advocates insisted. Further, they believed that mutual offensive reductions could be more easily negotiated in an atmosphere that was not complicated by missile defense. Essentially, ABM advocates felt that the treaty expressed a notion of strategic stability held by both the United States and the Soviet Union, that it would curtail offensive nuclear competition, and that it would save money on defensive and offensive weapons that would not need to be built.

The United States signed the ABM Treaty on the clear understanding that its utility depended on its ability to restrain the Soviet offensive arsenal. Today experts with roughly equal access to the technical data can disagree on whether it would have been possible for the United States to build a technologically viable missile defense in 1972. There is no disagreement, however, on the fact that Soviet defensive and (more importantly) offensive nuclear efforts have proceeded in massive disregard for both the spirit of arms control and nuclear restraint, and of the letter of arms control law.

During the 1970s, the United States did very little about missile defenses. Indeed it even dismantled the one missile defense site permitted by the ABM Treaty—the site at Grand Forks Air Force Base in North Dakota. Nor did the United States build nuclear missiles designed to be maximally lethal against Soviet missiles in hard silos. This country imposed on itself a unilateral "nuclear freeze." All this was aimed at generating reciprocal restraint from the Soviet Union. And it did save the country money on weapons that were not built.

But at what cost? During the mid- and late 1970s, the Soviet Union spent an astonishing sum on strategic offensive and defensive measures. In his *Annual Report* for fiscal 1987, Caspar Weinberger shows the Soviet Union outspending the United States by $80 billion on strategic defense procurement from 1970 to 1985. In the same period, the United States was outspent by $390 billion in the field of nuclear offense procurement.

Why did the Soviet Union build all these weapons? There can only be one reason. It does not share the theory of strategic stability so lucidly outlined by arms control advocates in this country. However bewildered arms controllers were by the escalating Soviet arsenal, we must assume that it did not bewilder Soviet leaders, since they consciously directed the increase and backed it up with huge amounts of scarce resources. Soviet military journals, moreover, expressed open contempt and derision for the assumptions that underpinned the ABM Treaty. Anyone reading the Soviet literature and taking it seriously would not be surprised when our theory that the Soviet Union was merely trying to "catch up" and would stop building weapons after that, was rudely refuted by the historical evidence.

So what the ABM Treaty essentially permitted was the development of a plausible Soviet theory of military victory. The Soviet Union might be able to maneuver itself into a position where it could threaten the destruction of the majority of U.S. nuclear forces, and absorb much of our retaliatory strike through strategic defensive measures of all kinds. This would be a very dangerous situation indeed. Knowledge of this possibility has led President Reagan to direct initiation of our own strategic defense efforts, plus nuclear modernization to make our missiles less vulnerable to Soviet attack. Unfortunately, after a decade of relative neglect, such a belated effort to restore equilibrium has proved and is proving very expensive. So the ABM Treaty turns out not to have saved money in the long run; what we didn't spend in the 1970s we now have to spend on missile modernization, Midgetman, strategic defense research, and other measures designed to frustrate Soviet plans for military victory.

Myth 3: Verification and compliance are virtually synonymous.

The organized arms control lobby (the Arms Control Association, Federation of American Scientists, Union of Concerned Scientists, Center for Defense Information, and so on) argues that the Soviet Union basically is complying with its legal obligations under arms control agreements and treaties. It is argued, further, that such violations as there may be, are minor in scale and importance and that there are established diplomatic procedures for coping with compliance problems. In particular, the ABM Treaty established a Standing Consultative Commission that is said to have worked well in the past.

Until quite recently, at least, the U.S. defense community behaved and spoke as though verification and compliance were fully interchangeable concepts. In the 1960s and

1970s, it was orthodox wisdom among conservatives as well as liberals, that the Soviet Union would be deterred from non-compliance by the fear of being discovered. Generally it was believed that an arms control agreement would be self-enforcing. It was argued that since states only sign an arms control agreement that serves their interests, they would not imperil the benefits by violating its provisions and risking discovery and retribution in pursuit of marginal illicit gain. Arms control non-compliance was considered highly improbable, given modern tools of verification and the pressures to conform.

Again, history proved the theory wrong. Soviet violations have been important and persistent; indeed it is difficult to think of an arms control treaty, with the possible exception of the nuclear non-proliferation treaty, that the Soviet Union has not violated. It would take too long to catalogue Soviet violations in literally dozens of categories. Here are a few:

- Flight testing and deploying a second new type of ICBM (the SS-25): a violation of SALT II.
- Encrypting missile testing telemetry, thereby impeding verification: a violation of SALT II.
- Deploying more strategic nuclear delivery vehicles than are permitted: a violation of SALT II.
- Backfire bombers have been deployed to the far north, thereby violating the Soviet commitment not to give Backfire an intercontinental capability: a violation of SALT II.
- Deploying a large phased array radar at Krasnoyarsk that is neither on the periphery of the U.S.S.R. nor oriented outwards: in violation of the ABM Treaty.
- Concurrent testing of ABM and SAM system components: in violation of the ABM Treaty.
- Using former SS-7 ICBM facilities in support of ICBMs: in violation of SALT I Interim Agreement.
- Conducting underground nuclear tests that vent radioactive debris beyond the Soviet borders: in violation of the Limited Nuclear Test Ban Treaty of 1963.
- Conducting nuclear tests of greater than 150 kiloton yield: in violation of the Threshold Test Ban Treaty of 1974.
- Maintaining an offensive biological warfare program and capability: in violation of the Biological and Toxic Weapons Convention of 1972.

In sum, Soviet non-compliance and circumvention has meant that the treaties and agreements at issue have failed to accomplish the habits of obedience and control of the Soviet arsenal that they were designed, on our side, to achieve. Nonetheless, the U.S. military disadvantages that have flowed from "the expanding pattern of Soviet violations," as Weinberger calls them, are really smaller in significance than the lack of nuclear modernization that the United States, affected by arms control treaties and what may be termed the arms control temperament, failed to pursue during the late 1970s.

Myth 4: Arms control violations do not affect our national security.

Congressman Les Aspin (D-WI) reflects the view of the arms control community when he says:

> The violations [of SALT by the Soviet Union] are politically harmful because they undermine American support for arms control and because they cry out for an American response, but in military terms they don't amount to a hill of beans.

Arms control advocates like Aspin seem to think that the main problem with arms control violations is that silly Americans get all worked up about them, operating on the principle that mutual agreements should be rigorously kept and other such bourgeois assumptions. In fact, the Aspin point of view only reflects the arms control narcotic at work. Many advocates have such a quasi-mystical view of arms control that they see it as an end in itself—they refuse to consider the significance of treaty violations or to hold the arms control process accountable or hostage to such violations.

Arms control advocates like Les Aspin seem to think that the main problem with arms control violations is that silly Americans get all worked up about them.

This is also the historical reality. Western democracies have tended to place so much value on arms control that they do not want to hazard its termination by insisting on strict compliance. The idea seems to be that if the door is kept locked too tightly, the burglar may be tempted to shoot his way in.

Japanese, German, and Italian treaty violations before World War II were just about as militarily significant as Soviet violations in recent decades. For example, in a recent study of arms control, Robin Ranger writes that in its battleship and cruiser building program, Japan violated the terms of the 1922 Washington Naval Treaty by 70 to 100 percent on all 10 of its ships with reference to the 3,000-ton modernization allowance, while four ships also exceeded the 35,000-ton displacement limit. Germany demonstrated its regard for arms control and the Anglo-German Naval Agreement of 1935 by constructing its two *Bismarck* class battleships with 42,000-ton displacements, considerably above the 35,000 tons permitted.

These violations were politically harmful not merely because they reduced public support in England for the arms control process, as Les Aspin would have it. They were politically harmful because they convinced Germany and Japan that the Allies were weak, that they could not enforce their treaties, that they were not even bold enough to insist on compliance, that there was constant handwringing and rationalization for hostile behavior. Thus arms control demonstrated weakness that could only have increased the confidence of Germany and Japan that increasing the military pressure would bring political capitulation from the Western democracies.

On the military front, military power is most effective when it does not have to be used. Stable deterrence is not a function of a large arsenal of weapons alone; such an arsenal deters only if a possible enemy believes he should respect the contingent threats. U.S. decisions not to undercut a SALT regime that the President claims the Soviet Union is violating, and indeed to pursue new agreements, invite and merit a Soviet disrespect that is dangerous for peace. Les Aspin is right that the political implications of Soviet treaty violations are most important, but it is for this reason, not the one he gives.

Western democracies have tended to place so much value on arms control that they do not want to hazard its termination by insisting on strict compliance.

Aspin is wrong that violations are unimportant in military terms: pause to consider why they are taking place. Obviously Germany in 1935, and the Soviet Union in recent years, both felt that they were benefiting from going beyond the bounds of the agreements; otherwise they would not have violated them. In the case of the Soviet Union, one simply has to look at the treaty violations listed earlier to see that they are by no means trivial in military terms. It should be obvious that bolstering the engine of Soviet strategic power, its long-range ICBMs, brings military advantages; defending its military targets and top leadership through illicit defense fulfills the goal of protecting the lives that the Soviets value most.

Myth 5: Strategic defense poses a threat to arms control.

In a *Foreign Affairs* article published in the winter of 1984-85, McGeorge Bundy, George Kennan, Robert McNamara, and Gerard Smith asserted that the United States has reached a fork in the policy road—"The President's Choice: Star Wars or Arms Control?" It is their view, indeed it is the leading item in the Athanasian Creed of the arms control lobby, that defensive deployments, actual or in prospect, *must* stimulate countervailing offensive deployments. Therefore, the President cannot have both the strategic defense initiative (SDI) and arms control. The arms control lobby claims that what they like to call "Star Wars" would stand an outside chance of fulfilling some of its strategic promise only in the context of supportive arms control agreements to reduce the quantity, and perhaps quality, of offensive firepower and, even more important, to help protect vulnerable space-based assets. The elementary logic of this position is that the inevitable effect of SDI upon the arms competition will preclude the possibility of its being a strategic success.

The technological and tactical feasibility and cost-effectiveness of strategic missile defenses remain to be demonstrated. It should not be forgotten that strategic defenses, functionally speaking, would be a form of arms control. Frequently in public debate, opponents of SDI will concede the probability that defenses could be 50, 60, or 70 percent effective, for the purpose of highlighting the size of the likely "leakage" of warheads. (Speaking off the record, Soviet officials have conceded the likelihood of an even higher range of effectiveness than this.) Strategic defenses that were, say, 50 percent effective, in practical terms would reduce the size of the Soviet missile force by a like amount. What is more, such a level of effective defense would achieve a practical scale of reduction in Soviet offensive arms that goes far beyond any arms control proposal that is likely to be negotiated.

When facing a United States utterly bereft of strategic defenses (with air defense capability reduced to the status of a peacetime Coast Guard), the Soviet Union has chosen to effect a more than fivefold increase in its strategic force loadings. Plainly, it cannot have been the plausible anticipation of U.S. missile defenses that stimulated the buildup in the Soviet strategic arsenal. We have over a decade of experience with a zero level of U.S. BMD (ballistic missile defense) deployment. This should have been ample time for the concept of strategic stability focused upon assuredly vulnerable homelands to show its mettle as a generator of arms control agreements.

To note the fact that the ABM Treaty of 1972 has failed miserably to choke off the Soviet will to bid for a combat advantage with stategic offensive and defensive programs is not, of course, to demonstrate that strategic defense will automatically function as a catalyst for arms control worthy of the name. But the beginning of wisdom for an arms competition management strategy has to be frank recognition that a U.S. strategic defense program has been shown by the historical record not to be the critical stimulus to Soviet competitive effort. It can hardly be a coincidence that the first Soviet proposals for a radical scale of reduction in strategic offensive arms were presented late in 1985, in the context of their campaign to discourage the United States from proceeding with SDI. It would appear to be the case that SDI has brought the Soviets back to Geneva with some of the trappings, at least, of an attractive position.

U.S. strategic missile defenses of the kind under investigation by the SDI office should threaten the military integrity of Soviet strategic war plans, though not—for several decades at least—the Soviet ability to retaliate massively. There is no need to invent a fictitiously cooperative Soviet Union in order to anticipate the strong probability that Soviet leaders are very likely indeed to grow very interested in quite radical arms control measures. Soviet leaders would need to believe that it makes no strategic sense to amass more and more offensive arms that can have little if any military utility. Furthermore, if they believe that the United States might implement a strategic defensive addition which would place the Soviet Union in a condition of growing military disadvantage, then the quality of Soviet cooperation in the arms control process would be truly amazing to behold.

The world already is very familiar with a future from

which strategic defenses are effectively precluded: it is a world at risk to a competition in offensive nuclear armaments that is "regulated" by the fraying bandage of very permissive and violated SALT agreements. Determined pursuit of defensive capabilities by the United States—we can rely on the Soviets to behave responsibly in their pursuit of homeland defense—may, indeed is likely, to lead to a competition dominantly of a defense-defense character. This will not be real peace, but it should be a far safer and more stable environment than that provided by its offensive alternative.

Only in a situation where strategic defenses were deployed very heavily could the superpowers reduce their offensive nuclear arsenals down to a very small scale. Because of the practical impossibility of the United States knowing *exactly* how many nuclear weapons and delivery vehicles the Soviet Union has produced, absolute confidence in verification is a pipe dream. Adequate security against Soviet cheating can be provided only by active defense. Fortunately for the prospects of cooperation in disarmament, suspicious Soviet officials may be relied upon to agree with the logic of defense as a practical guarantee of self-help against foreign perfidy.

Myth 6: The United States and the Soviet Union can destroy the world several times over, so the arms race is futile and arms control is the only rational approach.

The "overkill" thesis holds that the superpowers already have sufficient nuclear weapons in their arsenals to make the rubble bounce at least several times. Holding to an apocalyptic view of nuclear strategy, critics of perceived "overkill" allege that the superpowers simply are adding redundancy upon redundancy as they augment their nuclear arsenals.

The "overkill" assertion against further rounds of competitive armament may look fine on a bumper sticker, but it bears no relation to the facts of strategic policy, here or in the Soviet Union, or to the probable consequences of very large-scale nuclear use. "Destroying the world" is of no policy interest as threat, let alone as action, to anybody. Nuclear weapons are weapons, in the traditional sense of the word—they can be used to disarm an enemy, politically through coercion or physically through the damage and disruption they could cause. Against the kind of offensive and defensive strategic weapons arsenal that the Soviet Union is acquiring, the kind of minimum city-busting deterrent that propagators of this myth recommend, would, in all likelihood, be no deterrent at all.

The popularity in debate of the morally repugnant, as well as strategic, idea of "overkill" points to the unfortunate fact that the U.S. government has performed very poorly over 40 years in explaining its strategic policy to the American people. The size of the U.S. strategic nuclear arsenal—approximately 10,000 weapons—naturally appears extravagant, even obscene, to those who believe both that a weapon in the arsenal is the same as a weapon on a target, and that the targets are cities. After all, how many cities are there in the Soviet Union?

The public should be able to understand that 10,000 nuclear weapons in the peacetime arsenal might be reduced to, say, 3,000 by a Soviet surprise attack. Those hypothetical 3,000 surviving weapons would be targeted against the assets of the Soviet state, not Soviet society. As a target structure, the Soviet state comprises literally thousands of more and less important military, political-control, and defense-economic assets. Furthermore, our 3,000 weapons would be opposed by Soviet air and missile defenses. The purpose of our arms buildup is to be able to develop a force that, even depleted by a Soviet first strike, and even impaired by Soviet anti-aircraft missiles and missile defense, will still be able to wreak massive damage upon the Soviet state—this knowledge, we hope, will deter the Soviet Union from attacking in the first place. But without the capacity to threaten such retaliation, not in the abstract but in the actual circumstances of war, the United States cannot rely on deterrence to protect its people.

There is enough dynamite in the world to blow us all up numerous times, and enough water in the oceans to drown us all countless times. But the real issue is under what circumstances can we expect lethal devices and materials to be used and what the precise goals are of the weapons we build. The same may be said of the overkill slogan.

There is only one way in which arms control agreements of a kind beneficial to stability might be secured, and that is if the Soviet Union anticipates suffering important military, and hence political disadvantage, if competition is not legally constrained. The road to an arms control agreement of which a U.S. administration could be justly proud, lies—alas—only through competitive armament of a kind and on a scale that scores high marks for the creation of healthy anxiety in Moscow. It is not a question of choosing to compete or to cooperate; the terms for success cited here simply reflect the way of the world.

Lessons of History

It follows from the discussion in the main body of this article, and from the caveats cited above, that arms control is very unlikely to be important as an instrument for the alleviation, let alone solution, of U.S. security problems. But it follows also that arms control continues to remain a magnet for the attraction of a pervasive mythology that reduces significantly the ability of Western publics to think in suitable terms about the choices they face in national security policy. In his Third Philippic of 341 B.C., Demosthenes wrote:

> But in heaven's name, is there any intelligent man who could let words rather than deeds decide the question of who is at war with him? . . . For he [Philip] says that he is not at war, but for my part, so far from admitting that in acting thus he is observing the peace with you, I assert that when he lays hands on Megara, sets up tyrannies in Thrace, hatches plots in the Peloponnese, and carries out all these operations with his armed force, he is breaking the peace and making war upon you—unless you are prepared to say that the men who bring up the siege-engines are keeping the peace until they actually bring them to bear on the walls.

HARVEST OF FREEDOM

What's Causing the Entrepreneurial Revolution in World Agriculture

ADAM MEYERSON

Next year the population of Planet Earth will surpass five billion. It is growing by 85 million a year, and most of the increase is coming in the Third World.

But contrary to the fears of the limits-to-growth crowd, people in the Third World are perfectly capable of growing enough food to satisfy the appetites of their rising populations. From 1974 to 1984, world agricultural output rose 2.7 percent annually, or 0.7 percent a year on a per capita basis.

The most remarkable growth occurred in developing countries, where farm output rose by 38 percent during the decade, compared with a 15 percent rise in the developed world. And this growth is only a fraction of what would be possible if more governments allowed farmers the opportunity to enrich themselves by growing more food.

Agriculture has been lagging behind rapid population growth in Mexico and most of the continent of Africa, and has been barely keeping pace with slow population growth in the Soviet Union. But farmers across much of the Third World have banished the specter of Malthus from their lands, and are breaking harvest records year after year. Indonesia, the world's largest rice importer in the late 1970s, now has a comfortable rice surplus. Grain production in the last dozen years has tripled in Thailand, which is now not only the world's leading rice exporter, but also the sixth leading exporter of both corn and poultry. Grain production in Argentina is up from 12 million tons a year in the mid-1960s to 30 million tons today. Per capita farm output rose by 20 percent in the Philippines from 1971 to 1982, and by over 20 percent in Brazil during the 1970s. Even Bangladesh, site of horrible famines in the mid-1970s, is approaching food self-sufficiency.

These production increases result partly from public investment in irrigation, rural electrification, road building, and agricultural research and extension services, and, in the case of Argentina and Brazil, from the opening up of fertile new lands for cultivation. They result partly from the Green Revolution—the introduction of high-yielding varieties of wheat and rice that respond well to fertilizer and irrigation—as well as the nascent and potentially even more significant biotechnology revolution based on DNA recombination and advances in plant cell and tissue culture.

Probably most important, they result from the removal of policies that previously penalized farmers: price controls and export taxes that robbed peasants in order to subsidize the urban proletariat; artificially high exchange rates that stacked the terms of trade against agriculture; and state monopoly marketing boards that delivered fertilizer and seed too late for planting, and delayed payment for crop purchases from farmers. Massive investment in infrastructure, and widespread distribution of Green Revolution seed and fertilizer packets, will have little effect on farm production unless farm families have the incentive to work tirelessly in improving their properties.

The importance of policy changes can be seen in the world's two most populous countries, China and India, both of which are beginning to make impressive agricultural advances after allowing family farmers the opportunity to enrich themselves through hard work. After remaining stagnant for two decades, China's per capita farm production rose by 40 percent from 1978 to 1984. India, once the world's leading recipient of food aid, sent grain to Ethiopia last year (it also exports some rice to the Soviet Union), and is now embarrassed by wheat surpluses that exceed its storage capacity.

Limited Freedom in China

China has more than 20 percent of the world's population and only about seven percent of its arable land. But it has rich soil, favorable growing conditions, and a long history of sophisticated agriculture. Unfortunately, government policy during most of Communist rule seems to have been almost deliberately designed to keep farm production down.

In the 1950s, Mao collectivized Chinese farmers into rural communes. He also initiated a rigid top-down centralized planning process by which the central government set procurement and sales targets for each province, which did the same for each prefecture, which did the same for each county, which did the same for each commune, which did the same for each brigade, which did the same for each production team. And Mao required that each region, and sometimes each commune, be strictly self-

ADAM MEYERSON *is editor of* Policy Review.

sufficient in its food production, and thereby destroyed interregional trade and took away opportunities for farmers and communities to specialize in crops where their region had a comparative advantage.

The short-term result of this collectivization and autarky policy was the most tragic famine in modern history: from 1959 to 1961, approximately 30 million Chinese perished from starvation and disease caused by regional food shortages. The longer-term result was agricultural stagnation and impoverishment of the 80 percent of the population who live in the countryside. Per capita food availability was no higher in 1977 than it had been 20 years earlier, and it was only marginally higher than it had been before the start of the Sino-Japanese War in 1937. Moreover, this stagnation occurred even though 50 percent of the cultivated acreage was irrigated and 80 percent was planted with high-yield Green Revolution seeds.

By contrast, agriculture exploded after 1978. Between 1978 and 1984, wheat and oil seed production doubled; pork, beef, and mutton production rose by 80 percent; and cotton production almost tripled. In 1985, China surpassed the Soviet Union as the world's largest wheat grower. This spectacular turnaround in Chinese farming since 1978 cannot be attributed to new technology or investment in infrastructure. Instead it results primarily from Deng Xiaoping's reversal of Mao's disastrous agricultural policies. Guaranteed state purchase prices were raised for many crops. Production quotas were reoriented to allow for much more crop specialization. Perhaps most important is the new freedom allowed families.

Under the *baogan*, or household responsibility system, which began experimentally in 1978 and by 1983 had spread throughout China, land is still owned collectively by communes, but families have become the basic production unit, and they are permitted to keep or sell in recently reopened rural markets anything they grow above their production quotas. Families have in effect become sharecroppers for the state, and since 1983 they have also been allowed to own tractors and trucks so they can take their produce to market. Farm production has been so responsive to market opportunities that last year the state decided to abolish its guarantee to farmers of unlimited above-quota crop purchases at above-quota prices.

China still discourages farm production in many ways. Production quotas are still determined by top-down central planning. Supplies of fertilizer, tractor parts, and other farm implements are still clogged in the bottlenecks typical of socialist economies. Restrictions on interprovincial—though not intraprovincial—trade still limit the gains that could arise from specialization and market exchange. And since families do not own their land and cannot sell it (though since 1984, 15-year leases are becoming common), they have little incentive to make long-term investments in improving the quality of their plots. According to Professor Nicholas Lardy of the University of Washington, the great bulk of rural private investment today appears to be going into housing rather than agriculture.

Meanwhile, Chinese consumption standards are still incredibly low. Some examples cited by Professor Vaclav Smil of the University of Manitoba: Per capita meat consumption is less than three pounds per year. The average Chinese eats one egg a week. Chinese workers must labor twice as long as their Taiwanese counterparts for the same amount of rice and pork. And Deng Xiao-ping has stated that 90 million Chinese still do not have enough to eat.

Subcontinental Drift

The transformation of India's agriculture, where farmers can own and sell their land, is more gradual, though no less remarkable than China's. During the 1960s and early 1970s, India would have experienced massive starvation without generous infusions of food aid. Today, India is self-sufficient in food grains and runs an annual farm trade surplus of over $1 billion. Cereal production is up 60 percent over 1974. Wheat yields in the Punjab are among the highest in the world. And farm output has outpaced population, with per capita grain production rising nearly 45 percent over the last three decades.

India, once the world's leading recipient of food aid, sent grain to Ethiopia last year and is now embarrassed by wheat surpluses that exceed its storage capacity.

India's success is primarily attributable to the adoption of high-yielding wheat and rice varieties in irrigated areas of the northwest and south. It was facilitated by the gradual reversal of national price policies that penalized agriculture, and by the energetic agricultural research and extension efforts of state governments that took agriculture seriously. The eastern Ganges Plain where most Indians live has not generally benefited from the Green Revolution, partly because its water control is inadequate (alternating between flooding and drought), and partly because agricultural advances have been held back by feudal land tenure systems in states such as Bihar, and by Marxist contempt for the "idiocy of rural life" in Marxist-run states such as West Bengal.

The Green Revolution has also been impeded for ideological reasons by Indian leftists who feared that greater agricultural prosperity would accentuate income differences between rural landowners and the landless poor. Ever since the Bolshevik Revolution, left-wing scrooges around the world have been terrified by the thought that somewhere a farmer might be getting rich. But the most tragic poverty and hunger in India today is in the regions that haven't participated in the Green Revolution, not those that have. "If you want to see what life is like without the Green Revolution, go to Africa or the Ganges Plain in India," says John Mellor, director of the International Food Policy Research Institute. "The Green Revolution has been wonderful for the poor in areas where it's taken place."

India's advances in food production are impressive; but its self-sufficiency isn't necessarily a good thing. India's "import-substituting agriculturalization" policy has displaced imports, built reserves, and even contributed to some net exports. But hundreds of millions of Indians are still too poor to buy up the additional food, and India's self-sufficiency is in some ways a sign of the failure of its overall economic strategy.

Many of the most agriculturally successful countries, for example South Korea and Taiwan, have become large net importers of food; incomes in the country are rising so rapidly that consumers can afford richer diets. India has shown that it can grow plenty of food; now its principal challenge is to raise incomes so people can afford to eat better.

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Yet whatever their limitations, the recent agricultural achievements of India and China stand in marked contrast to the failures of the Soviet Union and Mexico. Both countries have long put a top priority on boosting agricultural production, yet ironically, in both countries agriculture is perhaps their most significant failure.

Breakdown in Russia

Soviet agriculture performed rather well during much of the postwar period, growing at five percent a year in the 1950s, and three percent a year in the 1960s. But during the 1970s, the growth of farm output tumbled to 0.8 percent a year, even though the proportion of total Soviet investment devoted to agriculture rose from 19 percent in the early 1960s to 27 percent in the late 1970s. Nikita Khrushchev in 1958 promised that the Soviet Union would overtake the United States in meat production by 1965, but today the average Soviet citizen eats no more meat than the average person from Uruguay. And even this low level of meat consumption has been made possible only by massive imports of feed grains, especially corn.

The crisis of Soviet food production is a godsend to the United States, not only because Soviet purchases account for about a fifth of all grain exports by American farmers, but probably more significantly, because food imports take up 40 percent of Soviet hard currency earnings, thereby limiting the Soviets' ability to buy advanced Western technology for use in their military. We could drastically reduce our defense budget if only the Soviet military performed as inefficiently as the Soviet farm economy; unfortunately, it does not.

No substantial improvements were achieved in Soviet food production between 1978 and 1985, when Mikhail Gorbachev was the Politburo member principally responsible for agriculture. On the contrary, dependence on imports rose during this period, total agricultural production in 1984 was only six percent higher than in 1978, and per capita meat production was only slightly higher than in 1975. Perhaps the only major policy change during the Gorbachev tenure was that the Soviet Union stopped publishing harvest statistics. Writes Professor D. Gale Johnson of the University of Chicago: "One can hardly imagine a more disastrous agricultural performance than that which occurred while Gorbachev was in charge." Nor has Mr. Gorbachev initiated any significant reforms in agriculture since becoming Secretary General. His principal change so far has been to abolish five separate ministries dealing with agriculture, and to establish in their place the State Committee for the Agro-Industrial Complex.

Mr. Gorbachev has done nothing so far to tamper with the structure of collective and state farms that so restrict the energies and the decision-making freedom of Soviet farm families. He has done nothing to give more operating room even to the managers of the collective and state farms. Central planners still determine what crops each farm should plant, when to plant, and what equipment to use. The only freedom in the Soviet farm economy is on the private plots of collective farmers, which account for a quarter of all agricultural production, including 30 percent of meat and milk and 40 percent of fruits and vegetables, while taking up only three percent of the sown area.

The central planners' decisions are unbelievably obtuse, and according to Professor Johnson, have unnecessarily led to extraordinarily low hay yields and inefficiently high seeding rates for grains (the Soviets use twice as much seed per acre of wheat as do Americans). One illustration cited by Professor Johnson: in areas of limited and variable rainfall, farmers usually find it profitable to leave land fallow every second or third year in order to increase moisture in the soil and reduce weed infestation. Wheat grown after fallow yields 50 percent to 70 percent more than wheat grown continuously, and production is much less susceptible to variations in rainfall. Yet Soviet planners have sharply restricted the area that collective and state farmers are permitted to leave fallow. The result has been an enormous increase in both the variability of production and the costs of producing grain.

Soviet agriculture is also penalized by the breakdown and waste in the entire Soviet economy. Fertilizer and tractor parts are typically delivered too late, and 10 percent of fertilizer production is lost between the factory and the field. As much as a fifth of the Soviet grain harvest is lost during transportation, storage, and industrial processing.

Rural Oppression in Mexico

Mexico's overall economy has been in crisis for four years, but its agriculture has been in serious trouble for nearly two decades. Its agricultural problems have less to do with the poor soil and only intermittent rainfall in the Central Highlands where most Mexicans live, than with the charade of "agrarian reform" perpetrated by the Institutionalized Revolutionary Party (P.R.I.). "Agrarian re-

form" was supposed to give land to the *campesinos;* in practice, it has served primarily as a form of patronage and social control by the ruling party, and it has meant permanent uncertainty of land tenure for large landowners and peasant smallholders alike.

The history of agriculture in Mexico this century can be summarized very simply: when farmers have had security of land tenure, agriculture has prospered; and when they have not, farm production has been unable to keep pace with the population. During the 1940s, 1950s, and early 1960s, Mexico was one of the great agricultural success stories of the world. Crop production rose 6.3 percent a year between 1940 and 1960, 3.4 percent a year on a per capita basis. These decades, of course, marked the beginnings of the Green Revolution, which originated with Norman Borlaug's experiment stations in northern Mexico. But these decades were also a period when the P.R.I. was run by growth-oriented presidents such as Aleman and Camacho who kept land confiscations to a minimum.

By contrast, farm production has fallen to 2.6 percent a year since 1965, and per capita output actually declined by three percent during the 1970s. The biggest shortfalls occurred in subsistence crops such as corn and beans. And by the late 1970s, Mexico had become an importer not only of luxury items, but also of basic grains. It is no accident that this decline coincided with an upsurge of agrarian reform activity, particularly during the early 1970s when President Echeverria encouraged the P.R.I.'s National Peasant Confederation (N.P.C.) to seize the properties of large landholders. Paul Lamartine Yates, a former regional director of the U.N.'s Food and Agriculture Organization, has written that the "atmosphere of insecurity which prevails in the Mexican farm community . . . must be reckoned one of the principal causes of the stagnation of agricultural output since the '60s."

Mexico has two systems of agriculture. Large private properties, particularly in the north and northwest, are frequently owned by descendants of revolutionaries from 1910-20 and other P.R.I. favorites. These private landholders have received the vast bulk of government assistance in terms of irrigation and other public works, and they are highly successful farmers when they have the opportunity to profit from their own investments. Nevertheless, whenever "agrarian reform" activity heats up, these larger farmers live in a continual state of uncertainty about the prospects of keeping their land or of receiving just compensation if it is confiscated. Land reform law is so ambiguous that farmers do not know if they are violating it. And at any point, they can be confronted with an organized invasion of several hundred squatters, without any knowledge of whether the army or the police will intervene.

But the peasant members of semi-communal *ejidos,* which own half of Mexico's cultivated land, have even less land security than the large farmers. According to Mr. Yates, only seven percent of *ejidatarios* own titles to their land. The remainder are prisoners of their land. They cannot sell their little parcel of land if they want to leave, and so they have no incentive to improve the property. They cannot subdivide their parcel among their heirs. The less efficient farmers have no incentive to leave, and the more efficient have no opportunities to buy more land.

The purpose of the rules was ostensibly to protect poor *campesinos* from the depradations of their prosperous neighbors. But the effect has been to put *ejidatarios* at the mercy of the *ejido* president or the local P.R.I. boss, frequently an official of the N.P.C., which controls the local allocation of seeds and credit. Under the guise of "agrarian reform," the Mexican countryside has been organized more for political control by the P.R.I. machine than for food production. As Steve Frazier of the *Wall Street Journal* quoted an N.P.C. official, "They have to come to us first if they want land. Even if they get land, they have to come to us for water. If they get water, they still need credits and fertilizer. The party will never lose control of the countryside. People always come back to us."

When farmers have had security of land tenure, agriculture has prospered; when they have not, farm production has been unable to keep pace with population.

There is no reason why Mexico cannot return to its former agricultural growth rates. But it needs to stop stifling its farmers. Peasants the world over can make intelligent investment decisions if they are allowed to, and if they receive useful technical advice. Owners of both small and large properties will work tirelessly to improve their land, so long as there is a connection between their effort and their reward.

"The global bad news is wrong," writes Dennis Avery, a State Department specialist on world agriculture. Mr. Avery argues that agriculture is in the midst of a technological revolution that will dramatically expand the production opportunities in poor countries, and open up vast stretches of Africa and the Amazon Basin to cultivation that previously was impossible. From new potato varieties perfect for Ethiopia's highlands, to a new hybrid sorghum and white corn varieties that will raise African grain yields significantly, to food bean varieties that will triple yields in Latin America, researchers are discovering more and more opportunities for increasing the bounty of the earth. With oil prices tumbling, fertilizer and some forms of irrigation will also become less costly. But farmers of the world can take advantage of these developments only if their governments will allow them to benefit.

DECENTRALIZE, DEREGULATE, EMPOWER

Seven Proposals to Bring Education into the 20th Century

CHESTER E. FINN, JR.

American public education is beset by systemic structural problems that neither of its two most promising reform movements alone can solve. The current "excellence movement" and the push for vouchers are both well intended and far-reaching but neither effort will fully achieve its objectives unless we also undertake sweeping changes in the educational delivery system itself.

The single-minded—and utterly sound—goal of the present excellence movement in American elementary and secondary education is to increase the skills and knowledge of our young people. As the Japanese schools plainly demonstrate, some productivity gains can be wrested through such common sense tactics as raising standards, assigning more homework, enforcing discipline, and rejecting incompetence. There is no reason why American schools cannot match the performance of Japan and other countries: the Department of Education's new publication, *What Works: Research on Teaching and Learning*, offers a good sampler of measures that can make schools more effective.

The problem with the "excellence movement" is that we are trying to force greater performance from the same old institution, instead of retooling the system itself. We are imposing new rules and regulations, and centralizing educational authority at the state level, without rethinking weary assumptions about how schools and teachers should function.

Our school systems today hold few incentives or rewards for entrepreneurship or risk-taking, for initiative or heterodoxy. Responsibility and authority are rarely joined. Most crucial management decisions are made far away from the workplace. Teachers are treated alike whether they are good or bad; in any case, their employer is the "school system" downtown, although their immediate supervisor is down the corridor. Success brings no prizes, failure no sanctions, mediocrity no response at all except intermittent alarums sounded by distant national commissions.

The kinds of top-down, "command and control" reforms that states are currently imposing on their educational system will further narrow the range of professional judgment in the schools, and will yield productivity gains only to the degree that there is genuine slack. Requiring all sixth graders to do an hour of homework each night may be a good idea; so is obliging all teachers to pass a basic literacy test. But such measures do not deal with real excellence. If clumsily applied, they can frustrate the well-laid plans of the teacher who may want her students during March to write a long research paper instead of short nightly assignments. Requiring three years of high school math may ill serve both the future poet and the math prodigy—who suddenly finds the course in differential functions canceled because all the teachers are needed for "bonehead algebra."

Free to Choose

Nor are vouchers alone enough to cure our educational problems, though some such form of educational choice is an essential first step. Consider this sweeping version of a familiar idea.

Each student would receive a tuition grant to use at any school in the state that consents to take part. Not all schools will want to, for participation means submitting to certain rules, standards, and accountability measures. Some of today's private schools will probably opt out, perhaps for religious reasons, perhaps to vouchsafe their absolute independence. But it is likely that all of today's public schools will take part, as well as the majority of private schools. In fact, one prominent characteristic of this new system is that the distinction between "public" and "private" will become blurred; participating schools will be hybrids, with incentives, entrepreneurship, unit-level accountability, and consumer responsiveness reminiscent of the private sector, but with the universal access, minimum outcome standards, performance tracking, and fiscal arrangements of a lightly regulated public sector enterprise.

The individual school would "market" its services to students and parents and would succeed or fail depending on how well it provides a high quality educational product.

CHESTER E. FINN, JR. *is assistant secretary for research and improvement at the Department of Education and counselor to Secretary William Bennett.*

The state would prescribe minimum standards; no school should continue to operate if its students do not acquire the skills and knowledge that policymakers prescribe. The state would also ensure that there is a place for every student and that schools do not discriminate in apportioning spaces to applicants. The tuition grants of students needing special services—handicapped and disadvantaged students, for example, and children not yet fluent in English—could be increased. The enhanced resources would make these students attractive to schools; some schools may even specialize in their instruction.

Beyond the minimum state performance standards, schools would strive to distinguish themselves from one another, varying in tone, curricular emphasis, size, teaching style, and internal organization. One high school might maintain a classical curriculum while another stressed math and science, another music and art, still another foreign languages and cultures. In the early grades, some schools would feature team teaching and "open" classrooms, others would provide extra tutoring in basic skills for disadvantaged children and slow learners, others would move able youngsters along as fast as possible.

What is the rationale for diversity? Children learn in dissimilar ways and at different rates. They develop special interests and enthusiasms. Many parents have marked preferences among educational philosophies, and teachers and principals have their own strengths and priorities. In an education marketplace, these can seek each other out far more successfully than any centrally controlled system could arrange. Moreover, since such specialties and preferences do not divide along racial, social, or municipal lines, allowing youngsters to attend any school in the state becomes a powerful way to foster voluntary integration, to assure equitable resources, and to surmount barriers of caste and neighborhood without resorting to arbitrary ratios and forced busing. There would be lots of bus riding under an open-enrollment scheme—as there is today in cities with "magnet school" programs—but it would happen because families found a distant school they prefer, not because someone told them they had no choice.

Vouchers—or tuition grants—would allow all parents and students to choose the school that best fits their needs. Currently, only upper and middle class parents can make this choice: if they are dissatisfied with the local school, they can either move to another neighborhood or send their child to private school. The poor have neither option, except at enormous sacrifice; perhaps that is why 59 percent of black Americans favor education vouchers.

But even an expanded voucher system is just a start. More must happen. The primary unit of responsibility and authority should be the school building, not the school system. Town and county governance arrangements made sense for a settled agrarian society in which financing and curriculum were organized at the municipal level. Today the state—which has always borne the formal constitutional responsibility for education—is the setter of norms, prescriber of ends, and premier source of school funding. But those within the individual school should become the forgers of means—curricular, pedagogical, organizational—and the appropriate unit of accountability for performance.

Allowing children to pick their schools won't do the trick if we don't also permit schools to choose their teachers, don't allow able but unconventional people to become teachers and principals, don't make shrewd use of technology, don't develop adequate indicators of school performance, and don't press parents to shoulder their proper share of the educational burden. Most of history's great advances in efficiency and productivity of major enterprises have resulted from technological breakthroughs and fundamental delivery system changes, not simply from making the old mechanisms strain harder. I suspect that the same will turn out to be true of education. Hence other changes in current practice are necessary for this delivery system revolution to be complete. Here are seven of them.

Expanding the Pool of Teachers

First, the ranks of the education profession must be opened to permit the entry of more and different people than have typically been welcome in our public schools. State licensing remains a reasonable concept, but it should abjure paper credentials—the traditional reliance on completion of prescribed training programs and the accumulation of university credits—and should instead rely on a person's demonstrated knowledge, skill, and character. Every adult of sound moral character, possessed of the requisite knowledge and willing to impart some of that knowledge to children, should be deemed a candidate for entry into provisional status in the education profession. This practice, commonly known as "alternate certification" and already being tried in New Jersey and a few other states, has the effect of hugely enlarging the pool of prospective teachers and thereby allowing employers to set higher intellectual standards.

Entry into teaching should be as easy as we can make it. But for retention, demonstrated effectiveness in teaching or leadership is mandatory. Teachers should be judged chiefly by fellow professionals through peer review. It is reasonable to expect prospective educators to pass paper-and-pencil competency tests but job performance must be the primary means of demonstrating one's effectiveness.

Opening Opportunities for Teachers

Second, in sharp contrast to today's teaching profession, teaching in the future must be an enterprise with alternatives and opportunities built in. Led by Tennessee, a few states and a handful of localities have already moved to establish "career ladders" for teachers, despite continued union opposition. In simple terms, it means that if you are good and ambitious you can substantially increase your status, pay, and responsibilities within the field of education, much as university faculty members rise from "instructor" through the ranks of the professoriate. A "master teacher" may assist neophytes in the classroom; may assume added responsibility for curriculum design; or may teach difficult youngsters. A master principal may assume command of several schools, be sent in by the state to repair an educational disaster area, or may specialize in the induction of young executives into the peculiarities of schooling. Pay would be commensurate with performance and responsibility; presently, the single salary scale is linked only to seniority and graduate credit hours earned. There

will be genuine rewards for success, something almost entirely missing today where good, bad, and indifferent performers are all paid the same.

Letting Schools Manage Themselves

Third, key educational management decisions must be made at the school level, including resource allocation, personnel, scheduling, and instructional organization. Because those who work in the school will work for the school, their compensation, working conditions, and terms of employment should be set by the school, preferably through collegial procedures involving the whole professional team. Teachers and administrators can shop among schools for situations that suit them, and schools can recruit the professionals and paraprofessionals they need.

How about a section in the child's report card where the school team can "grade" the parents' performance?

One can readily imagine placement firms that—like today's executive headhunters—will assist with these matchmaking efforts.

Schools will be far more faculty-run than is the case today, and teams of educators who want to work together would be able to establish schools of their own. Layers of central administration will vanish, the teacher's share of the school dollar will rise, and resources will be directed where and how the school team chooses, rather than according to a system-wide formula carried out under a union contract.

Making the Most of Technology

Fourth, education needs to integrate technology better. Properly used, technology can transform the classroom into a place where teachers teach, children learn, and computers take care of bureaucratic details. Computers can also be used to individualize instruction, rapidly appraise student performance, and free professionals from drill-and-practice sessions and record-keeping routines. Integrating technology in the field of education does not mean simply buying a bunch of personal computers and some random software. It means designing and installing sophisticated computer-assisted instruction, thereby extending the teacher's reach and making more efficient use of human expertise.

Nor is the computer the only modern device that can help. Lessons taught by great teachers can be videotaped and shown elsewhere—and interactive video systems can enable an advanced course provided in one school to be taken simultaneously by students in others. This is a huge advantage for small schools, rural areas, and youngsters with advanced or esoteric course preferences.

A More Flexible Calendar

Fifth, we should welcome variation in the school schedule and calendar. The 180-day year, lasting from September to June, is a holdover from the 1800s, when buildings were not air conditioned and children were needed to help bring in the crops. Yet many youngsters experience a big learning loss during the long summer vacation and many a modern family has working parents unsure what to do with their youngsters. The traditional calendar also means that teachers work three-fourths as many weeks as most other professionals. (If they worked four quarters instead of three, at current pay levels the average teacher salary would exceed $33,000.) Japanese children, we occasionally remind ourselves, attend school about 240 days a year. That's not achieved by eliminating vacations; they go to class on Saturday mornings, too.

The 9:00 to 2:30 school day is also obsolete. Many families have "latchkey" children with no adult at home until 6 o'clock or so. They find themselves assembling fragile packages of after-care and day-care, car pools, van pools, bus rides, and music lessons. Moreover, the school day is simply too short for many students to get all the teaching, tutoring, and supervised study time they require.

Lengthening the day or year does not have to be mandatory, but *allowing* schools to vary their schedules and calendars will create further options for parents, students, and teachers. Some children will seek the additional learning time, either because they need it to meet minimum standards or because they want to accelerate. Some families will opt for a four-quarter calendar, a six-day week or a full-day program. Some teachers will gladly trade in a summer of house painting or selling insurance for practicing their profession 12 more weeks a year.

Report Cards for Parents

Sixth, parents must be enlisted in the work of the school and in the education of their children. Along with endorsing over to the school their child's tuition grant, parents must be asked to assume certain elemental responsibilities, both for such mundane matters as discipline and attendance and for such specific ones as providing the child with a place to do his homework and checking each night to make sure it is done. Just as parents should have the right to evaluate—and choose among—schools, so too should teachers and principals have the right to appraise parents' performance with respect to the education of their children. What about a section in the child's report card where the school team can "grade" the parents' performance?

Measures of Achievement

Seventh, we need more precise gauges of pupil and school performance. With rare exceptions, one cannot today find out whether students at a given school know geography, whether they are above or below the city average in arithmetic, whether their reading skills have improved from the previous year, or how many of them have met the minimum performance standards in science.

Since policymakers cannot lay their hands on the information they really need, they are apt to focus their efforts on what can be measured: the number of courses on student transcripts, the number of minutes devoted to

writing each day, the number of pupils per classroom, and so on. These kinds of measurements have little to do with classroom achievement, and tend to deflect public attention from results to activities.

New indicators should be devised to enable parents and the state to know how the school is performing in relation to the learning standards that it is supposed to meet and also how individual students are doing in relation to the specified skills and knowledge that they must possess before being promoted or graduated. Indicators, in this sense, are essential forms of "consumer information." What is more, they serve as diagnostic devices. Everyone—student, parent, teacher, distant policymaker—has a right to up-to-the-minute information about a school's educational performance.

Prospects for Real Reform

These seven ideas outline a radically changed education delivery system. Each suggests many secondary questions and implementation dilemmas. But the principles should be clear: decentralize, deregulate, put the incentives where they belong, empower the consumer, professionalize the professional, introduce modern management concepts into education, eliminate bureaucratic intermediaries, foster diversity, demand accountability, make wise use of technology, and insist on standards that have to do with ends rather than means.

What are the chances that all of this could come to pass, given the rapidity with which American education reform efforts seem to be moving in the opposite direction? Not good, I fear, at least not without a powerful shove from outside. The education establishment fought tooth-and-nail against more modest reform programs in Texas, Tennessee, New Jersey, Minnesota, Arkansas, and many other states and cities. Sweeping structural alterations may be even more bitterly resisted. Instead, the educational establishment—led by education school deans, association heads, and union leaders—has characteristically insisted that the solution to our education problems lies in a huge increase in public expenditures. But even after accounting for inflation, per pupil expenditures have almost tripled in the last 30 years, while academic achievement has slipped. That is why I am skeptical of "solutions" that rely chiefly on throwing money at the schools.

The prospects for bold reforms, while dim, are not nil. A determined governor able to make common cause with his legislature might succeed. This is likelier today than it was a few months ago, because a substantial portion of the education establishment has lately applauded the bold recommendations of the Carnegie panel on the future of teaching, released with much fanfare last May. Most of the suggestions are compatible with my own reform proposals; the panel even offered a muted endorsement of vouchers for the first time.

Per pupil expenditures have tripled in the last 30 years, while academic achievement has slipped.

State teacher associations, school boards, and superintendents may not embrace the implementation of these ideas, but an imaginative governor can now point to establishment approval to some notions that had been considered quite radical. Such ideas may be even more palatable several years hence if—as I fear—the major efforts that some states have made to improve their schools turn out to have cost a lot of money but not to have yielded the desired results. At that point, the public and its elected representatives may be ready for something bolder.

But there is a more attractive alternative than waiting for the apocalypse. With one important omission—the state-financed tuition grant—virtually everything I have described could be put into place tomorrow by a private corporation bent on running highly productive schools in an efficient manner.

Indeed, if the company chose to provide a portion of its employees' compensation in the form of tuition grants for their children to attend the "company schools," something very close to a full-dress demonstration might be mounted, provided this were done in a state with lenient rules for private schools. The doubting Thomases will pooh-pooh any such demonstration, probably muttering darkly about a "select" student body. Let them cluck. The best way to visualize the advantages of a radically changed delivery system is to glimpse a facsimile of one in operation. I predict that those who do will not readily return to the old creaky one we are using today.

THE EVIL EMPIRE STRIKES BACK

The Politics of Hate, Soviet Style

EUGENE METHVIN

Remember the pained outcry from both Kremlin and Western commentators a few years ago when President Reagan made his evil empire speech? Such name-calling was irresponsible and bellicose, we were told by Soviet spokesmen such as Georgiy Arbatov and Vladimir Posner.

Last December the Soviet Foreign Minister called the ABC News Moscow bureau chief to warn of "unfortunate" consequences if the American television network went ahead with plans for a miniseries "Amerika," speculating what this country would be like 10 years after a Soviet takeover. The network waffled for a month, apparently more over capitalistic quibbling about the film's cost and then decided to go ahead with 12 instead of 16 hours, thus saving $4 million. In the meantime, counter-alarms over "Soviet censorship" of an American network were sounded from the *Wall Street Journal* to Secretary of Education William J. Bennett.

Then in January, Soviet culture commissars called together Western reporters to denounce the recent *Rocky* and *Rambo* films for "pushing onto the screens a new type of hero, a killer with ideological convictions." They did not like Sylvester Stallone's popular movies portraying an anti-Communist U.S. Vietnam veteran who returns looking for American prisoners, or a prize fighter who indulges in bloody fisticuffs with a Soviet athletic automaton. They also grumbled about ABC's "Amerika" and John Milius's 1984 movie *Red Dawn,* in which Communists invade Colorado. The famed poet Yevgeniy Yevtushenko, a deputy minister of culture and Moscow establishmentarian (albeit an occasional dissenter), called such movies "warnography" and warned they were arousing an American "pathology of hatred" against the Soviet Union.

Alas, while the culture commissars pointed at the mote in their American brothers' eyes, they ignored the beams in their own. For hate is not only evident in much of what the Soviet Union portrays about America in its media, but it is a conscious instrument of Soviet policy. To find an equal for so systematized an approach to hate politics, one would have to go to Libya's Qaddafi or further back in time to Hitler's Germany and the likes of Julius Streicher and his *Voelkischer Beobachter.*

Hate has its uses, of course, and one of the classic uses is simple scapegoating to divert people's attention from a government's own failures. The Czarist "Black Hundreds" and anti-Jewish pogroms in the 1900 to 1912 period were of this nature. Today's Soviet regime resorts to utilitarian hate to mask the bankruptcy of its own ideology and the utter failure of the *nomenklatura,* the privileged Bolshevik class, to deliver the promised post-revolutionary utopia.

Rams and Cowboys

Thus the socialist fatherland has succeeded in realizing George Orwell's forecast in his novel *1984.* The fictional inhabitants of his socialist wonderland, Oceania, gathered for daily Hate Drills, and participated in an annual Hate Week to instill an intense hatred for "the enemy," whoever it happened to be at the time. Consider these examples of hate, winnowed from Soviet journals in recent times by scholars of the University of Miami Advanced International Studies Institute.

The Soviet Young Communist League's first secretary, Boris Pastukov, lectured the 1982 Komsomol Congress on the virtue of hatred. "In the modern world, love for the socialist fatherland is impossible without class hatred. Hatred for the enemy is the guardian of patriotic love." In an earlier article in an armed forces journal, Pastukov proclaimed: "Teaching hatred for the enemy is the noblest, most humane goal."

Around the same time, the Soviet foreign policy journal *New Times* picked Super Bowl time to lecture its people and the world on the evils of American football, to which it attributed violent and imperialistic motives. The Soviet author examined the works of John Updike and Ernest Hemingway as well as the sayings of former National Football League luminaries such as Los Angeles Rams quarterback Pat Haden, Johnny Sample (*Confessions of a Dirty Ballplayer*) and Gary Shaw (*Meat on the Hoof*). All this added up to proof, concluded *New Times,* that "Sadism, cruelty, spiritual torture, and the degradation of feelings—such are the main distinctive features of student football in the United States." And it warned the world once again of the threat of American cultural imperialism.

EUGENE METHVIN *is a senior editor of* Reader's Digest.

UPI/Bettman Newsphotos

Soviet Union May Day celebrations. The banner reads: "No to chemical weapons."

In one seven-month span in 1983, *Pravda* carried 192 anti-United States cartoons depicting Americans as Ku Kluxers, money-grabbing capitalists, wagers of chemical warfare, and so on, with President Reagan as a cowboy-hatted archfiend leading a gang of war-thirsty militarists.

One issue of the *Agitator of the Army and Navy* presented an article entitled "Our Hatred is Sacred." It reported that Soviet soldiers attend hate-oriented "theme nights" featuring films and slide shows. Exhibitions develop such themes as "Why I Hate Imperialism" and "The Bloody Face of Imperialism." Their staple: photos of bombed-out hospitals and schools, mangled bodies of women, children, and old people, said to be in places like El Salvador and Lebanon. *Agitator* explains: "Our hatred for the imperialist is sacred. We hate them for their brutality and violence, for their encroachment on the freedom and independence of peace-loving peoples. Therefore we are ready at any minute to fulfill our patriotic and international duty, to secure the safety of our country, her friends and allies." No Pentagon troop information and education officer would ever dream up such stuff; he would be committed if he did.

New Times in January 1984 reveled in torture and atrocity allegations about American soldiers involved in the limited U.S. intervention in Siberia and northern Russia in 1918 to 1920. Wherever they went, alleged *New Times*, stories "came out about murders, torture of men, women, and children . . . This gang of hired killers, while drunk in their idle time, tortured workers, setting their bodies on fire, breaking the joints of their hands and feet, dragged them out into the bushes and finished them off while half alive by shooting." And on and on. One U.S. general's memoirs were quoted as if he were telling of the conduct of his own troops; actually he was describing atrocities committed by anti-Bolshevik Whites against their civil war enemies.

That same month *Military Knowledge*, the Soviet civil defense organ, carried a picture of wild-eyed, screaming American soldiers doing exercises and compared them to legendary Russian monsters. "One can without exaggeration call these cutthroats in U.S. uniforms monsters. And what, in fact, is human in these frenzied, teeth-baring physiognomies, in these eyes, the eyes of killers and rapists? Only the force and might of the Soviet Armed Forces, the armies of fraternal countries of the socialist community, are capable of defending us, our children and grandchildren from this gang."

Shortly before the Geneva summit last November, *New*

York Times Moscow correspondent Serge Schmemann reported:

> The denigration of the American system is relentlessly pursued in the press and on television. An issue of *Pravda,* selected at random, poured vitriol on the United States, which was charged with everything from setting up labor camps for dissidents to complicity in the Israeli raid on Palestinian bases in Tunisia. On the same day Tass, the Soviet press agency, accused Washington of 'pursuing a policy of state-sponsored terrorism in international affairs' and waging 'an all-out offensive at home on basic human rights.' Officials in Washington, Tass added, 'evade giving a straight answer to the question of the number of political prisoners in the United States.' Uncle Sam is lampooned almost daily in the press as a fiendish charlatan guiding one global atrocity or another.

When it comes to hate-mongering, Soviet films and television easily match the print media. A 10-part television series called "Tass Is Authorized to State" pitted K.G.B. stalwarts against ruthless American Central Intelligence Agency spies, including one who poisoned his own boss. A 1983 film, *Incident in Quadrant 36-80,* is a drama in which a U.S. submarine accidentally fires missiles at Soviet warships. It portrays Americans as violent psychopaths.

A couple of 1986 productions are choice. One, called *We Accuse,* was reviewed in January by no less than the General Procurator of the U.S.S.R., Comrade Rekonkov, in a special appearance as cinema critic. The movie reminds him of the great 1960 show trial of the U-2 pilot, Francis Gary Powers, which Procurator Rekunkov compares to the Nuremberg war crimes trials of the top Nazis.

Another 1986 anti-American film is *Flight 222,* which gives a Sovietized version of a real event of 1972 when the State Department refused to let an Aeroflot airliner depart from Washington's Dulles International Airport until U.S. authorities could interview the wife of a Soviet defector from the Bolshoi ballet touring company to make sure she was returning voluntarily. In the Soviet version, the Americans whoop around the plane like savages in an old Hollywood cowboys-and-Indians Saturday matinee while the comrades aboard, models of the New Soviet Man, stick it through.

This Soviet hate-mongering is the chief index of productivity against which the Kremlin-financed global network of Communist parties is measured. The U.S. Communist Party, for example, whose secret funding from Moscow has been covertly monitored for years by the F.B.I., pipes its tune right out of *Agitator.* Gus Hall, in a speech to Communist youth published in the January 1983 C.P.U.S.A. journal *Political Affairs,* urged that new recruits learn "how to develop the slow, stubborn, burning hatred of the system of exploitation the workers carry with them every day."

Naturally this mass media "warnography" attracts and arms the world's neurotics and nuts. Often the Communist Party or any other hate cult or terrorist group is, for the joiner, a therapeutic attempt to control a neurotic hate-filled personality verging on disintegration. In the early 1950s, Gabriel Almond and associates at the Woodrow Wilson School for Public and International Affairs at Princeton University produced a pioneering study called *The Appeals of Communism.* They interviewed scores of members of the French, British, Italian, and U.S. Communist parties, and analyzed case studies of 35 U.S. Communist Party members in treatment with 22 psychoanalysts. An American comrade described his experience: "There's a premium put on hatred. You are deliberately encouraged to hate. Adjectives of obscenity are always linked to the enemy. You can't fight unless you hate." A Briton reported the same pattern: "Hatred of the enemy was of quite considerable importance. You maintained your devotion by being a persecuted minority with all the world against you."

Marx Sees Red

Hate has always been the volcanic current that powers Communism. The young Karl Marx, long before he became the great guru of revolution, chose a quotation from Aeschylus's *Prometheus* for the foreword of his doctoral dissertation: "In simple truth, I harbor hate 'gainst all the gods." His fellow young radicals saw him as a "young lion" whose demonic obsession they spoofed in a poem: "Who's this charging on who so rants and raves? 'Tis the wild fury, black-maned Marx, his fists clenched in raging, desperate air as though 10,000 devils had him by the hair." A young friend saw "a malicious fire" in his eye and found him "swayed almost more by envy of others' achievements than by his own ambition—an untrustworthy egotist and lying intriguer who only wants to exploit others." On evenings as the young men drank and debated, Marx would focus his scorn on some hapless companion and repeat, "I am going to annihilate you." After his death, his daughter, in a worshipful portrait for his followers, felt compelled to beg understanding "that he could hate so fiercely only because he was so true and tender." A nice bit of Marxist dialectic, that.

Aleksandr Solzhenitsyn penetrated the psychology of fear and hatred as well as anyone. In November 1969, after he was expelled from the Writers Union, he wrote a letter of protest in which he told the Soviet leadership:

> Your watches are behind the times. They are running centuries slow. Open your heavy expensive curtains. You do not even suspect that dawn has risen outside. . . . In this time of crisis in our seriously sick society you are unable to suggest anything constructive, anything good, only your hate-vigilance . . . 'The enemy is listening,' that's your answer. These eternal enemies are the basis of your existence. What would you do without your enemies! Hate, no less evil than racism, has become your sterile atmosphere.

Solzhenitsyn ended up with a prescription that President Reagan would do well to reiterate in a thousand fashions when Chairman Gorbachev comes to America on his first visit. Said Solzhenitsyn, "Free speech—honest and complete speech—that is the first condition of health of every society."

PENNSYLVANIA

Back to Work With Dick Thornburgh

BOB GOLDBERG

A character in John O'Hara's novel, *Ten North Frederick*, says that, "any son of a bitch that thinks he'd like to be President of the United States ought to try being governor of Pennsylvania for a few years." For Pennsylvania's current governor, Republican Dick Thornburgh, the statement—which hangs on the wall of his office—is both a measure of the job he took on and an ironic reminder of his growing national prominence. Touted as one of the new breed of "can-do" governors, Thornburgh has implemented an ambitious effort to revitalize Pennsylvania's economy while cutting taxes and overhauling the welfare system.

Thornburgh describes his governing style as "maddeningly methodical." It is a thoughtful, results-oriented form of leadership characterized by painstaking staff review, consensus building, and a heavy reliance on task forces and commissions. Political rivals deride him for being less a leader than an umpire of interests, but Thornburgh argues that in an era of weak political parties, the only alternative to consensus is to have "the special interests jam something down your throat." Also, he has never had the luxury of a united legislature behind him; though the Senate has a narrow Republican majority, the Pennsylvania House of Representatives is solidly Democratic. Seeking consensus is a political necessity.

Thornburgh's low key approach to government has led to a record of solid achievement. Since he was first elected in 1978, he has slashed 13,000 positions in the state government through attrition and privatization of such state services as airports and job training programs. Elimination of programs, contracting out, and management reforms identified by the state's version of the Grace Commission have saved over $2.1 billion. Much of the money saved has gone into reducing the state debt by $300 million and establishing a $25 million "rainy day fund" for unexpected contingencies.

Thornburgh has balanced the budget, on time, every year he has been in office. State spending has risen annually, but always less than the rate of inflation. In his 1987 budget, for example, Thornburgh proposed a 1.7 percent spending increase, targeting education, human services, economic development, and public works for real growth. All this has been accomplished without a single tax increase; over the past three years, he has cut $1.1 billion in personal and corporate taxes.

The result of Thornburgh's policy of "public thrift and private investment" has been substantial economic growth in an industrial state hit hard by the recession. Thornburgh speaks with satisfaction about Pennsylvania's economic transition: "In 1978, we had the sixth highest unemployment rate in the nation. We're now below the national average. We've created over 400,000 new jobs in the last two years [most of them in high-tech and light industry]. Our rate of new business formation is the highest in the country. When I took office, one-third of our workforce was in manufacturing. Now 25 percent are in that category." He is generous in giving credit to President Reagan's economic program for Pennsylvania's revitalization. "There is no doubt that the national economic recovery and the President's policies have helped. I've always maintained that it was essential to our effort. And what we've done here is a perfect example of what the New Federalism is all about. State and local government *can* do it better."

Streamlining the Welfare Rolls

Public-private cooperation has been the keystone of Thornburgh's efforts to retool the state's economy. After taking office in 1979, he established a strategic planning effort to chart a new economic course, "Choices for Pennsylvania." True to his methodical, consensus-seeking style, Thornburgh placed representatives from banks, corporations, small business, labor, and education on the State Planning Board. The Board held a series of public hearings on a number of policy options from which the governor would choose to put together his economic development plan.

Central to the "Choices" strategy was shifting the state toward the high-tech base Thornburgh believes is the key to greater economic stability. One product of this effort is the Ben Franklin Partnership, a coalition of businessmen, government officials, and academic leaders who are charged with spinning off business opportunities from technological and scientific developments in universities.

BOB GOLDBERG *is a freelance writer.*

The modest million-dollar seed grant has leveraged $217 million in public and private investment, accounting for 3,500 produced or retained jobs. In addition, Thornburgh has invested $27 million in advanced technology and computer centers around the state. A $15 million customized job training program guarantees a job to its graduates in high-tech, service, or light manufacturing firms.

Thornburgh has also streamlined Pennsylvania's bloated welfare system. In 1979, Pennsylvania had 20 percent of the nation's able-bodied welfare recipients, with only five percent of the nation's population. Over the opposition of much of the press and the Pennsylvania House of Representatives, Thornburgh pushed through legislation to phase all able-bodied and childless recipients off the rolls and to require everyone on welfare to register for work. The state's Work Registration Program links participants in the job search program with job training and tax credit programs for employers. A Community Work Experience Program allows eligible recipients to receive welfare benefits while working for local government or non-profit agencies as they search for a permanent position in the private sector. Over 200,000 former welfare recipients have found jobs since September 1982, proportionally three times as many as the better-known Massachusetts Employment and Training Choices program. Money saved from the welfare rolls has gone toward boosting assistance to the needy by 25 percent in the past four years.

Underscoring his conviction that government should be compassionate as well as efficient, the governor has worked to establish independent living situations for the elderly and handicapped. Pennsylvania is one of a handful of states that has a network of family- and community-based living facilities for mentally retarded citizens. Over 6,200 mentally retarded and mentally ill people are now living in such arrangements. Thornburgh is proud of his mentally retarded 21-year-old son who lives on his own in a group house. "Both his mom and I would have loved nothing better than to have him live at home and spoil him. But now he's independent, he's developed social skills, he's holding down a job, making a buck, and paying taxes."

75 Percent Approval

Among Pennsylvanians, Thornburgh's low-key style is popular—he enjoys a 75 percent approval rating in a state where Democrats outnumber Republicans by a million voters. His success is even more striking considering he had never held elected office before 1978.

Born and raised in Pennsylvania, Thornburgh graduated from Yale, then earned a law degree from the University of Pittsburgh and settled into practice there. Drawn into Republican state politics by William Scranton, Sr., the governor of Pennsylvania from 1960 to 1968, Thornburgh lost a bid for Congress in 1964 against a popular Democratic incumbent, but his spirited campaign won him the regard of state political leaders. President Nixon appointed him a U.S. Attorney for the Western District of Pennsylvania in 1969, where he made a name for himself by putting 50 public officials in jail for corruption. After three years as Assistant Attorney General for the Criminal Division under President Ford, a number of state party officials approached him about running for governor in 1978. He was

Governor Thornburgh enjoys a 75 percent approval rating among Pennsylvania voters.

a dark horse candidate, but he managed to win the primary against seven Republicans by consolidating his support in the western part of the state while the other candidates split the remainder of the vote.

Thornburgh was given no real chance to win the general election against the Democratic mayor of Pittsburgh, Pete Flaherty. Polls conducted only a month before the election showed him far behind, but he capitalized on the split between the Pittsburgh and Philadelphia wings of the Democratic Party and black anger at both Flaherty and Philadelphia mayor Frank Rizzo. Flaherty was anti-busing, and Rizzo, a powerful Democrat widely perceived in the black community as racist, was trying to change the city charter in order to run again. In a stunning victory, Thornburgh won by over 200,000 votes, garnering half the black vote and half the union vote.

As a candidate, Thornburgh had pledged to cut government spending, avoid tax increases, curb fraud, and shift the state away from smokestack industries. With the onset of the recession in 1981, a recession that hurt Pennsylvania more than other states because of its outdated industrial base, his policies—and patience—were sorely tested. If any state was a referendum on Reaganomics in 1982, it was Pennsylvania.

Thornburgh not only resisted an all-out effort by the Pennsylvania State Education Association for a $300 million tax increase, but he also strongly defended President Reagan's tax and budget cuts. "I supported the President's policies because they made sense," he says. "I didn't guar-

antee that my policies or the President's program would work. I only told people that they wouldn't work if they weren't given a chance. I only promised that Pennsylvania would participate in the economic recovery." Thornburgh stuck to his policies throughout the 1982 campaign, a tactic that enraged traditional Democratic constituencies, who called him "heartless and cynical."

But the Democrats were divided and disorganized. Despite Pennsylvania's economic woes, Thornburgh's personal popularity remained high, and they were not sure he could be beaten. After considerable bickering, the Democrats finally agreed on a weak compromise candidate, Alan Ertel. Thornburgh won handily, though his share of the black vote fell from 50 to 25 percent, and his support from union members also declined.

Counterweight to Cuomo

Thornburgh has taken advantage of his success on the state level to begin to build a national reputation. He has lobbied hard in favor of two of President Reagan's most cherished goals: a constitutional amendment to balance the budget and tax reform. Consistent with his perception that the political process is overrun with special interest claims on the public coffers, he argues that only a constitutional amendment will force elected officials to "honor their fiscal responsibilities."

Though Pennsylvania is still a comparatively high-tax state, Thornburgh has positioned himself as a counterweight to Mario Cuomo's opposition to the proposed elimination of state and local tax deductions. Noting that the $36 billion worth of deductions benefit only the richest 20 percent of the population, Thornburgh calls the deduction a "giveaway program that liberal Democrats would scream and holler about if a Republican proposed it." He also sees opposition to eliminating deductibility as a cop-out by governors who use it to subsidize spending. His support for Reagan on tax reform and budget cuts has pitted him against two other Pennsylvania politicians: Democratic House Budget Committee chairman Bill Gray and Republican Senator Arlen Specter.

In fact, there was considerable pressure on Thornburgh to challenge the incumbent Specter for the Senate this year. While Thornburgh felt he could win, he decided "it didn't feel right to take on an incumbent Republican. I've differed with Specter on some issues, but a lot of the same people support both of us. I didn't want to put them in the position of having to choose." Barred by law from seeking a third consecutive term, Thornburgh feared a challenge to Specter would split the party and harm the chances of Lieutenant Governor William Scranton, Jr. to succeed him.

Nevertheless, Thornburgh plans to remain active in public life after his term ends this November. He will campaign for Republicans in the state and around the country to "extend the . . . Reagan Revolution beyond the Capital Beltway." As head of the Republican Governors' Conference, he helps to coordinate strategy sessions with other governors and congressmen to identify Republican themes to be used in state and local elections. He is bound to be on everybody's short list for Vice President or a cabinet position in a post-1988 Republican administration.

Thornburgh does have higher ambitions but wonders aloud if he has the star quality that seems to be demanded of national candidates. "I'm not part of the blow-dried hair set. I'll never overwhelm people with charisma. But I will place a bet down on the people's response to good management." It's a bet he has won as governor and it's the sort of wager he will offer to the rest of the country over the next few years.

The Privatization Revolution

What Washington Can Learn from State and Local Government

PHILIP E. FIXLER AND
ROBERT W. POOLE, JR.

A revolution in the delivery of public services is occurring throughout the world after decades of bureaucratic growth in the public sector. Its name is privatization—the transfer of services and assets from the public to the private sector.

In the United States, state and local governments have generally taken the lead in bringing about this transformation. An increasing number of American cities, counties, and states are responding to the fiscal realities of the 1980s by privatizing such services as water supply, alcohol and drug rehabilitation, buildings and grounds maintenance, garbage disposal, distribution of drivers' licenses, juvenile corrections, probation services, property management, and security.

Unfortunately, the federal government has yet to heed the lesson learned by many state and local governments—that privatization can lead to significant cost savings and thereby create a viable alternative to tax increases or service cuts. Evidence is mounting that privatization could be comprehensively applied to federal activities such as air traffic control and airports, Coast Guard services, human services and job training, power generation, public housing, satellite launching, and a host of other functions. It is time for congressmen and senators to look at the experience of their own constituencies. Private companies are performing government functions better and more cheaply; Congress should move to privatize many of the assets and services of the federal government.

Cities and counties in the West and Southwest have

PHILIP E. FIXLER *is director of the Local Government Center at the Reason Foundation.* ROBERT W. POOLE, JR. *is president of the Reason Foundation and publisher of* Reason *magazine.*

become the primary showcases for privatization, perhaps because their political cultures are more open to new ideas or because special interest groups have not been in existence long enough to prevent it. The city of Lafayette in northern California contracts out for almost all of its public works management and engineering services. A private management firm contracts for street repair and cleaning, traffic signal maintenance and installation, tree trimming and planting, parking lot and garage operation, and street lighting operation and maintenance. It is estimated that cities like Lafayette can save up to 25 percent in public works costs through contracting out.

In southern California, several small cities near San Diego began contracting out dozens of municipal services after Proposition 13 cut their budgets by as much as 60 percent. Imperial Beach, for example, contracts out emergency medical service, the operation of its community recreational center (to the non-profit Boys and Girls Clubs of America), and park maintenance. The city's local bus service and trash collection are also provided by private firms, and another private company supplies engineering design services under contract. In all, Imperial Beach has 47 contracts with private companies, non-profit organizations, and other area governments.

Phoenix, Arizona, pits its public departments against contractors in a bidding process to select the providers of various municipal services. The city has contracted out for solid waste collection and disposal, bus and paratransit transportation, security, street sweeping, traffic and streetlight maintenance, towing and storing illegally parked vehicles, parking lot operation, and building maintenance. According to city auditors, Phoenix saves some $5.3 million each year as a result of 17 private contracts.

The Los Angeles County government contracts out, to various degrees, park maintenance, security, medical testing, embalming, golf course management, hospital food services, and some public defender services. Within portions of Los Angeles County, private firms compete to collect the trash.

At this point, New Jersey appears to be the privatization leader among America's state governments. It has passed legislation enabling its local governments to develop privatization projects for the provision of wastewater treatment, water supply, and resource recovery facilities. The Garden State also contracts out for the distribution of drivers' licenses. It recently began contracting out for the operation of a juvenile corrections center.

Other states have also applied privatization in innovative ways. For instance, Florida contracts out for the management of one of its state mental hospitals and has passed legislation to permit a private, non-profit organization, the Salvation Army, to provide some misdemeanant probation services.

The privatization movement has both encouraged and been encouraged by the entry of creative entrepreneurs. Probably the most famous example of a private provider of public services is Louis A. Witzeman, founder of Rural/Metro Corporation. Witzeman, a former journalist with an iconoclastic bent, founded the Rural/Metro private fire company after World War II to provide fire protection services for the unincorporated Phoenix suburb

The Sullivan brothers demonstrate that private graffiti removal is no longer an off-the-wall idea.

that later became Scottsdale. For many years, Witzeman's Rural/Metro was a local phenomenon, eventually to be discovered nationally in the 1970s on such programs as "60 Minutes." Since its founding, Rural/Metro has expanded its emergency services to include paramedic and security services. For several years, Rural/Metro even provided comprehensive police services for one Arizona jurisdiction using fully trained, sworn officers. Unfortunately, the company was forced to discontinue this service due to political pressures from law enforcement unions.

Publicity about Rural/Metro fanned the flames of privatization to the point that several other entrepreneurs entered the field. Today, some 14 for-profit fire protection firms exist, and they even have their own trade organization, the Private Sector Fire Association.

Another field that has attracted entrepreneurial talent is airport control tower (A.T.C.) management. One example is Garry Havens's Midwest A.T.C. Like many other air traffic control firms, Midwest's take-off in the business began after the strike of federal air traffic controllers, most of whom were members of the Professional Air Traffic Controllers Organization (PATCO). When the federal government was unable to provide air traffic control for many smaller airports, Midwest took over. It has since become one of the largest A.T.C. firms, providing federally certified control tower services at about half the cost of government-run towers.

Another unusual entrepreneurial venture is that of Harvey M. Rose, a former budget analyst for the San Francisco board of supervisors. In reaction to Proposition 13, Rose left government service and formed his own financial services firm, the Harvey M. Rose Accountancy Corporation, to continue providing budgetary services to San Francisco. The corporation now has dozens of contracts with San

Cast Of Revolutionaries

During the last decade, there has been an explosion of interest in privatization within the public policy community. The term "privatization" first began to be used in this country in the middle 1970s by the Local Government Center (L.G.C.), now a division of the Reason Foundation. A major purpose in setting up the L.G.C. was to study the then-spontaneous development of privatization in California and elsewhere. The privatization phenomenon was largely in response to the taxpayer discontent that led to such tax limitation measures as California's Proposition 13 and Massachussetts' Proposition 2 1/2.

Other research organizations also began to take note of the experiments occurring in state and local governments. The Urban Institute, for example, documented privatization as one of several "alternative service delivery" approaches appearing in Massachusetts after Proposition 2 1/2.

Although privatization did not receive a high priority during Ronald Reagan's first term, several centers of interest developed within the bureaucracy. These included the Office of Territorial and International Affairs in the Department of Interior; the National Institute of Justice and the Office of Juvenile Justice Planning and Delinquency Prevention in the Department of Justice; the Urban Mass Transportation Administration and its Office of Private Sector Initiatives in the Department of Transportation; and the Agency for International Development. Another major example was in a former bastion of big government—the Department of Housing and Urban Development, through the efforts of then Assistant Secretary for Policy Development and Research, E. S. Savas.

Other research organizations in the United States also began to investigate privatization from a variety of perspectives and approaches. Among these were The Heritage Foundation, Cato Institute, Pacific Institute, National Center for Policy Analysis, and Manhattan Institute. A highly influential British think tank, the Adam Smith Institute, even opened a U.S. office to apply successful privatization models developed in Britain to the United States.

Other local and regional think tanks began to study privatization techniques, including the Council on Municipal Performance (COMP) in New York, the Heartland Institute in Chicago, the Hubert H. Humphrey Institute at the University of Minnesota, the Center for the Study of Market Alternatives in Idaho, the Political Economy Research Center in Montana, and the Texas Research League.

Specialization set in when the Law and Economics Center at the University of Miami began to study legal barriers to privatization. The Alpha Center for Public-Private Initiatives, which has offices in Minneapolis and New York City, was founded exclusively to promote private provision of social services by for-profit firms.

The Reagan Administration and Congress briefly threw open the window to infrastructure privatization with dramatic tax incentives in 1981, such as new depreciation schedules, tax-exempt bond funding, and investment tax credits. Unfortunately, these incentives have been gradually eroded since then. Still, a number of engineering, financial, and legal firms have developed programs to help solve America's infrastructure crisis. Partly in reaction to the reduction of many tax incentives, some of these firms last year formed the research-oriented Privatization Council and an industry lobbying group—the Coalition of Americans for Privatization.

Over the last few years, the number of conferences with privatization as a focus has begun to grow. Among the major firms that have sponsored privatization of infrastructure conferences are Touche Ross, Arthur Young, and Signal Environmental Systems. National privatization conferences have been held or co-sponsored by the Urban Mass Transportation Administration, American Society for Public Administration, International City Management Association (I.C.M.A.), National Association of Regional Councils, Council of State Governments, and the Agency for International Development.

A growing number of books and newsletters on this subject reflect the increasing interest in privatization. Robert Poole's *Cutting Back City Hall* (1980) was followed by E. S. Savas's *Privatizing the Public Sector* (1982). Another early but lesser known effort was James T. Bennett and Manuel H. Johnson's *Better Government at Half the Price* (1981). An excellent overview was provided by Harry Hatry's *Private Approaches for Delivery of Public Services* (1983). These books, along with some significant articles and reports, helped to create the market for recent nuts-and-bolts books such as *Contracting Municipal Services*, published by COMP; *Rethinking Local Services*, published by the I.C.M.A.; *The Privatization Book* (infrastructure privatization), published by Arthur Young; *This Way Up* (analyzing seven specific services), published by Regnery Gateway; and *Privatizing Federal Spending* by Stuart Butler, published by Universe Books.

There are currently three national newsletters on privatization—*Fiscal Watchdog*, published by the Reason Foundation's Local Government Center; *The Privatization Report*, published by COMP; and *Private Solutions*, published by the National Center for Privatization. There is also a quarterly journal, *The Privatization Review*, published by the Privatization Council. It is also of some significance that the L.G.C. operates two privatization data bases listing hundreds of companies that provide public services and tens of thousands of jurisdictions that have privatized up to 70 services using 14 different methods.

Philip E. Fixler *and* Robert W. Poole, Jr.

Francisco and surrounding jurisdictions to analyze budgets and perform management audits, personnel classification studies, and salary surveys.

One of the most vexing problems of local government is graffiti. But, again, spontaneously rising out of the private sector was a tenacious team of fraternal entrepreneurs, Tim and Michael Sullivan of Los Angeles, founders of Graffiti Removal, Inc. The Sullivan brothers have won a number of contracts with small and large southern California jurisdictions, including the city of Long Beach. They have proved that free enterprise graffiti removal is not an off-the-wall idea.

Prisons for Profit

Unquestionably it is the application of privatization to the nation's criminal justice system that has attracted the most attention. One of the first to enter this field was Ted Nissen, a former California Department of Corrections employee who got so fed up with bureaucracy that he formed his own private organization to provide corrections services. Nissen, who has a dynamic personality much like that of Ted Turner, began operating private halfway houses and work-furlough centers. His company, Behavioral Systems Southwest, then obtained contracts to operate minimum-security detention facilities for the Immigration and Naturalization Service. One of Nissen's most recent endeavors is building jails in Brazil. Nissen's firm is now providing a full range of corrections services, including design, construction, and operation of correctional facilities.

While Nissen was one of the first, the biggest for-profit corrections firm to date is Corrections Corporation of America (C.C.A.). Headed by former Tennessee legislator Thomas Beasley, an attorney and former management consultant, C.C.A. has recruited several top public prison officials for its management team, including vice president Don Hutto, former head of the Virginia and Arkansas prison systems and current president of the American Corrections Association. C.C.A. has already locked up several contracts to operate county prisons, including Hamilton County, Tennessee, and Bay County, Florida, and has proposed taking over the operation of the entire Tennessee prison system.

Another private prison company is Buckingham Security, Ltd. of Lewisburg, Pennsylvania. Buckingham is headed by former federal prison warden Charles Fenton, who attracted much media attention with his proposal for a maximum-security prison in Pennsylvania to reduce the enormous cost of detaining protective-custody inmates in state institutions on the East Coast. Fenton has also proposed an equivalent in Idaho. Unfortunately, opposition from public employee unions has so far put the idea on ice. Nonetheless, Buckingham has secured its first contract to operate a county jail in Butler County, Pennsylvania.

Over the last several decades, major corporations have entered the field of providing basic public services: solid waste collection (Waste Management Inc.), support services (Xerox), and health services (American Medical International). Now, because of a briefly opened window of opportunity in 1981 and the evaporation of federal grants for wastewater treatment projects and other public works, some firms have begun providing privatized infrastructure projects.

California-based Signal Companies formed a subsidiary several years ago, Signal Environmental Services (S.E.S.) of Hampton, New Hampshire, to develop huge resource-recovery projects for local governments unable to develop additional landfill capacity. S.E.S., headed by former New York Lieutenant Governor Alfred DelBello, offers comprehensive privatization services, including design, construction, financing, operation, and even ownership of waste-to-energy "mass burn" resource-recovery plants. S.E.S. has recently formed a special subsidiary to provide other municipal services.

The federal government has yet to heed the lesson learned by many state and local governments: privatization can lead to significant cost savings.

One of the nation's largest engineering firms, the Parsons Corporation, recently formed Parsons Municipal Services to operate the nation's first privatized wastewater treatment reclamation plant for Chandler, Arizona. Parsons's other operating subsidiaries will design and construct the Chandler facility. Parsons presently has a contract to build, own, and operate the largest wastewater treatment project planned so far in Jefferson Parish, Louisiana. It also has a contract to develop a water conservation plan for California's Imperial Irrigation District and to help it dispose of surplus water to other thirsty California jurisdictions.

The giant Wackenhut Corporation is one of the nation's leading private suppliers of public services. Headed by founder George Wackenhut, a former F.B.I. agent, Wackenhut seeks to provide comprehensive correctional services, including turnkey provision (and thereafter operation) of county, state, and federal correctional facilities. Wackenhut also supplies other public services, including fire protection and police support services such as public buildings security and patrol of public parks and housing projects. Many federal courts are using Wackenhut security personnel as deputy U.S. marshals and bailiffs.

Several of the nation's leading financial firms, including E. F. Hutton and Arthur Young, have also stepped into the privatization arena. E. F. Hutton began its involvement in facilitating privatization financing packages by putting together a lease-purchase package for a desperately needed new jail in Jefferson County, Colorado, and subsequently took part in the Chandler, Arizona wastewater-treatment plant project. Arthur Young, one of the nation's top accounting firms, has co-sponsored privatization conferences around the nation. The company has published *The Pri-*

vatization Book as well as a report on privatization for the National League of Cities Policy Leaders' Program.

Outgunning the Critics

As privatization becomes more widespread, the debate over its value has heated up. The American Federation of State, County, and Municipal Employees has published two books citing examples of alleged privatization failures. But proponents of contracting out have a far larger arsenal of success stories. Privatization advocates also argue that most of the examples of contracting-out failures are generally due to easily correctable flaws in the bidding process, such as not requiring detailed bid specifications and police background checks of bidders.

The factor that ultimately tips the balance of the debate in favor of contracting out is that every single comprehensive, quantitative, non-anecdotal study comparing in-house versus contracted delivery of public services has shown that private provision is less costly than public provision. And when an assessment of service quality is included in the study, there is no significant difference. These studies include a 1975-76 National Science Foundation study of solid waste collection; a 1983 study of solid waste collection in Canada by researchers at the University of Victoria; a study by the respected Institute for Local Self-Government of public versus private fire protection in four Arizona cities; a study by researchers at Ball State University of school bus transportation in Indiana; a study by University of California/Irvine, researchers of privately owned and managed bus systems; and a study by the Office of Federal Procurement of data processing, food services, audio-visual services, and other support activities.

One of the most recent scientific research studies was a 1983 project funded by the U.S. Department of Housing and Urban Development. It compared in-house versus contractor delivery of eight local services in southern California. The study found that for seven of the eight services (comparing 20 different cities for each service, 10 with in-house provision and 10 with contractor provision), service provision was 37 percent to 96 percent more costly when provided by government—with no significant difference in quality.

If nothing else, the steady growth of privatization among America's local governments confirms its value. Nationwide surveys in 1973 by the Advisory Commission on Intergovernmental Relations and in 1982 by the International City Management Association (I.C.M.A.) indicated that America's cities and counties are increasingly turning to privatization. From 1973 to 1982, the contracting out of legal services increased by 320 percent; ambulance services, 82 percent; garbage disposal, 139 percent; street repair, 60 percent; record keeping, 3,644 percent; and park maintenance, 2,740 percent.

According to the 1982 I.C.M.A. survey, 35 percent of local governments responding contracted out for residential garbage collection and 44 percent for commercial garbage collection; 42 percent for the operation and maintenance of their bus systems; 80 percent for vehicle towing and storage; 35 percent for the operation of day care facilities; and 30 percent for the management and operation of hospitals.

A major threat to continued privatization is tax reform legislation currently in Congress. The bill would slam the window shut on the privatization of infrastructure projects by eliminating or drastically reducing the remaining tax incentives.

State governments are also getting in the way of the privatization revolution. In some cases, contracting out for certain services is banned outright. California, for instance, does not permit its counties to contract out for janitorial services at centrally located sites. Many states also impose unreasonable restrictions on privatization by limiting the length of contracts or requiring pay scales equivalent to those of state employees.

The Next Wave

Urban transit is one of the most promising areas for future privatization. Excellent groundwork has already been laid due to the efforts of Ralph Stanley of the Urban Mass Transportation Administration. And a report issued by the Federal Trade Commission in 1984 strongly supported taxi deregulation and legalization of jitneys. Nonetheless, a state-by-state effort is needed to fully deregulate all forms of urban transit. Arizona leads the nation in this effort due to its comprehensive deregulation of transportation in 1982.

Assuming the defeat of the anti-privatization provisions in tax reform legislation, the future for large scale infrastructure projects appears particularly bright. With huge firms such as the Parsons Corporation and Metcalf and Eddy in the water and wastewater treatment area, the efficiency and cost effectiveness of infrastructure privatization will continue to be demonstrated.

Other dimensions of America's infrastructure, such as highways and bridges, could also have a bright privatization future. The value of user charges for bridge construction, operation, and maintenance is unquestionable. Companies such as Illinois-based Build-a-Bridge are prepared to identify the private capital to build and rehabilitate America's bridges. The next wave of infrastructure privatization could address one of America's most severe problems—highway and road rehabilitation and new construction. The efficacy of applying privatization to roads and highways will certainly be advanced by a conference on private sector contributions to the financing and provision of roads sponsored by the prestigious Transportation Research Board to be held in the summer of 1986.

For the privatization revolution to continue, there must be limits on spending at all levels of government. Proposition 13 in California and Proposition 2 1/2 in Massachusetts decisively demonstrated the economic development possible from limiting the size and scope of government. Local governments were forced to consider innovative public policy measures to cope with these spending limits—including privatization. The same beneficial results should occur with the full implementation of Gramm-Rudman-Hollings at the federal level, or failing that, a constitutional amendment to balance the budget. ☎

DEPARTMENT OF DISINFORMATION

SNAKE OIL SALESMEN

WERNER MEYER

Now that gasoline prices are down to around 85 cents a gallon, it's worth taking a look at the predictions of energy crisis-mongers in the late 1970s and early 1980s. Usually these predictions were accompanied by calls for bigger government—rationing of energy, continued price controls, nationalization of the oil industry. In the mid-1970s, Vice President Nelson Rockefeller used the threat of a permanent energy crisis to justify a $100 billion energy independence program. The energy situation was thought to be so dire by the time Jimmy Carter entered the White House that he proposed a 10-year program to develop synfuels and solar power that he boasted would cost more than the moonshot, the Marshall Plan, and the Interstate Highway System combined.

But government was not the answer; allowing markets to work better was. The crisis-mongers ignored the impact that high oil prices would have in encouraging more efficient use of energy as well as production from new sources. They mispredicted the effects of the decontrol of oil prices that was begun by President Carter and was hastened by President Reagan after his inauguration.

Thanks to the smoother working of market forces, the price of oil, which had risen from $28.91 a barrel at the end of 1979 to $39 by February 1981, stood at $16 in late May 1986. The cost of a gallon of unleaded gasoline fell from $1.41 in February 1981 to 89 cents this past May.

In 1979, the United States imported 8.5 million barrels per day. By 1985, that figure was down to 5.5 million barrels per day.

In 1979, the United States produced 8.6 million barrels per day. Amid cries of declining domestic production, the oil industry extracted 8.9 million barrels daily in 1985.

In 1979, the 24 nations of the Organization of Economic Cooperation and Development (the leading Western economies) consumed 41.6 million barrels of oil per day. In 1985, in the midst of world economic recovery, the O.E.C.D. nations consumed 34.2 million barrels per day.

This is what happened. But here is what the crisis-mongers (and government aggrandizers) were saying. Their forecasts should be remembered the next time soothsayers tell us that the sky is going to fall unless larger government props it up.

Even with decontrol of oil prices, we can see a 30 percent to 40 percent decline in domestic oil production.
Daniel Yergin
Sierra
July/August 1979

All available evidence points to a serious risk of a serious energy crisis in the middle or late 1980s . . . Putting it simply, there is the very great likelihood of a major world depression.
Ulf Lantzke
Executive Director, International Energy Agency
The New Republic
February 25, 1978

We're heading into a world of considerably higher prices. There will be a major impact on housing by 1983, and I'd be surprised if gasoline is less than $2 per gallon plus whatever inflation adds.
Kenneth Arrow
Professor of Economics, Stanford University
Forbes
February 4, 1980

It's obvious that gasoline could reach at least $2 a gallon after decontrol.
Representative John Dingell (D-MI)
Chairman, Subcommittee on Energy and Power
Forbes
December 10, 1979

Irreversible physical shortfalls in supplies may take place as early as 1988. [The result] is likely to push market prices to levels three or four times the current one.
Sheik Ahmed Zaki Yamani
Saudi Arabian Oil Minister
New York Times
June 21, 1979

World oil prices have only one way to go in the next decade—up, and probably sharply so.
John Mattill
Editor, *Technology Review*
December/January 1980

WERNER MEYER *is executive editor of the* Dartmouth Review.

It would be prudent for any American contemplating the purchase of a new car to assume that gas will cost $2 per gallon within a few years and $3 per gallon during the vehicle's lifetime.
Lester Brown
Worldwatch Institute
Bulletin of Atomic Scientists
March 1980

During 1980 and 1981, for each barrel of oil newly produced as a result of decontrol, the cost to the U.S. economy could range from at least $56 per barrel under the most optimistic assumptions, to about $870 per barrel under assumptions which many experts believe are realistic . . . Thus even if decontrol does in fact stimulate a few extra barrels of oil, the total cost to the economy of those few barrels is so high as to make decontrol the most nonsensical, irresponsible, and expensive energy supply strategy imaginable.
Energy Action
March 24, 1979

What we face in the middle 1980s is a notional worldwide shortage of about 5 million barrels of oil a day.
James Schlesinger
Secretary of Energy
U.S. News and World Report
July 10, 1978

U.S. imports will run some 10 million barrels per day in 1980 and could reach 12 to 15 million barrels per day in 1985.
Central Intelligence Agency
The International Energy Situation: Outlook to 1985
April 1977

Ronald Reagan brushed aside energy issues during the campaign, insisting that shortages could be overcome by unleashing private enterprise. But not even his most fervent supporters in the energy business share that optimism. Virtually all private forecasts predict declining domestic oil production and liquid fuel shortages in the next decade.
New York Times
November 14, 1980

There is a dwindling supply of energy sources. The prices are going to rise in the future no matter who is President, no matter which party occupies the administration in Washington, no matter what we do.
President Jimmy Carter
March 31, 1979

A government role is crucial if the United States is to reduce its energy vulnerability . . . At present rates of exploitation, the United States will exhaust its own petroleum reserves in about 10 years . . . The only long-term solution to the liquid fuel problem is the production of substitutes.
Alan Madian
Foreign Policy
Summer 1979

[Because of decontrol] the administration has placed the American economy, competition in the oil industry, and the public at the mercy of a handful of international oil companies and OPEC.
Ed Rothschild
Director, Energy Action
January 5, 1980

Decontrol would cause a political storm because prices would immediately rise. Some experts warn that gasoline prices would soar to $2 a gallon.
Marshall Loeb
Time
July 9, 1979

Any surplus production capacity that individual OPEC countries may have developed in recent years will almost certainly vanish by the mid-1980s, perhaps sooner . . . In 1990 prices, adjusted for future inflation, oil could be selling for $42 to $55 a barrel.
U.S. Department of Energy
National Energy Plan II
May 1979

The day when a tankful of gasoline costs $50 is probably not far off.
Lester Brown
Worldwatch Institute
Bulletin of Atomic Scientists
March 1980

Because of payments for the oil, we face a possible banking collapse, and a serious depression.
Senator Jacob Javits (R-NY)
The Atlantic
December 1978

The present oil shortage looks like the start of a long siege. While the demand for oil keeps growing as world population and economies expand, supply slows and it is difficult to see where large amounts of additional oil will come from in the next several years.
Leonard Silk
New York Times
June 29, 1979

Despite a boom in oil exploration and drilling, U.S. crude oil production seems likely to continue its long-term decline, and at rates sharper than even some pessimists had predicted.
Wall Street Journal
July 8, 1980

It is obvious to anyone that looks at it [the oil crisis] that we've got a problem that's serious now. It's going to get more serious in the future. We're going to have less oil; we're going to have to pay more for it. Those are the facts. They are unpleasant facts. And so far, the American people . . . have refused to accept that simple fact.
President Jimmy Carter
May 25, 1979.

Photo courtesy of the American Petroleum Institute

Gas prices, 1986: A far cry from Lester Brown's $2-a-gallon prediction.

An already serious energy problem has now become an energy emergency, an emergency that will persist throughout the entire 1980s.
Robert Stobaugh and Daniel Yergin
Foreign Affairs
vol. 58, no. 3
1979

Mr. President, I believe we will see $1.50 gas this spring, and maybe before. And it is just a matter of time until the oil companies and their associates, the OPEC nations, will be driving gasoline pump prices up to $2 a gallon.
Senator Howard Metzenbaum (D-OH)
January 29, 1981

Estimating $1.50 [per gallon of gas] is totally, totally optimistic.
Dan Lundberg
Gasoline price specialist
New York Times
February 27, 1980

One thing is for certain: prices will continue to rise. We're dealing with a scarce, finite commodity, one that will be running out in a couple of decades. Traditional criteria of supply and demand don't apply.
Charles W. Duncan
Secretary of Energy
U.S. News and World Report
February 25, 1980

We're going to be on the ragged edge for years.
Clifton C. Garvin, Jr.
Chairman, Exxon Corp.
Business Week
December 24, 1979

With oil, surprises or changes can only go one way: against us.
Paul Frankel
Petroleum Economics, Ltd.
Dun's Review
April 1980

The price of oil now seems firmly locked into a steep upward spiral for the foreseeable future.
Business Week
December 31, 1979

At present rates of consumption, America's oil and gas will be gone within a decade.
Newsweek
July 16, 1979

Without rationing, gasoline will soon go to $3 a gallon.
Senator Dale Bumpers (D-AR)
U.S. News and World Report
July 9, 1979

In moving towards 1990, the industrialized countries will be walking an "oil tightrope."
International Energy Agency
Energy Conservation
1981

Because of this estimated decline in future oil production, estimated oil imports in 1985 have risen from 6 [million] to 11 million barrels per day.
Daniel White
Professor of Finance, Georgia State University
Business
May/June 1979

Certainly any hopes of increasing domestic output or even holding production steady at the current 8.6 million barrels a day are fading fast.
Wall Street Journal
July 8, 1980

A conservative assessment would project the non-Communist world's oil consumption as likely to advance from 51 million barrels daily in 1977 to 62 million per day in 1985.
Walter J. Levy
Oil consultant
New York Times
January 4, 1979

But as we enter the 1980s, there is every reason to believe that the market will get tighter.
Richard N. Cooper
Undersecretary for Economic Affairs
Department of State Bulletin
February 1978

Most industry observers, however, believe that this time OPEC will be successful in keeping oil prices from falling.
Business Week
December 31, 1979

Between 1979 and 1985, increasing world demand and stagnating oil production in the major consuming countries will result in increased reliance on OPEC oil. By 1985, we estimate that demand for OPEC oil will reach 47 [million] to 51 million barrels per day.
Central Intelligence Agency
The International Energy Situation: Outlook to 1985
April 1977

America's oil system must be *nationalized* as are those of Libya, Nigeria, Mexico, and Venezuela. Since there is no free market in oil, it is idle to pretend otherwise. There is no way a nationalized industry can damage or endanger us more than the present monopolistic structure.
Glyn Jones
New York Times
October 2, 1979

Almost inevitably, therefore, OPEC's management of the world's oil supply will keep the world economy teetering on the brink of recession.
Business Week
October 29, 1979

It now costs about $20 to fill the tank of a standard American car; five years ago it cost less than $10, and five years hence it is likely to be $50.
Worldwatch Institute
"The Future of the Automobile in an Oil-Short World"
1979

Responses that might have been sufficient between 1974 and 1979 no longer suffice; today the United States and all the world's importers are caught in an acute and lasting energy emergency.
Robert Stobaugh and Daniel Yergin
Foreign Affairs
vol. 58, no. 3
1979

The tragic failure of U.S. energy planning is that it has doggedly promulgated futile market-oriented solutions to energy problems.
Carter Henderson
Bulletin of Atomic Scientists
December 1978

Rationing is the fairest and most certain way to deal immediately with this country's oil shortage.
Senator Dale Bumpers (D-AR)
U.S. News and World Report
July 9, 1979

We must adopt a system of gasoline rationing without delay . . . in a way that demands a fair sacrifice from all Americans.
Senator Edward Kennedy (D-MA)
New York Times
January 28, 1980

I believe that decontrol as a cure will prove to be worse than the disease of oil addiction.
Representative Edward Markey (D-MA)
New York Times
January 9, 1981

The price mechanism must be supplemented . . . by governmental action and guidelines encouraging or requiring conservation of oil . . . It is not sufficient to rely exclusively on the price mechanism.
Richard N. Cooper
Under Secretary for Economic Affairs
Department of State Bulletin
December 1980

There isn't any question that we will have to shortly undertake a program of allocation.
Senator Henry Jackson (D-WA)
Chairman, Senate Energy Committee
New York Times
February 12, 1979

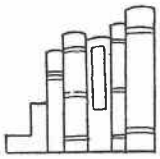
A Democratic energy policy must oppose the decontrol of gas and oil prices.
Senator Edward Kennedy (D-MA)
New York Times
June 26, 1980

Last week President Reagan issued an Executive Order lifting price controls on domestic oil and gasoline . . . Energy prices in Massachusetts alone will escalate by 33 percent—the average household paying as much to heat itself as it does in Government taxes.
Representative Nick Mavroules (D-MA)
February 5, 1981

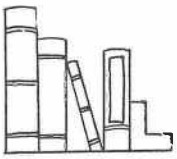
The oil supply problem is likely to get worse later in the 1980s.
Central Intelligence Agency
The World Oil Market in the Years Ahead
August 1979

A crunch may be coming, and soon . . . The [Energy Department] agency says production will still be higher than it would have been without decontrol, but it now officially projects that output will sag to about eight million barrels daily in 1985. And nearly everybody else calls those official figures still too high. Exxon Corp. forecasts U.S. production in 1985 at about 7.9 million barrels a day, with a drop to 6.1 million by 1990.
Wall Street Journal
July 8, 1980

I think it [OPEC] has now become such an institutionalized structure that it would be very doubtful that anyone could break it down.
President Jimmy Carter
New York Times
February 11, 1979



BOOK REVIEWS



Judicial Activism on the Right

Takings: Private Property and the Power of Eminent Domain *by Richard Epstein (Cambridge, Massachusetts: Harvard University Press, $25).*

The Federal Courts: Crisis and Reform *by Richard Posner (Cambridge, Massachusetts: Harvard University Press, $25).*

Reviewed by Jeremy Rabkin

"I hate justice," said Oliver Wendell Holmes. He had a good point. Although he himself was not very fastidious about precedents, Holmes was appalled at the notion that judges might overturn established legal arrangements simply on the basis of abstract, philosophic appeals. In this sense, Holmes preferred the order of the law to fanciful emotional appeals to "justice"—and this long before anyone identified justice with forced busing and reverse discrimination.

Holmes's debunking wit made him a hero to liberals in an era when a doctrinaire jurisprudence threatened popular liberal policy schemes. Now that judicial activism is so much the preserve of liberal judges, it is conservatives who are more likely to embrace Holmesian skepticism. The Holmesian camp probably gathers a new wave of adherents every time the law reviews publish yet another refinement of the argument for justice as "equal concern and respect." Judge Robert Bork no doubt voiced the prevailing view among contemporary conservatives when he complained that "leading legal academics" are too "absorbed with . . . the endless exploration of abstract philosophical principles. One would suppose we can decide nothing unless we first settle the basis of political obligation . . . the nature of the just society and the like."

It is hard to quarrel with Bork's charge that abstract theories have wreaked havoc on constitutional jurisprudence in recent decades. And it is certainly tempting to respond by telling the theorists to shut up, admonishing the judges not to listen and urging everyone back to the tried and true paths of our tradition. Conservatives may find this a particularly tempting response, for at least since Edmund Burke, conservatives have been taught to recoil from abstract theorizing. Still, most educated people feel some unease if they have no better response to a moral argument than "that's out of order" or "I won't listen." In themselves, appeals to "tradition" don't provide much solid footing on which to dig in against ideological assaults. They are, in any case, much more effective in forestalling revolutions than in recovering from them.

American jurisprudence has already gone through an entire series of revolutionary changes—that is, after all, why conservatives are so aroused against the courts these days. Where then shall we pick up the thread of "the tradition" again? Should we turn back the clock to 1972, when the Supreme Court had not yet proclaimed the right to abortion but had already asserted the rights to enjoy school busing and pornography and the right to be protected from voluntary prayer in the schools? Should we go back to 1960, when none of these rights had yet been invented but the Court had already washed its hands of constitutional protections for federalism and property rights? Or back to 1920, when the Court was still vigilant on behalf of property and states' rights but had not yet recognized any constitutional objection to racial segregation? Any of these choices—and a hundred others—would be immensely controversial today and none can be defended with brute appeals to the way things used to be.

Original Sins

Nor is it much help to appeal to "original intent," as if historical records could spare us the burden of theoretical argument. Do the champions of original intent mean to appeal to the well documented intention of the framers of the "equal protection" clause to sanction racial segregation? Do they mean to appeal to the intent of those framers of the First Amendment who supported the 1798 Sedition Act, making a criminal offense to publish any "false, scandalous, and malicious writing . . . with intent to defame the government" or "bring the President or Congress into disrepute"? If that is not what the advocates of "original intent" mean, then they are stuck with the challenge of explaining why "equal protection" or "freedom of speech" should be interpreted to mean something else. Bombast and flimflam are certainly not unknown to judicial opinions. But it is hard to establish major changes—even major restorations—in the law without real arguments to stand on. Sweeping changes come only through sweeping arguments.

Conservatives who dislike the direction of constitutional jurisprudence in recent decades should be pleased, then, that legal theorizing has started to appear on the right. The writings of Richard Epstein and Richard Posner are two of the most impressive and influential exemplars of this trend.

JEREMY RABKIN *is an assistant professor of government at Cornell University.*

Illustration by Karen Portik for *Policy Review.*

The two have a great deal in common. Epstein teaches at the University of Chicago Law School, where Posner taught for many years until his appointment to the Seventh Circuit Court of Appeals by President Reagan. Epstein edits the *Journal of Legal Studies,* a lively and unusually readable journal that was actually founded by Posner and has provided an outlet for many of his articles over the years. Both scholars are broadly interested in law and economics and both have spent most of their careers thinking and writing about the sorts of private law disputes where economic reasoning seems most appropriate.

Their recent books, *Takings: Private Property and the Power of Eminent Domain* by Richard Epstein and *The Federal Courts: Crisis and Reform* by Richard Posner, display the intellectual force and clarity that can be gained by stepping away from contemporary doctrinal wrangling and taking a fresh overview of our constitutional order. But some conservatives may feel that their common preoccupation with economic arrangements reflects a disturbing narrowing of constitutional perspective. Still, these books are very instructive; beyond their other merits, they illustrate the way in which a similar sort of hard-headedness about property and politics may yield rather different constitutional conclusions.

Protecting Property

Of the two writers, Epstein is by far the more committed ideologue—which I do not mean in an entirely unflattering sense. The dustjacket for *Takings* promises a daring attack on the constitutional underpinnings of the New Deal. Perhaps that is the most daring attack the Harvard University Press can conceive. Fortified by his rigorous first principles, Epstein is actually prepared to go very much further than that. Epstein believes that virtually any government assistance for the poor or disabled is, in principle, wrong and should be impermissible under a correct reading of the Constitution. Calvin Coolidge's modest program of subsidizing milk for expectant mothers is over the line, quite as clearly as anything proposed by Franklin Roosevelt.

While arguing that the poor and disabled should be denied government aid, Epstein maintains that business corporations deserve full compensation for the costs of complying with a whole range of government regulations—those that can survive Epstein's rather severe constitutional limits on permissible regulation. From Epstein's perspective, the Supreme Court did not just run off the rails in 1937. It has been sliding away from the true faith since 1798, the date of *Calder v. Bull.* Epstein allows that it may now take a bit of time for courts to set things right, but he wants the correct principles acknowledged.

His argument is not so preposterous as it sounds. *Takings* purports to be an exposition of the Fifth Amendment prohibition on the taking of "private property for public use without just compensation." But actually the clause serves a largely symbolic or rhetorical purpose, so Epstein does not, for example, waste much time considering whether the clause should apply only to the federal government (as Chief Justice Marshall held) or also apply in full to state and local governments (as courts in this century have held). Other clauses can serve equally well for his purposes, for he sees many constitutional limitations as serving the theory of limited government. Epstein's purpose is to reconstruct the underlying logic of private property and this he does by appealing to the common law doctrines developed in private disputes. He starts by assuming that government has no more claim on private property than any private person would have on the property of another and then proceeds to demand rigorous justification for allowing special powers to government.

Epstein is not a crackpot libertarian. He acknowledges that there will be endless problems with "holdouts" and "free riders" if every act or power of government must rest

on voluntary personal agreement or universal consent. So Epstein has no quarrel with imposing taxes or legal limitations on everyone, including the minority that would prefer not to abide them. But he insists that such "forced exchanges" can only be justified when they leave each person better off than he was before—or compensate him in full for his losses. Each person is therefore entitled to ask, every time government takes his property or limits what he can do with his property, "What's in it for me?"

In Step with Locke

This is certainly the spirit of Locke's teaching that "the reason why men enter into political society is the preservation of their property." But Epstein pursues the implications in rigorous detail. Thus he argues that most zoning regulation involves unjust taking, because it limits the individual property holder's freedom to do what he likes with his own property, simply for the benefit of his neighbors.

From Epstein's perspective, the Supreme Court did not just run off the rails in 1937. It has been sliding away from the true course since 1798, the date of *Calder v. Bull.*

Similarly, he questions the constitutional validity of labor legislation because it takes some of the employer's property rights—his right to grant or withhold access to his plant, his right to hire and fire as he chooses—with no clear benefit to the employer and with no compensation for the loss. Though Epstein does not say so, the same argument would show that laws against racial discrimination in private employment are also improper. He does not, however, shrink from pursuing the argument against welfare measures, which he views as direct transfers of property from taxpayers to recipients, with no compensating benefit for the taxpayer. He rejects the argument that welfare schemes help secure property from revolutionary violence: taxpayers, he coolly notes, have already paid the cost of police forces and armies to secure that benefit.

The logic of the whole argument is that governmental power must be limited to truly public purposes—purposes that benefit everybody—and restrained from engaging in mere redistributive measures. This is certainly one of the central historic principles of limited government, as embraced by Locke and the American founders and adumbrated by 19th century jurists like Thomas Cooley. But almost no one pursued the argument so rigorously as Epstein does. And that is because earlier theorists of limited government were more sensitive to the weaknesses or vulnerabilities in the argument.

The traditional argument assumed that most uses of private property would be consistent with the public good, so the laws would not have to curtail property rights very often. Epstein tries to prevent continual new appeals to the public good—even in the sense of promoting economic growth—by insisting that the rules defining the rights of property have their own logic and consistency, which need not and should not be reevaluated with an eye to their social consequences from case to case.

But Epstein himself concedes that it is sometimes appropriate for government to limit property rights in the public interest. For example, he defends several long-established devices for limiting the right of adjacent property holders to collect damages from productive enterprises that technically invade neighboring properties—say by noise, dust, or fumes—when the harms are minimal and would be extremely costly to prevent. Epstein offers a number of formulas to confine such exceptions to marginal cases. But the formulas usually depend on disputable factual claims about social consequences (great benefits or small losses to property holders) or debatable assumptions about distributive effects (widely shared gains). Skeptics are bound to feel that the formal logic of property does in these cases bow to the judge's sense of convenience.

The second vulnerability of Epstein's argument is more fundamental—or at least it may raise more fundamental doubts among cultural conservatives. Epstein notes that 19th century jurists regarded regulation of "public morals" (prohibitions on such vices as gambling, prostitution, hard drinking, and so on) as a necessary aspect of governmental "police powers," quite compatible with the theory of limited government. Epstein does not pursue the point except to note that "such restrictions express a moral consensus about activities that are unworthy in themselves even if they cause no harm to others" and "in principle one could argue that the notion of private property is designed to exclude just those judgments about the conduct of others . . . " It may seem churlish to fault Epstein for not giving more attention to moral regulation in a book that is, after all, about property and economic regulation. But placing "public morals" in a separate compartment, as he does, allows Epstein to sidestep some of the most revealing ambiguities in his theory of limited government.

Surely the real objection to prostitution, for example, is not that it is worthless or "unworthy"—this might be said of movie fan magazines or gossip columns—but positively degrading. And in Epstein's own terms, one can argue that the laws against prostitution do provide important compensation-in-kind for the restriction of "property rights" they impose. In return for these restraints on the right to dispose of their property in their own bodies, the law gives people self-respect, or a share in the higher dignity this restraint fosters for women in general.

One can make a similar argument about welfare programs, which provide taxpayers the psychic gratification of charitable giving. In effect, the state takes some property from taxpayers in return for the assurance that the money will indeed be effective in relieving suffering, because each taxpayer's contribution will be tied to the contributions of innumerable others. That this is not a negligible compensation is suggested by the common resort to "challenge grants" in private charity, where a donor will offer a large sum only on the condition that other contributors will

match it. For the same reason, most people do indeed seem to consent to taxes to assist the deserving poor, at levels beyond what they would give to poor relief in private charity. And this is probably a good part of the reason that 19th century courts did not object to government charity of various kinds.

Such examples can, of course, be easily multiplied and the reasoning widely extended. The examples or the reasoning will seem more or less plausible depending on one's willingness to grant that the majority is entitled to define for the dissenting minority what sorts of compensating psychic satisfactions are as "valuable" as the property taken to support them. There is obviously the risk of a slippery slope in this. But it is not possible for Epstein to cut off this whole line of reasoning from the outset.

His own account of the foundations of government supposes that the majority has the initial right to impose taxes and restraints on would-be holdouts on the ground that they will be better off under an established government, even if the holdouts don't want to admit this. As every reader of Wild West sagas knows, however, some men honestly feel they have suffered a bad bargain when forced to give up the independent life of adventure in a "forced exchange" for the settled conditions of economic acquisition. Epstein's libertarian rigor cannot finally escape from the truth that government inevitably involves the imposition of some authoritative values.

Efficiency as a Moral Standard

This does not seem to trouble Richard Posner. Where Richard Epstein emphasizes property rights as a guarantee of personal independence, Richard Posner praises free markets precisely for encouraging social discipline and fostering interdependence. Where Epstein is a flinty, uncompromising individualist, Posner has the relaxed attitude of a businessman. Where Epstein grudgingly concedes the propriety of some constraints or "takings" in the interest of the "public good," Posner claims that all the classical conceptions of property are derived from the logic of economic rationality.

In his 1981 volume, *The Economics of Justice*, Posner argued that the pattern of rules and doctrines in 19th century common law reflected the judges' instinctive grasp of what would foster productive efficiency. Posner went so far as to argue that even prohibitions against slavery could be derived from this principle. "The economic reason for giving a worker the right to sell his labor and a woman the right to determine her sexual partners" is that, if "assigned randomly to strangers, these rights would generally be repurchased by the worker and the woman; the costs of rectifying the transaction can be avoided if the right is assigned at the outset to the user who values it most."

Posner defended "wealth maximization" as a moral standard that avoids the "squeamishness" or "fanaticism" of Kantian moral theories, which maintain that adherence to moral norms should never be influenced by social consequences. At the same time, Posner argued, "The wealth maximization principle encourages and rewards the traditional . . . Protestant virtues," whereas rigorous utilitarians—in seeking to maximize "happiness" rather than wealth—"would have to give capacity of enjoyment, self-indulgence, and other hedonistic values at least equal emphasis with diligence and honesty" and would require an "omniscient" state to determine the proper distribution of wealth among diverse individuals.

Posner notes that democracy does not always secure better results and that the American founders were not unqualified enthusiasts of democracy.

Still, it is hard to work up moralistic fervor about efficiency or wealth maximization. Even in *The Economics of Justice*, Posner did not insist that overall wealth maximization is the only legitimate basis for government policies or judicial decisions. He noted, for example, that laws prohibiting discrimination in employment may not promote efficiency, since racial or ethnic stereotypes may reduce "information costs" for employers searching for suitable employees. Government may properly seek to protect individuals from the indignity of racial or ethnic stereotyping, Posner conceded, but then it should not impose affirmative action requirements which are themselves based on racial classifications.

Posner's latest book, *The Federal Courts*, displays a similar combination of intellectual audacity and political caution. A long central chapter urges judges to take a more realistic view of the legislative process. Some statutes, Posner notes, are not designed to serve a wider public interest but simply to secure privileged benefits for a narrow factional interest which somehow gained unusual political bargaining power. Posner says judges should learn to recognize such statutes, not in order to invalidate them on constitutional grounds, but simply to implement the legislative will correctly. In a word, Posner recognizes that it is sometimes useful in a democracy to allow legislative bargains with narrow interests.

While in general Posner does urge judges to be more deferential to the politically accountable branches of government, Posner is not at all moralistic about "democracy" or "law." He notes, sensibly enough, that more democracy does not always secure better results and that the American founders were not unqualified enthusiasts of democracy. He elaborates several reasons why flexible or changing interpretations of law may be useful and notes that the traditional canons of construction inevitably leave large scope for judicial discretion in construing statutes, to say nothing of constitutional provisions. Often the most that can be expected, according to Posner, is that judges will be candid about the actual policy considerations that have guided their legal interpretations—and Posner leaves no doubt that economic efficiency is among the concerns that judges need not be ashamed to acknowledge.

Just as Posner is too respectful of democracy to insist on economic efficiency or legal rectitude at all costs, he is too conscious of the institutional realities of the judiciary to make too much of abstract doctrine. *The Federal Courts* focuses for the most part on the mundane job performance of the contemporary judiciary rather than its controversial constitutional holdings. Posner complains that courts have reached out to so many new issues and have allowed such a crushing caseload to develop, that appellate judges can no longer adequately perform their primary function of clarifying, reconciling, and stabilizing the specific requirements of existing law. He also attacks the sorts of judicial self-indulgence that yield a confusing proliferation of dissenting opinions, nit-picking concurrences, and windy or excessively polemical majority opinions.

Much of Posner's critique illustrates his morally deflating brand of utilitarian thinking. Perhaps it also advertises Posner's temperament, as marking the sort of fellow who would be an accommodating colleague on the Supreme Court. Posner's relaxed view of principles might indeed make him a good balance to the ideological rigor of a Richard Epstein. One justice like Epstein might provide a sobering reminder to contemporary liberals that constitutional moralism is not the exclusive preserve of the left. A justice like Posner could provide an equally important reminder that the contemporary courts' "live and let live" approach to property rights can equally be extended to the shibboleths of civil libertarians. Constitutional debate would certainly be enlivened by two such powerful minds. But I am sure they would do better if joined by a social conservative like Walter Berns, who could make them think harder about why and how limited government may seek to maintain public morals.

Why David Stockman Failed

The Triumph of Politics: Why the Reagan Revolution Failed *by David Stockman (New York; Harper and Row, $21.95).*

Reviewed by *Murray Weidenbaum*

In the 1940s, *Mr. Smith Goes to Washington* was a popular movie in which the central protagonist fought the good fight to promote the public welfare—and won. In the 1970s, an earnest young man from the Michigan farm country went to Washington and tried to follow a somewhat similar script. For a while, it seemed to be working, especially in early 1981 when David Stockman succeeded in putting together an ambitious array of proposed budget cuts. But as described in Stockman's new book, *The Triumph of Politics: Why the Reagan Revolution Failed,* the modern adaptation of the old film classic resulted in a bitter and sardonically humorous chronicle of failure.

An impatient reader might quickly dismiss the book because the title readily flunks any truth-in-labeling requirement. Rather than focusing on Ronald Reagan and his program, *The Triumph of Politics* concentrates on the trials and tribulations of the author. Stockman's self-indulgence is evident at the outset. The first chapter of this volume on the "Reagan Revolution" is devoted to the early life of the budget director, charting his odyssey from self-confessed "soft core" Marxist to true-blue supply-sider. As the Stockman chronicles show, the chameleon-like twists and turns of the early years constitute a pattern that continued into the Reagan Presidency.

The author's description of his subsequent experiences in Washington are fascinating. Nevertheless, the autobiographical nature of the book also contributes to its fundamental shortcoming: it is not an examination of the entire program of Ronald Reagan, but of one key part—the budget. The important achievements of the past five years in other areas are shortchanged.

Stockman devotes only a sentence or two to the great success in subduing escalating double-digit inflation. Giving the credit to Federal Reserve Board chairman Paul Volcker and the Federal Reserve System, he only acknowledges in passing the administration's support of monetary restraint.

In addition, there is no mention of the basic improvement that has occurred in other areas, notably labor-management relations. The President's decisive action in breaking the illegal strike by the air traffic controllers has been followed by an unprecedented period of labor peace. Other factors surely are involved, such as rising import competition. But skipping this entire aspect of government underscores the narrowness of the book.

Much attention is given, quite properly, to the rapid growth in military spending advocated by Secretary of Defense Caspar Weinberger and endorsed by President Reagan. The cost side of the debate is worthy of the attention it receives, but so is the benefit side. Yet the author ignores the obvious increase in the morale of the armed forces (as measured by quality of enlistments and increases in retention), as well as the necessary enhancement in military pay and equipment.

Although regulatory reform was one of the four "pillars" of Reaganomics (along with tax cuts, budget cuts, and monetary restraint), there is no mention of the welcome slowdown in the pace of federal rulemaking, or of the battles involved in achieving that change. Aside from one perfunctory mention of a Cabinet presentation on regulatory review procedures, *The Triumph of Politics* neglects the entire subject of government regulation.

The book is preoccupied with the events of 1981, which was probably the critical period in the Reagan Administration. As a result, the economic environment surrounding the events he covers is that of deep and prolonged recession. Thus Stockman misses the significance of the sub-

MURRAY WEIDENBAUM *is the Mallinckrodt Distinguished University Professor and director of the Center for the Study of American Business at Washington University in St. Louis. He served as the first chairman of President Reagan's Council of Economic Advisers.*

stantial expansion that subsequently took place in the American economy, now extending to a fourth year of economic growth.

On reflection, the reason why Stockman omits the administration's successes is as obvious as why he concentrates on his litany of limitations and failures. He downplays the important achievements of the Reagan Administration because he had little to do with them. Stockman seems to view himself as the central player; he blithely ignores the contributions (positive and negative) of his colleagues in those key areas of public policy in which he was only a member of the supporting cast.

The irony is sad but delicious: the shortcomings and failures of the Reagan Administration occurred primarily in the sector in which the author was a key participant. Thus it becomes clear why page after page of the book is filled with the author's acid memories of bitter frustration and failure. The book is a *mea culpa.*

In contrast, most of the analysis of the Reagan years by others—whether written by Democrats or Republicans—do report both successes and failures. The unprecedented huge deficits in the federal budget and the lamentable fact that federal spending has outpaced the gross national product since 1980, deserve Stockman's condemnation. But the painfully large deficits in the foreign trade accounts of the United States and the resultant pressures for restrictions of international commerce get short shrift.

Achilles Heel of Reaganomics

The President's offhand comment on the Stockman book—"I don't have too much time for fiction"—is a better one-liner than an accurate indication of the book's content. Stockman does deal with the Achilles heel of Reaganomics: the failure to control federal spending. Stockman may be too hard on himself. He did repeatedly present the President with the hard choices on the budget. So did other members of the administration. For his own reasons, Ronald Reagan did not want to face the central challenge of matching the 1981 tax cuts with comparable budget cuts. The fault for the President's failure to act is not Stockman's. Perhaps it was conceited for a two-term congressman to think he could singlehandedly convince the President to do what he considered to be the right thing.

Many parts of *The Triumph of Politics* are truly fascinating. Stockman's vivid and intimate—and often accurate—accounts of those important aspects of Presidential decision-making in which he participated provide the reader with rare insights into the informal and often subjective nature of high-level governmental deliberations.

Stockman also spells out in chapter and verse how some of the noisiest conservatives in Washington were in the front of the line when it came to extracting goodies from the public treasury for their constituents or allies. Why the domination of political concerns in such matters comes as such a surprise to an ex-congressman betrays the author's own naivete and analytical shortcomings. Any reader of the emerging literature on public choice would have anticipated such outcomes. When he states in this connection, "I didn't like joining forces with the congressional politicians at all," this reviewer must question his seriousness.

Nevertheless, it is entertaining and instructive for outsiders to get such an unusually intimate view of how the federal government works, especially at the highest levels of power and influence. In this area, Stockman spares nobody and no detail. Almost everyone he mentions as participating in the decision-making process on the Reagan program—both in the legislative and executive branches

Stockman spells out how some of the noisiest conservatives in Washington were in the front of the line when it came to extracting goodies from the public treasury for their constituents or allies.

and certainly including the author himself—comes out as knavish, incompetent, clownish, inadequate, unattractive, or some combination thereof.

The education of the public in this aspect of civics is certainly valuable. In part, it may offset the criticism that the author has betrayed the confidence that the President placed in him. Yet we should not underestimate the costs that have occurred as a result of the massive leaking of "inside" information by Stockman and others.

On several occasions in 1981, this reviewer remembers the President meeting with his key domestic advisers and, after a very thorough debate, making a decision on an important matter. It is painful to recall that the President then pleaded with this small group of Presidential appointees not to leak the results to the press because he wanted to have the pleasure of announcing the decision. Invariably, within an hour or two, the results appeared in a wire story. Someone had leaked.

But by the second year of the administration, many of the same types of meetings were less satisfying. After hearing out his advisers, the President would refrain from stating his decision, effectively depriving those present of the opportunity to argue with him. The blame for this less satisfactory decision-making process should not be assigned to the President, but to those who betrayed his confidence.

We can only speculate about what further attenuation of the entire process of advising the President will occur because of the massive leaking by David Stockman—both in this book and in the great many earlier instances that he confessed to in its pages. In an earlier administration, critics wrote about the negative psychology of "circling the wagons" around the White House. Will some future administration, preoccupied with avoiding a repetition of the Stockman experience, look back sympathetically because the circle of intimate advisers had narrowed to the dimensions of a broom closet?

There are questions left unanswered in Stockman's memoirs which will provide grist for the professional historians who will write more balanced (but alas far duller) accounts of the Reagan days in the White House. Why did Stockman stay so long after it became clear to him that the President had failed in his attempt to reduce the size of the federal government? ("By 1982, I knew the Reagan Revolution was impossible.") Why did he continue to work in an environment infested apparently with such an unusually high incidence of incompetents and scoundrels? ("What were they talking about? I was not a politician; not one of *them kind*.") Under the circumstances described in this autobiographical work, how seriously can the reader take Stockman's belated assertion that "I was finally beginning to see that raw hunger for power was as important a part of the equation as pure ideas"?

Finally, why is there no mention of honor, integrity, loyalty? ("Now I have to resort to out-and-out subversion.") Were these positive characteristics so totally absent or did the author not notice them? After all, he admits that only months after feeling "no use for Reagan," he climbed aboard the candidate's bandwagon, in the process deserting his mentor, John Anderson, who "would feel betrayed."

Perhaps psychiatrists will have something to add to the chronicles of a gifted and tenacious but punch-drunk veteran of the battle of the budget. In any event, spilling the beans is a literary form that seems to meet the test of the marketplace. To say that Stockman has bitten the hand that fed him is far too restrained. He has gnawed it all the way up to the elbow. In light of the famous "woodshed" incident, in the course of which the President gave Stockman a second chance (and gained a compliant budget director in the bargain), the reader might conclude that sharper than a serpent's tooth is a thankless child—in the Office of Management and Budget! ☎

Standing Pat

Family and Nation *by Daniel Patrick Moynihan (New York: Harcourt Brace Jovanovich, $12.95).*

Reviewed by Cait Murphy

In 1965, an obscure undersecretary in the Labor Department wrote a report he hoped would be read by perhaps a dozen people, maybe a few more. Instead, his 78-page document, half of it devoted to charts and references, became the center of a national controversy with profound consequences for race relations, domestic policy, and civil rights. The author, Daniel Patrick Moynihan, and the report, *The Negro Family: The Case for National Action* have weathered the storm that ensued better than their critics, as Senator Moynihan's newest book, *Family and Nation* attests.

There is no longer any question about Moynihan's essential insight that the instability of the lower class urban black family, attributed by him to oppression and the nature of American slavery, is a prime factor in that group's economic fragility. But in 1965, flush from the major civil rights victories, no liberals wanted to hear that equality of results was not inevitable, that it would depend on factors other than legislation and government goodwill. Civil rights leaders denounced the report as a "new mask[s] for the old face of prejudice." Moynihan was criticized for his assumption that "middle class values are the correct values for everyone in America" and accused of attacking the morality of blacks. In less polite company, he was called racist and fascist.

A full generation and thousands of broken homes later, Moynihan's Cassandra-like prophecies have come true, as the disintegration of the urban black family has accelerated, leading to a sharper division between a stable black middle class and an "increasingly disorganized and disadvantaged lower class group." Civil rights leaders have begun to accept the idea that blacks cannot achieve economic equality without greater stability in the home. In 1983, N.A.A.C.P. director Benjamin Hooks called "finding ways to end the precipitous slide of the black family" a civil rights issue. Eleanor Holmes Norton, chairman of the Equal Employment Opportunity Commission under Jimmy Carter, recently wrote in the *New York Times*, "Repair of the black family is central to any serious strategy to improve the black condition." The National Urban League decided in 1982 to give priority to the issues of teenage pregnancy and female-headed households. William Raspberry, Glenn Loury, and Jesse Jackson are among the prominent blacks of all political persuasions who have addressed the issue.

But in 1965, Moynihan's message was unwelcome, particularly since it came in sometimes stinging prose from a white man. He wrote of the "tangled pathology" of the northern ghettoes where the family had been "forced into a matriarchal structure" that "seriously retards the progress of the group on the whole." He pulled no punches because he wanted to convince policymakers, as he later explained in *Commentary*, that a "vast national effort was required to enhance the 'stability and resources of the Negro American family.'" He proposed no specific solutions, but the implication of the report was clear: the tactics of the civil rights movement were inappropriate to deal with these social problems. Family stability could not be legislated, but it was nonetheless essential in order for black Americans to achieve true equality. Government could play a constructive, but supporting, role.

Now the senior Democratic senator from New York State, Moynihan returned to the subject of the American family in the Godkin Lecture series at Harvard University in 1985. These three lectures make up his newest book, *Family and Nation*. In important ways, *Family and Nation* is a sequel to the 1965 report. He makes the case in both works that family instability, particularly as defined by the absence of a male adult in the household, has disastrous consequences for children in terms of educational achievement, employment, and criminal activity. His analysis and prescriptions concerning the family have remained remarkably consistent.

CAIT MURPHY *is assistant editor of* Policy Review.

The chief difference is that the 1965 report focused specifically on the black family, while *Family and Nation,* as the title implies, deals with the American family in general. This change is unsurprising, because family breakdown is now endemic throughout American society. The new emphasis also reflects the emerging consensus that class is the chief factor in family instability, not race.

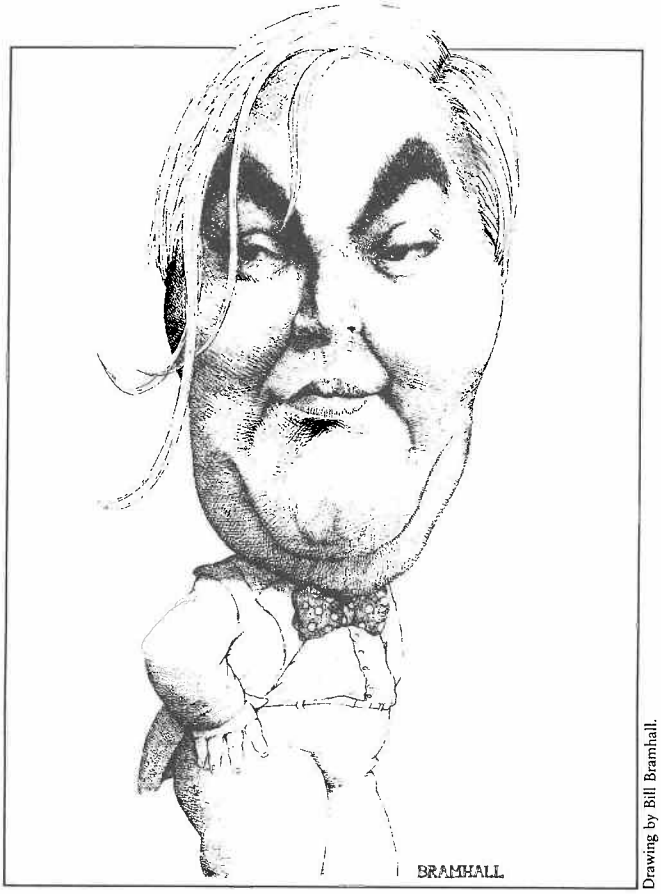
In 1965, the black illegitimacy rate was around 23 percent and 21 percent of non-white households had no male present. By 1984, the comparable figures were an illegitimacy rate of over 60 percent and 59 percent of all black families had only one parent present, almost always the mother. In contrast, the white family, Moynihan wrote in 1965, had "achieved a high degree of stability and is maintaining that stability." Not any more. In 1984, among whites, the number of female-headed homes had doubled to 20 percent while almost half of all marriages ended in divorce. "What was a crisis condition for the one group in 1960," Moynihan points out, "is now the general condition."

A Father for Every Child

In *Family and Nation,* Moynihan seeks to explain how to deal with this relatively new situation. Unlike many contemporary liberals, Moynihan does not blush at concepts like values or citizenship or sneer at the idea that individuals must accept the consequences of their actions. He wants tough child support enforcement laws and compulsory work programs for fathers who fail to support their children. "Hunt, hound, and harass" delinquent fathers, he writes, because it is important to establish formally the principle of legitimacy, the rule that "every child shall have a recognized father." He wants a national effort against the drug traffic. He wants more job training for women on welfare, who he says have proved to be the most likely to benefit from such programs. In essence, he wants the government to encourage, even force, people towards independence by making them take responsibility for the choices they make.

Moynihan differs from many contemporary liberals in another way: when he says family, he means a family, he does not mean a fraternity or a lesbian commune. Indeed he has nothing but contempt for the woolly thinking of the Carter White House's 1980 "Families" conference, which "asserted that no one set of arrangements . . . was to have social priority." The kind of national family policy Moynihan advocates—though he never specifies what form or practical meaning such a policy might have—is one that supports families in which parents—preferably two of them, male and female—rear children.

As a first step, Moynihan urges raising the dependent exemption to $2,000. Over the last 40 years, more and more of the average family's income has become subject to taxation, because the dependent exemption, which Moynihan calls a "children's allowance built into the tax code," rose from only $600 in 1948 to $1,000 in 1984. Worse, many people whose earnings were below the poverty level were being taxed, and the lower middle class was being taxed into poverty. The cumulative effect of these changes is that "the costs of raising a family no longer bear any relationship to the amount of income not subject to federal tax." Raising the exemption, Moynihan believes, would at least begin to restore the balance.



Drawing by Bill Bramhall.

But most of Moynihan's family policy consists of more spending by the nation's taxpayers. Aid to Families with Dependent Children (A.F.D.C), he writes, should be standardized, indexed to inflation, and its costs assumed by the federal government. His reasoning is simple. "What it means to be poor is not to have enough money," as he put it in a 1967 interview with the *New York Times.* A.F.D.C. recipients are overwhelmingly single mothers with young children.

Because A.F.D.C has never been indexed for inflation and the costs are split between federal and state governments, benefits eroded by an average of one-third between 1970 and 1985.These families are poor. They need money. The federal government should give it to them. This "would declare a genuine national concern for children," he says.

Moynihan has been calling for federalized welfare since at least 1978. In 1970, he was the architect of the Family Assistance Plan, a guaranteed income proposal that almost passed Congress. In the 1960s, he helped to draw up the War on Poverty. So leviathan public assistance plans are not new to him. And he is fully aware of their shortcomings, even quoting Rossi's Iron Law approvingly: "the expected value for any measured effect of a social program is zero." Nevertheless, he has retained enough faith in the efficacy of the system to imply that what is really wrong with welfare is that there is just not enough of it.

Social Security for Children?

It's rather sad that after his clear exposition of the history and nature of the problem of the American family, Moynihan can offer only such a uncreative and discredited approach to help solve it. But it's hardly surprising. Senator

Moynihan represents a high tax, big government state, with one of the two largest A.F.D.C. populations in the country. He would clearly like to get welfare off the New York state and city budgets.

In *Family and Nation,* Moynihan frames his argument for nationalizing A.F.D.C. in terms of the tragic problem of children living in poverty. One out of every three children born in 1981 will at some time be supported by public relief; 40 percent of the poor in America are children; children are seven times as likely as the elderly to live in poverty. "The age bias of poverty," writes Moynihan, "is now its most pronounced feature." He points out that massive government programs like Social Security have helped to reduce the poverty rate among the elderly to just 2.6 percent, making them the most prosperous group in the country. This is indeed a tremendous achievement, but it is doubtful whether this country has the resources or the will to make a similar effort again, even for the sake of children. As the two landslide elections for Ronald Reagan suggest, there is profound doubt among voters that the federal government is a proper—or effective—agency to solve social problems. If it were, how did we get into this mess in the first place? Even Moynihan seems to share this perception:

> A credible family policy will insist that responsibility begins with the individual, then the family, and only then the community, and in the first instance the smaller and nearer rather than the greater and more distant community.

But it is perplexing that Senator Moynihan supports nationalizing A.F.D.C as a way to help families. For there is empirical evidence that more generous welfare payments—and presumably federal A.F.D.C. payments would be closer to New York's more generous level than Mississippi's—might actually exacerbate the problem of family dissolution that Senator Moynihan so accurately describes. According to a 1981 Comptroller General's Report, in the early 1970s a "large and technically sophisticated experiment" tested guaranteed income plans in Seattle and Denver. The result: "about a 44 percent increased family dissolution rate was attributed—by interim experiment results—to the test guaranteed income plans." Moynihan knows this. As he pointed out in the Senate Finance Committee's hearings on the subject, the Seattle/Denver test suggests that an income guarantee program, "far from strengthening family ties, might weaken them." Moynihan mentions the experiment in *Family and Nation,* but that does not deter him from proposing the federalization of welfare just 12 pages later.

And Moynihan touches very lightly on Charles Murray's thesis that government efforts to help the poor may have only helped to make things worse. Moynihan simply dismisses the idea as unproven and leaves it at that. But as Glenn Loury points out in a recent issue of *Commentary,* Moynihan could not "prove" his 1965 case, either. "Public policymakers often have to act on their hunches," writes Loury, "without benefit of a 'definitive' study." Today, Murray's hunch—as well as the data he put together that Moynihan fails to address—have changed the public policy debate concerning welfare and gained a large measure of acceptance. Suggestions for substantial change in the system must take this new reality into account. Moynihan does not.

Common Ground

Moynihan's hope is that liberals, who have long favored generous social spending, and conservatives, who value the traditional family, might come to a consensus in which public spending would be specifically used to defend the family unit, instead of focusing on individual need. There is, in the words of his final chapter title, some "common ground."

At least now there is a consensus that the family is important, a proper topic for national concern. The rhetoric of the family as an oppressive, sexist, anachronistic institution has gone out with the Peter Max posters and lava lamps. This is a start. But Senator Moynihan is kidding himself if he thinks nationalizing welfare is the best way to stabilize the American family, or to help children. As an answer to the problems of the American family, it deserves benign neglect. *Family and Nation* is well worth reading for its cogent analysis of how we got where we are today. As to what to do next, it is far less helpful.

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LETTERS

Alexander Haig, Daniel Pipes, John G. McCarthy, Bruce Fein, Ralph Slovenko, Gregory Christiansen, George B.N. Ayittey, Dan Heldman, Howard Jarvis, Mayor William Collins, and others.

Shooting Down Terrorism

Dear Sir:

Jim Courter has performed a signal public service in his superb article ("Protecting Our Citizens: When to Use Force Against Terrorism," Spring 1986). Clearly, other democracies have shown that surprise, speed, and skill can characterize the use of force against terrorists. There is no reason why we cannot do so as well, if we keep before us the following points:

1. The objective is to show the terrorists—and those who facilitate their work—that they will fail to change our policies while paying the heaviest price in the process. It is the terrorists whom we must impress with our actions, not just public opinion.

2. Diplomatic, economic, and moral sanctions have their place, but ultimately there is no substitute for armed self-defense.

3. The risks of military actions are considerable but the risks of doing nothing are cumulatively greater—not just to our citizens and our prestige but ultimately to deterrence itself. If we do not act to defend ourselves and our values, then who else will do so?

4. Our response should be discriminate and proportionate. But proportionate means the punishment necessary to defeat the terrorists, not a "tit for tat" which leaves to them the choice of escalation.

Above all, as Representative Courter points out, we must not allow the watchwords of morality and prudence to mean paralysis and indecision.

Alexander Haig
Washington, D.C.

Dear Sir:

Representative Courter makes a number of extremely valuable suggestions about responding to terrorism. I should like to add two more.

First, the U.S. government must at times impose military censorship to protect the confidentiality of troop movements and other tactics. This would prevent a repetition of what happened in June 1985, at the time of the T.W.A. hijacking, when the American press reported the departure of the Delta Force for the Middle East. This news was broadcast internationally; the terrorists heard it and decided to flee Algiers (where the government might have allowed U.S. forces to operate) for Beirut (where deploying U.S. forces would be much more difficult).

Second, it is incumbent on American political leaders to explain that the purpose of using force against terrorists is to punish the perpetrators and establish a principle—not to win the safety of the hostages. Of course, one does everything possible to save the hostages' lives, but the success lies in establishing a record of devastating response which dissuades terrorists from targeting Americans. Conversely, the loss of innocent life does not render the operation a failure. Words are important: the effort should be presented not as a rescue mission but as a counter-terror strike.

Daniel Pipes
Professor of Strategy
Naval War College
Newport, RI

Towards a Secure Israel

Dear Sir:

Senator Jesse Helms's article ("Keeping Faith: A Baptist Deacon Reflects on American Policy Toward Israel," Winter 1986) makes a rousing case for Israel holding onto the West Bank and shunning negotiations with the Arabs. He scorns U.S. efforts to promote a lasting settlement of the Arab-Israeli dispute based on "the exchange of territories for peace."

Americans anxious to see a secure and economically sound Israel should be appalled at Senator Helms's attitude. Israel's brave people deserve the security of a negotiated peace rather than the continuous threat of war with their neighbors.

In its April 15, 1986 editorial, "Hard Choices for Israel," London's *Financial Times* goes to the heart of Israel's economic crisis. It says:

> The key to Israel's problems remains the defense budget, which consumes 25 percent of the country's gross national product . . . Israel desperately needs peace with its neighbors. Greater progress toward peace would provide the best assurance that Israel would become an economically viable nation.

The *status quo* which Senator Helms advocates is not working in terms of other important U.S. interests in the Middle East. The "winner take all" attitude of some Americans like Senator Helms and some Israelis (though not President Reagan, the State Department, or Shimon Peres) would perpetuate the frustration of the Palestinians living under Israeli occupation, leading to more anti-American terrorism, more threats to pro-American regimes in Saudi Arabia, the Gulf, and Egypt, and more openings for Soviet "goodwill" and influence.

Backed up by the United States, Israel is strong enough to make peace with the Arabs by negotiation, not by dictat. Trading the West Bank for peace with the right security guarantees can prove a very good bargain for Israel, the United States, and the Middle East as a whole.

John G. McCarthy, Jr.
Regional Chairman
Middle East Republicans Abroad (1980-1986)
Geneva, Switzerland

The Litigation Racket

Dear Sir:

Richard Willard's article ("Wheel of Fortune: Stopping Outrageous and Arbitrary Liability Verdicts," Spring 1986) artfully illuminates the malfunctioning of the nation's tort system. The legislative reforms proposed are commendable: raising standards for imposing liability, circumscribing damage awards, and reducing litigation costs. Mr. Willard, however, omitted to enlarge on the most pivotal element of a well functioning network of tort laws—an enlightened public attitude toward economic risk-taking, invention, and innovation.

Tort rules and their administration generally reflect popular opinion towards two antagonistic policies: the encouragement of economic initiative, development, and risk-taking; and compensation to all persons injured by marketplace products or services. Over past decades, the policy of compensation has risen in popular esteem, whereas favorable public attitudes towards business activity have fallen. The best testimony to this evolution is the current tort liability crisis. The crisis has arisen not because of any change in statutory law, but because both judges and juries have administered tort rules with a systematic bias favoring compensation.

To rectify this bias, a wholesale program of public education is imperative. What must be taught is that the greatest gains to the nation's wealth have come from risk-taking, from new products and ways of doing business (e.g. steamboats, railroads, autos, airplanes) that eclipse less efficient economic endeavors. Greater wealth is the parent of enhanced health and education for the working class. To deter risk-taking through extravagant tort compensation policies is to deny ourselves and our posterity enormous economic, health, and educational benefits.

The following might be considered as an alternative to the prevailing tort system that more fairly balances policies of risk-taking and compensation. Private tort suits would be abolished. Public prosecutors would be empowered to initiate civil or criminal proceedings against businesses for intentionally causing harm to individuals. The fines recovered in such proceedings would be deposited in an injured persons' compensation fund. The fund would be supplemented by a modest surtax on business profits. Any person proving personal injury caused by a marketplace good or service in an administrative forum would be compensated from the fund, but only for actual losses. As with Veterans' Administration benefit cases, attorneys' fees would be limited to $10 per claim. This substitute for the existing tort system would enhance material well-being, while compensating for inevitable individual losses associated with vigorous economic advancement.

Changing public sentiment, in any event, is the critical task for tort reforms. And in that regard, perhaps the lesson of the turtle is easiest to teach: he makes progress only by sticking his neck out.

Bruce E. Fein
Senior Vice President
Gray and Company
Washington, D.C.

Dear Sir:

Richard Willard's article is an excellent presentation, in very brief compass, of the disastrous situation which has been created for an entire society in the tort field by courts and judges who have lost touch with the world's realities and with the proper

Diplomatic, economic, and moral sanctions have their place, but ultimately there is no substitute for armed self-defense.

Alexander Haig

purposes and ends of the legal system. All of Mr. Willard's remedial suggestions are to the point.

The basic concerns of what should be a noble profession, which keeps a society stable and peaceful, have gone down in an orgy of ill-considered tort litigation aimed mainly, if not solely, at self-aggrandizement and publicity for lawyers. So-called improvements in our legal system, such as class action suits, have been adapted by courts and lawyers to uses never intended or anticipated. Ancient common law principles regarding champerty and barratry, which for centuries placed curbs on the excessive exercise of self-interest by members of the legal profession, have been forgotten.

I have one further comment:

Punitive damage is a concept which has been completely distorted and abused. Its purpose was to punish a perpetrator of gross willful wrong by "teaching him a lesson" and thus deterring him, and others, from doing it again. But now this has turned into the principal source of huge damage awards, even in cases where the injury is caused by accident or unforeseeable defects in a product. Punitive damages have lost their original purpose and are now a source of income for contingency lawyers. Punitive damages should be abolished altogether or only be awarded once, not to the plaintiff, but to the state or federal government to be used for welfare purposes.

We have to stop participating in condoning what has become virtually a legal malpractice. We have to stop awarding "recoveries" to potential or even imaginary victims. Only when we take remedial action such as Mr. Willard recommends will it finally dawn on people and lawyers and judges that the world does not owe every person a large financial sum, taken fairly arbitrarily from someone else, in order to ameliorate any and every mishap or cruelty that life brings to all at one time or another.

Eli M. Spark
Emeritus Professor of Law
Catholic University
Washington, D.C.

Dear Sir:

Richard Willard's suggestion to eliminate "joint and several liability" will likely prove counter-productive. The concept of joint and several liability spreads the burden of a judgment. As a matter of practice, a lawyer who has obtained a judgment proceeds against the principal defendant up to the amount of his insurance coverage and then seeks contribution from the other defendants. It is rare, if ever, that a defendant is proceeded against beyond his insurance coverage. Doing away with joint and several liability would mean that recovery of damages would be limited to a particular defendant and as a consequence he would likely be held liable out of his own pocket or would have to carry more insurance.

Thus, for example, when a doctor and a hospital are joined and held liable, the plaintiff proceeds against the doctor for the amount of his coverage and against the hospital for the balance. Should the plaintiff not be able to collect from the hospital, he will seek payment for the entire judgment from the doctor. The doctors are complaining now about the malpractice crisis. They will complain even more with the elimination of joint and several liability. Only the insurance companies will benefit by a greater demand for coverage.

The suggestion of limiting attorneys' contingency fees to reasonable amounts on a "sliding scale" would also likely prove counter-productive. Under a graduated fee scale, there is a certain point at which the attorney has no incentive to take the risk of a trial. For example, if the percentage scale is one-third of the first $100,000, one-quarter of the next $100,000 and one-tenth of the amount thereafter, the attorney would risk the fee that he has in hand after receiving a settlement offer of $250,000 if he proceeded to trial. For the attorney, there would be little to gain and all to lose by trial. Whose interest will be best served by a sliding scale?

Mr. Willard says that "some of the current increases in liability insurance premiums are undoubtedly attributable to falling interest rates." He mentions, but does not pursue this dimension of the problem. He focuses instead on some court decisions expanding liability. The expansion of legal liability is not the primary cause of the increase in insurance rates. The insurance industry seems unable to manage its cash flow responsibly.

What are the remedies to stop outrageous and arbitrary liability verdicts? Why not return to traditional tort law, where the judge exercised more control over the submission of cases to the jury and over jury verdicts, rather than abolishing traditional tort remedies that serve a very useful function in righting wrongs?

As T. S. Eliot once wrote:

> We shall not cease from exploration
> And the end of all our exploring
> Will be to arrive where we started
> And know the place for the first time.

Ralph Slovenko
Professor of Law and Psychiatry
Wayne State University
Detroit, MI

Dear Sir:

As a former official of the Reagan Administration, I found Richard Willard's "Wheel of Fortune" sadly out of step with the Reagan Administration's philosophy. It was, after all, President Reagan, with his deep faith in the ability of the American people to govern themselves, his commitment to "getting the government off our backs" through deregulation, and his unwavering support of the marketplace as the final arbiter of goods and services, who inspired the "Reagan Revolution."

Now one of the President's top Justice Department officials, in a spirit of protectionism that one would have thought was forbidden in this administration, has called for new federal legislation that would undo one of the most significant components of our democracy—the jury system.

The "outrageous and arbitrary" verdicts that so distress Mr. Willard

are, in fact, jury verdicts—awards decided upon by men and women "tried and true" who, having heard all the evidence that can be presented, the arguments of counsel, and the instructions of judges, decided that their fellow citizens are entitled to compensation for damages they have suffered. These judges, by the way, are elected by their fellow citizens, appointed to the bench by the governor of a sovereign state, or appointed to the bench by the President with the advice and consent of the U.S. Senate.

Mr. Willard cites *Sillas v. City of Los Angeles*, as evidence of the joint and several liability doctrine gone wild. What he fails to note in his attack on the jury's award to the victim is that the jury had the opportunity to find "contributory negligence" or "assumption of the risk" on the part of the victim, yet failed to do so.

Mr. Willard sees "another problem [in] the reliance by judges and juries on non-credible scientific or medical testimony, studies, or opinions." "Non-credible" to whom? Not to the members of the jury who apparently had reason to believe what they heard, even after cross examination by opposing counsel and the testimony of other experts.

Mr. Willard attacks "non-economic damages" such as compensation for pain, suffering, and mental anguish as "easily susceptible to dramatic inflation . . . often unreasonably in excess of the actual 'harm' suffered." Again, according to whom? Certainly not to the members of the jury that find such damages to be appropriate.

What Mr. Willard offers to solve all of these alleged "problems" is more federal legislation—federal legislation that is once again contrary to the urgings of many of our Presidents from Thomas Jefferson to Ronald Reagan, and will take governments even further from the people.

William Perry Pendley
Washington, D.C.

Dear Sir:

Now even crime pays. An eighteen-year-old in Redding, California, received a settlement of $260,000 and $1,500 a month for being paralyzed when he fell through a skylight while trying to break into the local high school. Law which allows the burglar to sue the victim is neither wise nor experienced and it does not benefit the public.

Richard K. Willard's frank exposure of the degree to which tort law in this country has degenerated is both accurate and timely. An additional point needs to be made.

The economic impact of the liability crisis extends far beyond the perceived problems of the insurance industry. All industries, service, and governmental bodies are stifled by the inability to accurately forecast risk and liability because of the capriciousness of our courts in their determination of the law of liability. Outrage is the proper response to ludicrous compensatory and punitive damage awards entered against persons and entities only nominally at fault.

But these direct costs of litigation come nowhere near to the cost imposed upon the economy as a whole. Because of the uncertainty of the law of liability, new products are vetoed by legal advisers regardless of the merit of the product itself, new services are withheld for lack of insurance coverage, and consumer prices rise to make available insurance coverage affordable to businesses still willing to risk the market. Excluding court costs and attorney fees, punitive and compensatory judgments, the cost to the gross national product is about $60 billion per year.

But the temptation to blame the current crisis either entirely upon the "greedy plaintiff's bar" or upon "the mismanaged and greedy insurance companies" must be resisted. Insurance companies, of course, are businesses designed to turn a profit. The members of the plaintiff's bar are attorneys doing the best job that they can for their clients. The simple fact of the matter is that tort law will never return to what it was 40 years ago.

Matthew Y. Biscan
Mountain States Legal Foundation
Denver, CO

Dear Sir:

Richard Willard's article on tort law reform showed the extent to which conservatives sometimes allow their sympathy for business to blind them to their traditional principles. A look at some of Mr. Willard's proposals is illustrative.

First, he proposes a "return to a fault-based standard for liability." Fault-based liability (i.e., negligency standard) is inferior to strict liability as a method for reducing the costs of accidents and it is no more justified historically than strict liability. Economic entities should bear the full cost of their activities. This cost includes such things as product side effects and manufacturing injuries. Strict liability causes producers to internalize these costs and recapture them in the product price. This ensures that the product is not overproduced because of a hidden subsidy coming from those injured by the product. Producers have a continuing incentive to improve the performance record of a product. Under negligency liability, the producer is not liable unless the costs of an injury exceed the costs of its prevention. Thus, the producer saves not only the difference between the prevention cost and the injury cost, as he would under strict liability if he elected not to undertake an inefficient safety measure, but the entire cost of the injury. To the extent that consumers would have paid more to cover the non-negligently inflicted injury costs of a product, there is a consumer surplus extracted from the injured. To the extent that consumers would not have paid a higher price, the product is overproduced.

Mr. Willard's proposal that non-economic damages be limited is no more justified than his first proposal. Conservative legal scholar (and Reagan judicial appointee) Richard Posner has pointed out that "non-economic" is a misnomer. Pain, disfigurement, and other accident-inflicted suffering has no pecuniary dimension, but only because of the "absence of markets in mutilation." Because accident-caused pain and suffering results in a real decrease in an individual's level of satisfaction, it is economic in nature. As the price of injury and bodily wholeness is

likely to be very high, it could be necessary to set an upper limit on pain and suffering awards. However, the $100,000 maximum proposed by the Justice Department is surely too low. For example, a quadriplegic 20-year-old, with an undiminished life expectancy, would be compensated at the grand rate of $2,000 per year.

Finally, Mr. Willard's proposal that contingency fees be limited is another unjustified interference in the market. Mr. Willard's own figures, revealing that the average fee for defense attorneys is $125,000 (win or lose) compared with only $114,000 for *winning* plaintiff's attorneys, strongly suggest that an objectively justifiable fee is reached under the contingency system. Considering their high guaranteed fee and the possibility that they are over-inclined to settle undeserving cases, a more effective method of lowering administrative costs of the tort system would be to place defense attorneys on a contingency fee.

Just as liberals lost political power because they chose to place constituency demands above principles, so will conservatives lose power if they tinker with the tort system in order to placate one segment of their constituency.

Stephen H. Johnson
Baltimore, MD

Time For Private Money

Dear Sir:

Richard Rahn makes an intriguing case for an experiment in developing "private" sources of money that could be substituted for the product of the now publicly controlled money creation mechanism ("Time to Privatize Money? How Good Currency Can Drive Out Bad," Spring 1986). Of course, there will be strong opposition to his proposal, primarily from those who have a vested interest in the power that comes with control of the money supply. At the forefront of these forces will be the bulk of the academic economists, who have been weaned on economic theories that argue that it is possible to "stabilize" the economy through a judicious use of both monetary and fiscal policy. Unfortunately, the claim that this can be done is not supported by actual experience, a point Mr. Rahn makes in his article. To further substantiate his contention, consider the following two pieces of additional evidence.

An examination of the behavior of the Cleveland Trust Company's historical business cycle data reveals that the American economy has been about 20 percent more unstable since 1913, when the Federal Reserve System was established, than it was from 1789 through 1913.

In an analysis conducted for the Joint Economic Committee for Congress by Richard Vedder and myself, we found that during the 1960s and 1970s, the net effect of all the efforts to stabilize the American economy was an increase in the average annual rate of price inflation of four percent with no appreciable impact on levels of real economic growth or unemployment.

Such findings confirm the essential premise that public control of the money supply is not a magic road to a more stable and prosperous economy. Quite the contrary. The record to this point indicates just the opposite. This is all the more reason for supporting a movement towards the privatization of the money supply.

Lowell Gallaway
Professor of Economics
Ohio University
Athens, OH

Dear Sir:

Richard Rahn's article raises two important points that merit more discussion.

First, Mr. Rahn dismisses the idea that gold could today serve as a reliable basis for private monies by noting the instability of gold prices in recent years. Those gold prices are quoted, however, in terms of dollars or other government-managed entities. The instability of gold prices has thus been due primarily to an unstable fiat dollar supply, not an inherent feature of gold. The commodity-based monies envisioned by Mr. Rahn should, of course, be allowed to compete with gold-based monies, but it is not clear that gold would lose out in a free money market.

Second, and less optimistically, there is a "Who goes first?" problem in getting people to adopt new currencies. People will not want to use a money unless they are confident that others will want to use it as well, and if everyone takes this attitude, it will be difficult to get a new currency off the ground, even in the absence of government barriers. Competition in money is, in this sense, different than that for most other goods and services.

Gregory Christiansen
Senior Economist
Pacific Institute
San Francisco, CA

What Success Stories?

Dear Sir:

As a black African, I read Gerard Alexander's article ("African Success Stories: Democracy and Free Enterprise in Five African Nations," Spring 1986) with keen interest. Black Africa today teeters on the brink of collapse. Individuals and countries are sliding backward at an unprecedented rate. The thousands who managed to survive the famine—more than two million Africans perished—are being massacred by their own black African leaders. By whatever standards, black Africa today is an international disgrace. As Mr. Alexander observed, "What is tragic about all this is that it is so unnecessary." And the prognosis remains hideously grim.

Many have been searching assiduously for signs of progress or incipient rays of hope out of black Africa's economic miasma. Mr. Alexander's selection of five countries (Ivory Coast, Cameroon, Malawi, Senegal, and Botswana) from a total of 52 sub-Saharan African countries is in itself a telling commentary on the gravity of the situation. The problem, however, is what constitutes a success story? What qualifies as a success story to an American may not be so to a black African because of the application of a different set of standards.

Few would deny that Ivory

Coast's economic growth has been spectacular. But that success rests on rather shaky political grounds. There is no question that though foreigners can make an immense contribution to an African economy, President Houphouet-Boigny's policy of preferential treatment for French nationals is alienating Ivoirians who charge that their African traditions are in danger of being wiped out by "cultural imperialism." Furthermore, development in Ivory Coast is severely lopsided, concentrated heavily in Abdijan, the capital. And most of all, President Houphouet-Boigny has ruled for 26 years and would not dream of even having a vice president, let along sharing power. Never mind his semi-official nickname "number one peasant"; African peasants do not have Swiss bank accounts.

Senegal is a hopeless case. Despite receiving the largest economic aid package on the continent (some $500 million annually), it has registered a mere 2.3 percent rate of growth since 1960. From 1965 to 1983, its gross national product per capita dropped by an average of 0.4 percent. Although President Senghor of Senegal was the first civilian to step down voluntarily, he ruled for 20 years.

Ahidjo of Cameroon ruled for 22 years before being forced out by chicanery. He was persuaded to relinquish power when he fell gravely ill and was taken abroad for medical treatment. While he was away, a new government took power. Upon recovery and discovering the ruse, he has been active behind recent coup attempts to regain office.

In Malawi, President Banda has been in power for 22 years. He is pursuing the right market-oriented economic policies but his idiosyncracies are absurd. More insulting is the fact that the Kamuzu Academy and Kamuzu Hospital Banda built and named after himself do not hire black teachers and doctors. The staff is drawn from British expatriates. Blacks, according to this black African president, are not good enough.

Black Africa needs political stability to develop but that stability is not assured by one-man rule. As events in Liberia and elsewhere in Africa have attested eloquently, it takes but one disgruntled army sergeant a few hours to turn an African economy backward. African leaders run their countries as if they were their own personal properties. I wouldn't place my bets on Cameroon, Ivory Coast, and Malawi.

The indigenous traditional ruling systems of Africa were remarkably stable. The chiefs did not declare themselves presidents-for-life and their villages one-party communities. Neither did they suppress dissent and impose ridiculous price controls on their peasants. Free speech, free markets, free trade, and ability to choose our traditional leaders have all been part of our black African traditions.

There would have been many, many more success stories if black African leaders had adopted policies of economic and political freedoms. And for these, they do not have to look anywhere else but at their own roots.

This is the message to convey to African leaders. Presenting that message any other way will diminish its import. For example, to persuade African leaders to adopt "Western" policies of economic and political freedoms would hijack the issue into sterile ideological controversy. Economic and political freedoms are part of black African traditions which our leaders must respect. Else, we might as well be ruled by white colonialists.

George B.N. Ayittey
Professor of Economics
Bloomsburg University
Bloomsburg, PA

Blacks in Russia

Dear Sir:

The article by Deroy Murdock ("The Red and the Black: In the Soviet Union, Some Races Are More Equal Than Others," Spring 1986) on racism in the U.S.S.R. is generally on target.

Nevertheless, Mr. Murdock is wrong in saying that the Soviet Union "has no indigenous black population." While certainly not large, it does (or did) exist. Ibrahim Petrov (the grandfather of Pushkin) was black, as was the noted Russian actor Ira Aldridge (though the latter was born in the United States). Furthermore, there were several small isolated colonies of blacks located in the Batumi and Sukhami areas of southwestern Georgia, on the Black Sea. The only study of this subject in English known to me is a collection of papers cited in my *The U.S.S.R. and Africa.*

I can confirm these conclusions from my own time in the Soviet Union, based on extensive travel throughout the non-Russian territories and several detailed discussions with black students at Lumumba University, the major focus of what little black presence the authorities permit in Moscow. It is no accident that the campus and dormitories are located on the outer fringes of the city limits where few Muscovites would routinely come into (often unpleasant if not actually violent) contact with its students.

Dan C. Heldman
President, Policy Research Associates
Fairfax, VA

Economic and political freedoms are part of black African traditions which our leaders must respect. Else, we might as well be ruled by white colonialists.

George B.N. Ayittey

Tax Revolt Update

Dear Sir:

The tax revolt is not dead! The only continuing story in the daily newspapers for months, and the one story which will continue after memory of the attack on Libya and the nuclear accident in Russia fades, is tax reform. It has captivated Capitol Hill for a year. And make no mistake, the battle over tax reform is a continuation of the tax revolt we started 20 years ago.

It is difficult to maintain a dues-paying volunteer tax reduction organization. We have managed to do it and get tremendous support from the people. The goal of our tax movement is not just to lower taxes but to make sure that taxes don't rise. We rally for and against legislation in Washington, D.C., California, and many other places; and I have been told by legislators that our millions of postcards to public officials have made a difference in the life and death of a bill.

Even in defeat, California's Proposition 36 received four million votes, enough that legislators thought twice when we introduced provisions of Proposition 36 in the Legislature. Our bill become law. In fact, when our new initiative passes this November, we will have 95 percent of Prop 36 in place. To correct one point in the article, ("Whither the Tax Revolt? New Approaches to an Old Problem," Spring 1986), our new initiative will allow taxpayers to vote on local taxes; it has nothing to do with votes by the Legislature.

The question of the tax revolt comes down to two points. Do the people have the right to vote on their own taxes? Should the government control the people or should the people control the government?

We may have lost the battle of Proposition 36, but we are winning the tax revolt war.

Howard Jarvis
Chairman
California Tax Reduction Movement
Los Angeles, CA

The tax revolt comes down to two points. Do the people have the right to vote on their own taxes? Should the government control the people or should the people control the government?

Howard Jarvis

Dear Sir:

Pat McGuigan and Kristin Blair provide an excellent overview of the modern tax revolt at the state level and demonstrate that the taxpayer's revolt is alive and well. The authors err, however, in suggesting that "moderate" initiatives such as tax and spending limitations are more successful than "radical" property and income tax initiatives.

It is true that since 1978 11 states have voted on spending limitations and 10 passed, while 21 state initiatives have proposed cutting taxes and only 10 were successful. But does this record show that moderate state spending limitations are more successful than radical tax cuts in property or income taxes? It does if one defines the success of a taxpayer movement in a state simply by whether they can place something on the ballot that gains 51 percent support from the voters. But if the measure is how well the state taxpayers can keep taxes and spending down in their state, the answer is no. Many of the "successful" spending limitation initiatives have been gutted by clever state legislators and pliant courts. Courts and legislators have been less successful in invading the true tax cut initiatives.

The states with the most effective taxpayer organizations—California, Massachusetts, and Oregon—are states that began and continue to push for real reductions in taxes. In these states, the taxpayers remain vigorous opponents of tax and spending increases. They have developed credibility with taxpayers and have built permanent political organizations such as Howard Jarvis's American Tax Reduction Movement and Paul Gann's People's Advocate in California, the Citizens for Limited Taxation in Massachusetts, and the United Taxpayers of Oregon.

Oregon is the classic example. Ray Phillips, the leader of the United Taxpayers of Oregon, has led four attempts to radically slash property taxes in that state. All four have failed, although in 1984 they came within a whisker of winning. Is the Oregon taxpayers' movement less successful than the Michigan effort which passed a spending limit? Hardly. The ongoing organization in Oregon was able to defeat on September 17, 1985 the imposition of a sales tax by the phenomenal margin of 78 to 22 percent, overcoming the combined forces of the political establishment, labor unions, and business. On the other hand, Michigan taxpayers were saddled with a large income tax increase in 1983 and had not maintained an organized taxpayer resistance movement.

I would argue that the most successful taxpayer movements have been those based on significant and yes, radical, tax cuts.

Grover Norquist
Chief Economist
Americans for Tax Reform
Washington, DC

Dear Sir:

Patrick McGuigan and Kristin Blair perform a valuable service by tracking the tax cut movement, as they do in their fine newsletter, *Initiative and Referendum Report.* At times, however, their enthusiasm for the tax revolt causes them to give

biased interpretations of developments. Readers of their newsletter can easily get the impression that the prospects for tax revolt initiatives are better than they turn out to be. They frequently skip into a black-and-white mode of differentiating between the "good guys" and the "bad guys."

Their most important conclusion—"tax activists might enjoy more success by moving toward more moderate proposals"—is absolutely correct. The record since 1978 broadcasts loud and clear that moderate proposals limiting the growth of government spending tend to be approved while extreme proposals resulting in large tax reductions tend to be rejected.

Mr. McGuigan and Miss Blair do not take the issue a step further and attempt to explain why moderate proposals do so much better than extreme ones. The reason is apparent from surveys: citizens are not in favor of major reductions of government services. Only when taxes rise sharply or are extremely high do radical tax cutting proposals stand a chance. Under those conditions, many voters perceive that service reductions would not be painful.

The authors are also off base in their conclusion that the tax reduction movement will continue "so long as the cost of government exceeds the value that voters see in government services." Numerous surveys in tax revolt hotbeds—California, Michigan, and Massachusetts—have furnished a different interpretation of why many citizens support tax cutting ballot measures. In the words of more than one analyst, it looks suspiciously as though voters want a "free lunch." Many people who vote in favor of tax cuts do not want or expect to lose services. They have an inflated vision of how much waste exists and how easy it is to eliminate that waste.

My guess is that many tax revolt leaders do not share the values of the voters whose support they seek: they really do want government services sharply reduced. They often fashion proposals that are too strong for the tastes of the majority of voters. So Mr. McGuigan and Miss Blair are right on in urging moderation.

Steven D. Gold
Director of Fiscal Studies
National Conferences of State Legislatures
Denver, CO

Dear Sir:

The tax revolt is alive and well in Nebraska, the state of the great Populist convention at Omaha in 1892, a time when the farmers were being advised to "raise less corn and more hell."

The statewide initiative and referendum petitions were "reserved" to the people and placed in the state Constitution in 1912 and amended to present form in 1920. Local petitions run the gamut from recalls to property tax limitation. The degree of difficulty in the law is high, compounded by inexperience and naivete on the part of petitioners.

There has been an increasing use of petition at the local and state level in Nebraska. The rationale has been that politicians have turned a deaf ear to ordinary appeals by ordinary citizens. To this observer and participant in the petition process, the proliferation of the petition is an expression of frustration and an appeal to the last court of resort—the people themselves.

Despite a high failure rate in the direct results of the petition process, the success and the potential for success has been sufficient to sustain continued effort and made some elected officials nervous. Attempts to increase the degree of difficulty are on their minds. For example, I headed a successful petition to impose a property tax limit worth $11 million to the taxpayers, on two Nebraska Public School Districts. The law under which that was accomplished was changed by the Legislature during the existence of the limitation. This terminated the limitation prematurely, and effectively canceled the vote of 40,000 voters. Lack of funds prevented a court test.

Since 1967, there have been several major state and local petitions to limit state tax spending levels and property taxes, which are a local domain. In 1978, a five percent state tax limit qualified for the ballot but was defeated largely through the effort of the Nebraska State Education Association, the state teachers' union. Two petitions in 1984 proposed a state spending limit and a local property tax limit. The 54,790 signature requirement fell short by less than 2,000 signatures. Again this year the Nebraska Tax Limit Coalition, a prime mover for state and local tax limitation in Nebraska since 1980, is sponsoring a committee to carry an "Initiative to Control State Spending." The core of the proposed constitutional amendment will allow state general and cash fund appropriations to increase annually, but at a rate one-half the rate of average personal per capita income increase beginning July 1, 1987; contingency for emergency is provided and "over-collections" are to be escrowed to credit future receipts. The effort has been joined by several statewide organizations. Qualification of the petition is targeted for the month of May.

E. A. Jaksha
President
Nebraska Tax Limit Coalition
Omaha, NE

Patrick McGuigan and Kristin Blair reply:

Grover Norquist makes many legitimate points. In our article, we were not talking about actual long-term success in the reduction or limitation of taxes and spending—judgments on that matter are best made by economists such as Mr. Norquist. We were talking about political success in securing popular support for tax reduction or limitation initiatives. Mr. Norquist's point about California, Massachusetts, and Oregon being models for effective tax reduction activism is exactly correct.

As for the comments of Steven Gold, in truth we are not so much enthusiasts for the tax revolt as we are generically sympathetic to the right of the people to influence policy through the initiative and referendum process. This sympathy is not restricted to tax revolt initiatives—it extends as well to ballot measures which might be characterized as "liberal." It is hard not to have fun monitoring the politics of direct democracy.

Many of Mr. Gold's comments about our essay are matters of interpretation, but he is unfair in asserting that we slip into a "good guys" and "bad guys" mode of discussion. To the contrary, what distinguishes the *Initiative and Referendum Report* is that we do not assume, as do some of our journalistic brethren, that tax revolt activists are bad guys. We assume they are citizens with a point of view at least as legitimate as that of, say, nuclear weapons activists. Finally, Steven Gold, who predicted as early as 1983 that the tax revolt would continue in American politics, is incorrect in saying we are "urging moderation." We were simply reporting on what seems to be working at the grass roots in American politics.

EZ Boondoggle?

Dear Sir:

The logic of enterprise zones is very simple—when we were rich, we had very little in the way of government regulations, and those countries who are now getting rich are in a similarly benign condition. So peel off the incubus of the last hundred years: zoning, land use controls, environmental controls, minimum wages, tax overlays (and with them the social services that they buy) and by inventing Hong Kong on the Thames, or the Connecticut River, all will be well.

The American merchandising of this—and certainly the English realization of it—has been much more temperate. Even the Kemp-Garcia initiative in its infinite number of variations, ended up by merely providing some relatively limited tax benefits, most of them involving fast write-offs. These became essentially moot with the 1981 tax bill. Representatives Kemp and Garcia have been trying to develop some structure to fit under the beguiling heading every since.

The Connecticut situation as outlined in the paper indicates the limitations of the form. Given a vigorous salesman, there is some measure of success. The precise definitions of the quanta, however, are open to question. The state has been one of the great beneficiaries of the reinvention of the Northeast in recent years with an unemployment level that is the envy of the Sunbelt.

The incentives, in and of themselves, clearly are inadequate to revitalize areas in which the municipal entrepreneur is missing. The very basic question of what would have happened without the entire enterprise zone enabling legislation is left in dispute. And certainly, from the viewpoint of the state, are we simply playing musical chairs moving jobs from a peripheral census tract to its tax-advantaged neighbor? The zero sum nature of tax incentives is a hotly debated issue even at the state level—much more so within a very limited and defined area. Better transportation from the core areas of the Bridgeport to the golden employment nodes of Stamford and Greenwich might well be a much more efficient approach.

George Sternlieb
Center for Urban Policy Research
Washington, D.C.

Dear Sir:

It was fun reading your review of Norwalk's experience with the enterprise zone.

In our city, the effect of the enterprise zone has been very minor compared with the other incentives and the normal economic growth that is going on within Norwalk and the towns around us. Although we are pleased to be a designated enterprise zone city, it is clear that virtually every project which is undertaken here would have gone on without that designation. Far more important to us have been the historic tax credits for the handsome buildings which we are bringing back to life.

While we certainly do not turn up our noses at the value of the enterprise zone, clearly there are numerous other federal programs which would be much more desirable. For example, the Urban Development Action Grant, the Community Development Block Grant, the Economic Development Administration, the Historic Tax Credit, and General Revenue Sharing would each hold far more benefit for our city than enterprise zones. We would gladly turn in any money which the Congress might spend on these zones in order to keep the existing programs going.

William A. Collins
Mayor
Norwalk, CT

Dear Sir:

Enterprise zones are subsidy programs. Cait Murphy's claim ("Connecticut: EZ Does It," Spring 1986) that there is a "very good rate of return for state and local dollars" is not to be believed. The programs work by withdrawing resources from the general taxpayer and subsidizing investment in certain geographic localities. Part of the reason for doing this is mercantilist in sentiment. That is, it means gaining economic activity locally at the expense of other localities. So municipalities might want to do this. Even states might want to do this. But it makes no sense to do this at the federal level.

Unfortunately, John Carson is right when he says "the zones are stimulating investment and new jobs that otherwise would not occur." In general, these incremental investments are uneconomic and should not be stimulated.

We are not told that the additional tax burden causes otherwise economic investments never to be made and loses jobs elsewhere in the economy.

Peter F. Colwell
Professor of Finance
University of Illinois
Urbana, IL.

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policy REVIEW

The best anti-poverty policy is a vigorous attack on crime in poor communities. Yellow fever was finally cured when attention was shifted from treating the dying patients to controlling the mosquito that carried the disease. Likewise, inner cities can be restored to economic health if we eradicate the parasite that infects them—crime.

James K. Stewart
The Urban Strangler: How Crime Causes Poverty in the Inner City

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