

Ronald Reagan Presidential Library

Digital Library Collections

This is a PDF of a folder from our textual collections.

Collection:

Green, Max Files:

Folder Title:

National Journal 01/21/1987

Box: 17

To see more digitized collections visit:

<https://www.reaganlibrary.gov/archives/digitized-textual-material>

To see all Ronald Reagan Presidential Library Inventories, visit:

<https://www.reaganlibrary.gov/archives/white-house-inventories>

Contact a reference archivist at: **reagan.library@nara.gov**

Citation Guidelines: <https://reaganlibrary.gov/archives/research-support/citation-guide>

National Archives Catalogue: <https://catalog.archives.gov/>

National Journal

Rail Rate Row
Curbing Doctors' Fees

THE WEEKLY ON POLITICS AND GOVERNMENT

NOV. 21, 1987/NO. 47



No Quick Fix

Centrex gives Government the power to control technology that hasn't even been created yet.

For government agencies, the promise of communications doesn't get any stronger.

A system that not only offers the most advanced applications today. But a system so flexible, so transparent, it assures instant utilization of those technologies yet to be created.

The basis for this promise lies with the Centrex Central Office Network—the destination point for ISDN technologies. So, while PBX systems reconfigure for new ISDN standards, the Centrex System you use today will go a step beyond. It will be ISDN itself—with ISDN compatibility already anticipated.

With Centrex, your existing telephone line has immediate access to an ongoing stream of the most advanced applications. You select the ones you require. And have the power to reconfigure at any time. Your need to invest in new switching equipment or installation is virtually eliminated. As is the possibility of obsolescence.

Recent Centrex advancements include total digital connectivity, fiber-optic transmission, CO LANs, and MACSTAR® or CCRS-type direct computer access for ultimate customer control. Tomorrow, Centrex will deliver the next generation of communications technologies.

Which makes Centrex the only communications system that doesn't get older. But gets newer. Every day. Contact your Government Systems Division Account Executive.



Bell Atlantic

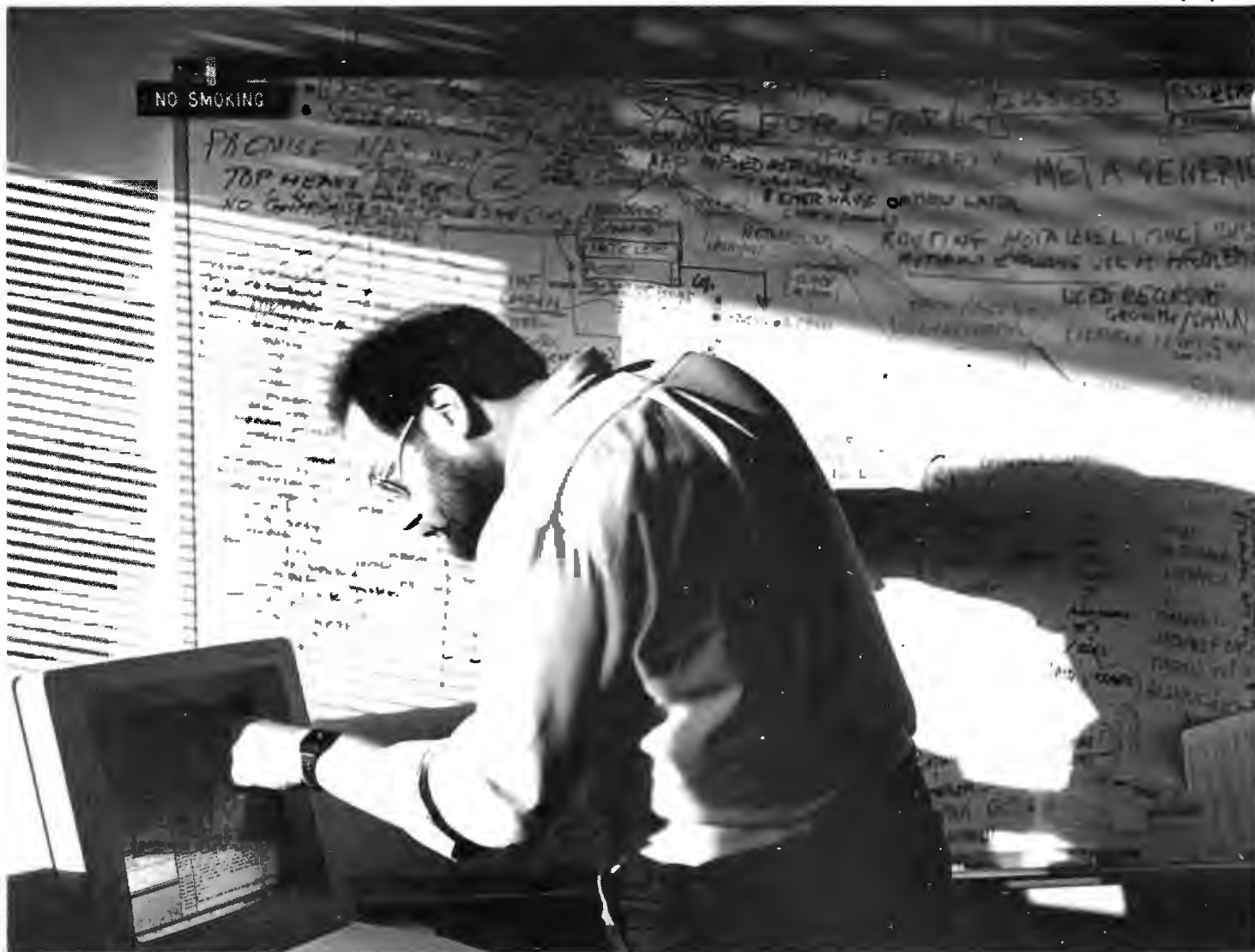
Bell of Pennsylvania
CSP Telephone
Diamond State Telephone
New Jersey Bell

WE MAKE TECHNOLOGY WORK FOR YOU!



Government
Systems
Division





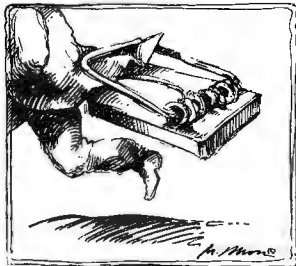
The intelligence is real, yet it's called "artificial." Northrop is applying new computer technologies to distill information from an array of sensors on advanced military aircraft. To help pilots make fast, accurate decisions. When they count.

NORTHROP

Making advanced technology work

1840 Century Park East, Los Angeles, CA 90067

INSIDE WASHINGTON



Overheard on the Street

Lawmakers were quick to suggest that they must redouble their efforts to define insider trading after the Supreme Court's 4-4 deadlock over whether *Wall Street Journal* reporter R. Foster Winans violated federal securities laws by leaking information about his newspaper column in a scheme to make illegal profits. The Securities and Exchange Commission is also eager to get a definition, particularly because four Justices would have thrown out Winans's conviction under the securities laws and because there is no indication from his past decisions of how the latest Supreme Court nominee, appeals court judge Anthony M. Kennedy, views the issue.



Second's Not So Bad

Vice President George Bush and Senate Minority Leader Robert Dole are playing to win in the Iowa GOP presidential caucuses, but they're also pursuing the expectations game with a twist—they could live with second place, behind Marion G. (Pat) Robertson. Second to Robertson "wouldn't be so bad," Dole said while campaigning in Iowa recently. "We'd be less unhappy being second behind Robertson" than behind Dole, echoed Bush Iowa chairman George Wittgraf. That respect for Robertson's potential does not extend to the latest Iowa polls, where he trails both Bush and Dole by more than 20 percentage points.



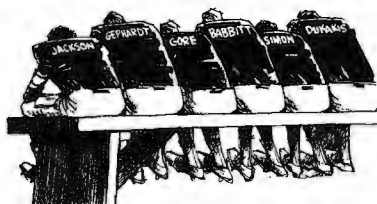
Strategic Metric Initiative

Remember the metric conversion campaign of the 1970s? The Pentagon's Star Warriors do. In a recent memo, Strategic Defense Initiative Organization chief Lt. Gen. James A. Abrahamson lays out his new policy that metric rather than U.S. measurements should be used in the preparation of all SDI "elements, related systems, associated hardware and technical and other documentation." Aggressive metrication, he adds, "implements the positive and catalytic impact the SDI can and should have on the U.S. national infrastructure."



But Don't Lick This Page

Eyes ever peeled for ways to expand agricultural markets, the House Appropriations Committee has earmarked \$45,000 "for research into the use of soybean-oil-based ink for magazine printing," according to Rep. Richard J. Durbin, D-Ill., who sponsored the amendment. Coincidentally, the money would go to an agriculture research center in Peoria, Ill. "While soy ink tends to be somewhat more expensive in initial cost," a Durbin press release said, "it has the major advantage of being biodegradable, easier and cheaper to dispose of and less hazardous to handle than petroleum ink."



Dropouts' Tidings

Two ex-Democratic presidential hopefuls are less than enthusiastic about their colleagues still in the race. Speaking in Washington on Nov. 10, Gary Hart said, "I think they ought to spell out some specific economic agendas." Asked if he had had "second thoughts" about exiting the race last May, Hart replied, "Yes." And Sen. Joseph R. Biden Jr. reportedly told his constituents in Delaware that he had no favorites in the current field, but "would actively work for" New Jersey Sen. Bill Bradley should he enter the presidential campaign.

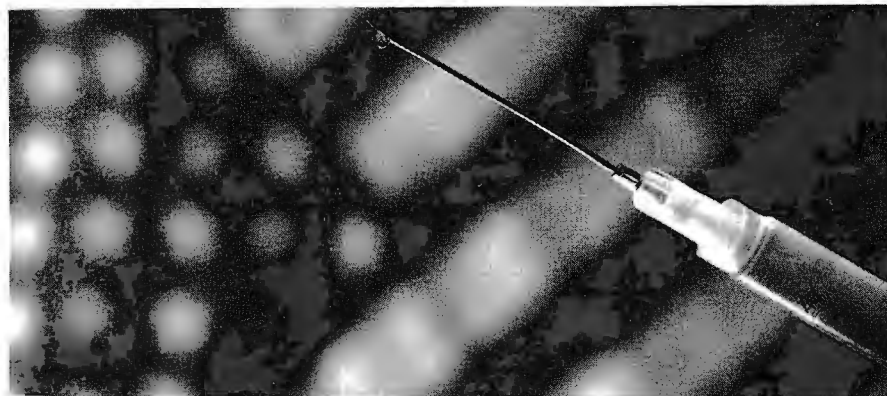
Chairman: Anthony C. Stout
President and Publisher: John Fox Sullivan
Editor: Richard S. Frank
Executive Editor: Michael Wright
Managing Editors: Richard Corrigan, Charles S. Clark
Deputy Managing Editor: Greta G. Waller
Assistant Managing Editors: Jake Welch, Phyllis L. Maringer
Art Director: Lucinda S. Levine
Picture Editor: Richard A. Bloom
Chief Copy Editor: Jo Anne Moncrief
Associate Editors: Deborah A. Birnbaum, David L. Wilson
Associate Picture Editor: Susan M. Muniak
Production Assistant: Everett O. Lee
Staff Correspondents: James A. Barnes, Richard E. Cohen, Lawrence J. Haas, Dick Kirschten, Julie Kosterlitz, Margaret E. Kriz, Christopher Madison, Carol Matlack, W. John Moore, David C. Morrison, Jonathan Rauch, Rochelle L. Stanfield, Bruce Stokes, Kirk Victor
West Coast Correspondent: Ronald Brownstein
Northeast Correspondent: Burt Solomon
Senior Contributing Editor: Dom Bonafede
Contributing Editors: Timothy B. Clark, Ann Cooper, Linda E. Demkovich, Robert Guskind, Jerry Hagstrom, Ellen Hoffman, Lawrence Mosher, Neal R. Peirce, William Schneider, Carol F. Steinbach
Contributing Photographer: Shepard Sherbell
Vice President and Associate Publisher: Roger Kranz
Advertising Director: Edward R. Erhardt
National Sales Director: Robin Fray
Assistant Publisher: Eleanor Evans
Advertising Manager: Erica Van Dyk
Administrative Assistant: Sheila M. Dwyer
Marketing Director: Charles Post
Circulation Director: Joan Willingham
Subscription Manager: Janie D. Blackman
Circulation Assistant: Denise Westray
Director of Library Services: Rose Pool
Library Assistant: Judith Proctor

Comptroller: Grace Geisinger

National Journal® (ISSN 0360-4217). Published weekly, except for the last week in August and the last week in December, by National Journal Inc., 1730 M St. NW, Washington, D.C., 20036. Telephone (202) 857-1400. Call toll free for subscription service, 800-424-2921. Available by subscription only at \$589 per year (academic and public library rate \$364), including semi-annual indexes. Binders available at \$30 for a set of two, prepaid. Second-class postage paid at Washington, D.C. Typesetting by Unicorn Graphics. Printing by McArdle Printing Co. Postmaster: Send address changes to Circulation Department, *National Journal*, 1730 M Street NW, Washington, D.C., 20036.

©1987 by National Journal Inc. All rights reserved. Reproduction in whole or part without permission is strictly prohibited.

**Times Mirror
Magazines**



2954

Reports

LEGAL AFFAIRS NO QUICK FIX

2954

A year ago, the government promised an all-out war on drugs. But last year's rhetoric has collided with this year's reality, and the war has been slowed by bureaucratic and political infighting and budget constraints.

W. John Moore

HEALTH BILLING BIGGER

2960

Runaway growth in the services physicians perform for medicare has boosted the program's cost despite a freeze on most doctors' fees. That may push the government into areas once reserved for doctors.

Julie Kosterlitz

PRESS HEY, LOOK ME OVER

2965

Presidential candidates, to a greater degree than ever before, are spending enormous amounts of time, effort, money and manpower in orchestrating, nurturing and managing relations with the news media.

Dom Bonafede

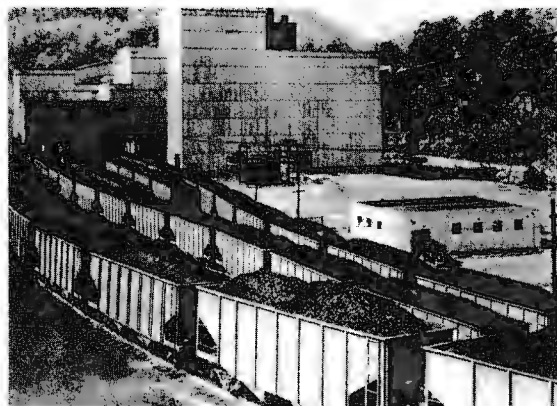
TRANSPORTATION A ROW OVER RAIL RATES

2970

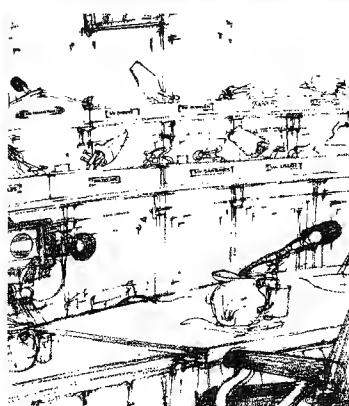
Seven years after railroad deregulation, the railroads and their captive shippers are fighting over prices. Congress must ultimately decide whether to change the law and give railroads less freedom to set rates.

Margaret E. Kriz

Cover photo: Richard A. Bloom



2970



2982



3004

Washington Update

A SYMBOLIC BUDGET

2974

Wall Street seems likely to be disappointed by the shape of the compromise on budget deficit cuts.

Lawrence J. Haas

POLITICAL PULSE

2975

Traditional ethnic politics is turning into racist politics in the cities of the North.

William Schneider

THE POLITICS PAGE

2976

Southern black Democrats have failed in a move to bolster their power at the national convention.

James A. Barnes and Richard E. Cohen

IN PERSON

2981

In lobbying on corporate takeover legislation, Robert E. Lighthizer draws on his experience as a Senate aide.

Lawrence J. Haas

ASSIGNING BLAME

2982

The Iran-contra committees write a new chapter.

Christopher Madison

STICKY DEFICIT

2984

The trade deficit just doesn't seem to want to go away.

Jonathan Rauch

STATE OF THE STATES

2987

Georgia is pleased with its prisons without bars or guns.

Neal R. Peirce

LOOKING FOR IMPACT

2988

Haig's presidential campaign begins to attract notice.

Dick Kirschten

INSIDE POLITICS

2990

The GOP should worry about a Pat Robertson backlash.

Jack W. Germond and Jules Witcover

Focuses

3002

TAKESHITA'S TASK

For Japan's new government, domestic economic concerns still dominate.

Bruce Stokes

3004

FATAL STING

Worries increase about proliferation of Stinger anti-aircraft missiles.

David C. Morrison

3005

GUNS V. CANES

For years to come, defense spending will compete with spending on elderly.

Julie Kosterlitz

3006

COURT REPLAY

President Reagan's Supreme Court woes are reminiscent of President Nixon's.

Kirk Victor

Departments

2992

PEOPLE

Washington's movers and shakers

2996

OPINION OUTLOOK

Views on the American scene

2998

AT A GLANCE

Weekly checklist of major issues

3000

THE NUMBERS GAME

Statistics on food safety

3001

INFOFILE

Studies, surveys and books

NBC News
salutes television's
longest-running
program

MEET THE PRESS

1947 Program creator Lawrence E. Spivak
with Senator Robert A. Taft



1947-1959 James A. Farley | Eric Johnston
Harold Knutson | Claude Pepper | Robert A. Taft
Kenneth S. Wherry | James Duff | J. Howard
McGrath | Elizabeth T. Bentley | Lewis B. Hershey
Vivien Kellems | Leslie Groves | Henry Cabot
Lodge, Jr. | Fred A. Hartley, Jr. | Hugh D. Scott, Jr.
George H. Gallup | Clinton P. Anderson | Alfred E.
Driscoll | Joseph P. Ryan | Menachem Begin
Norman E. Thomas | Estes Kefauver | Peter, King
of Yugoslavia | Raymond Baldwin | Clarence
Streit | R.W.G. Mackay | John McCormack
Warren Magnuson | Hubert H. Humphrey
Maurice Tobin | John Stennis | Leon H. Keyserling
Herbert U. Nelson | Ernst Reuter | Tom Clark
Earl Browder | Clendenin Ryan | William Jenner
Brien McMahon | George Malone | Theodore
Thackrey | William Knowland | Hans Freilstadt
Henry Kaiser | Millard Tydings | Ralph Flanders
Charles Sawyer | Gordon Gray | Philip Willkie
Phillip Reed | Patrick Hurley | George F. Lull
Joseph McCarthy | James Carey | Bishop of
London | Michael Quill | Paul Douglas | John
Crommelin | Herman Steinkraus | Hartley
Shawcross | William Blandy | James Kern | Hector
McNeil | Sava Kosanovic | Oscar Badger | Walter
Judd | J. Lawton Collins | Mrs. India Edwards
Edna F. Kelly | Joseph C. O'Mahoney | Scott Lucas
Owen Brewster | H. Alexander Smith | Francis P.
Matthews | Clark Clifford | Mrs. J. Waties Waring
Richard B. Russell | Homer Ferguson | Seth W.
Richardson | Walter P. Reuther | Lewis L. Strauss
Charles F. Brannan | Louis F. Budenz | Forrest P.
Sherman | Emanuel Celler | Edwin C. Johnson
Frank B. Bielaski | Paul J. Larsen | Lister Hill
Styles Bridges | Edward P. Morgan | Theodore F.
Green | William Benton | David Sarnoff | Karl
Mundt | George M. Craig | James Roosevelt | Bill
Alexander | John J. Sparkman | Sister Elizabeth
Kenny | Alexander P. de Siversky | Thomas E.
Dewey | Harold Stassen | Paul H. Griffith | Tingfu
F. Tsiang | Francis J. Myers | Wayne Morse
Madame Vijaya Lakshmi Pandit | W. Stuart
Symington | Wellington Koo | Millard F. Caldwell
J. William Fulbright | Sean MacBride | Charles W.
Tobey | Lady Nancy Astor | Everett Dirksen
Rudolph Halley | Blair Moody | Michael V. DiSalle
Frieda Henneck | Charles E. Wilson | John Foster
Dulles | David E. Lilienthal | Thomas K. Finletter
John L. Lewis | Harry P. Cain | Carlisle Humelsine
Leverett Saltonstall | Anthony Eden | Hugh
Gaitskill | Jean de Lattre de Tassigny | Dan
Kimball | Guy Gabrielson | Henry F. Grady | Phillip
C. Jessup | Bertrand Russell | John B. Dunlap
John F. Kennedy | T. Lamar Caudle | W. Averell
Harrison | Burnet R. Maybank | Ellis Arnall
Newbold Morris | Adlai Stevenson | Frank
McKinney | Franklin D. Roosevelt, Jr. | Paul Dever
John J. McCloy | Robert Kerr | Earl Warren | John
D.M. Hamilton | Alben Barkley | Gladwyn Jebb

The 40th Anniversary

To scan its guest list is to evoke an era, the
whole span of post-World War II history.

Indeed the MEET THE PRESS audience
witnessed much of that history as it was made.

MEET THE PRESS was television journalism's
first potent newsmaker. Four decades later,
it's still setting the pace.

A.S. Mike Monroney | Frank Pace | Richard Nixon
Herman Talmadge | Arthur Summerfield, Sr.
Jacob M. Arvey | Oscar Chapman | Lester Bowles
Pearson | Harold C. Urey | George K.C. Yeh | Anna
Rosenberg | Herman Welker | Charles A. Halleck
James P. McGranery | You Chan Yang | George
Allen | Russell B. Long | C. Wesley Roberts | Val
Peterson | Stephen A. Mitchell | Douglas McKay
Price Daniel | Carlos P. Romulo | Roy M. Cohn
James A. Wechsler | George M. Humphrey | Jean
Monnet | Gordon Dean | Mike Mansfield | John L.
McClellan | Walter S. Robertson | George Meany
W. Sterling Cole | Alfred M. Gruenther | Leo Mates
Leonard Hall | George D. Aiken | William F.
Dean | Robert Morris | Clayton Fritchey
Norman Ramsey | John W. Bricker | Clarence E.
Manlon | Martin Dies | Dave Beck | T. Coleman
Andrews | Ezra Taft Benson | Eleanor Roosevelt
Albert M. Cole | G. Mennen Williams | Robert
Young | William White | Guy Gillette | Ray Jenkins
Harold C. McClellan | Herbert Brownell | Homer
E. Capehart | Albert Gore | Harold E. Talbot
R.A. Butler | Oveta Culp Hobby | Joseph T. Meek
Samuel J. Ervin, Jr. | Pierre Mendes-France
Arthur V. Watkins | Edgar Dixon | Eugene Yates
Anthony Nutting | Fred A. Seaton | Paul M. Butler
Barry Goldwater | Billy Graham | Walter F. George
Mario Scelba | Gaetano Martino | Louis E.
Wolfson | James P. Mitchell | Heinz Krekler
Leonard A. Scheele | James B. Conant | Carmine
deSapio | Joseph W. Martin, Jr. | Aneurin Bevan
Howard Pyle | W.V. Lambert | Marion B. Folsom
Dag Hammarskjöld | Wilber M. Brucker | Abba
Eban | Mahmoud Fawzi | Goodwin F. Knight
Gabriel Hauge | Donald A. Quarles | Moshe
Sharett | Robert M. Hutchins | V.K. Krishna
Menon | Herbert Hoover | Joseph L. Rauh | Robert
Frost | Sinclair Weeks | Frank J. Lausche | James
O. Eastland | Trevor Gardner | Henry M. Jackson
Christian A. Herter | Orville L. Freeman | Allan
Shivers | Eugene Carson Blake | Clifton Daniel
John B. Hollister | G. H. Bender | Victor Riesel
Arthur B. Langlie | A.B. Chandler | George Bell
Timmerman, Jr. | Roy Wilkins | Arthur Larson
Jacob K. Javits | Frank Clement | James A.
Finnegan | Sherman Adams | Nikolai Khokhlov
Golda Meir | Farid Zineddine | Clare Boothe Luce

Guy Mollet | Jozsef Koevago | Robert Briscoe
Lord Hailsham | Jackie Robinson | Vladimir
Poremsky | Robert F. Kennedy | Maxwell Taylor
Meade Alcom | James Coleman | Thomas Stanley
Koichiro Asakai | Frank Church | Ralph J.
Cordiner | Joseph S. Clark | Charles O. Porter
Archbishop Makarios | Thomas J. Haggerty
Nathan M. Pusey | Henry R. Luce | Carl Sandburg
Herve Alphand | Alexander Kerensky | Simon
Ramo | Lauris Norstad | Bernard A. Schriever
Robert B. Anderson | John B. Medaris | James H.
Smith, Jr. | Robert B. Meyner | Edward Teller
Franz-Josef Strauss | William P. Rogers | Nelson
A. Rockefeller | James M. Gavin | Linus Pauling
William Stratton | Abraham Ribicoff | LeRoy
Collins | Mikhail A. Menshikov | Carlos P. Garcia
George A. Smathers | Oren Harris | Kwame
Nkrumah | Clifford P. Case | Husein K. Selim
Leslie Munro | Joseph Curran | Leo Hoegh
William R. Anderson | Madame Chiang Kai-shek
James H. Douglas | Edmund Brown | Donald N.
Yates | Iain Macleod | Wernher von Braun
Anastas Mikoyan | Arturo Frondizi | Pote Sarasin
Willy Brandt | Sumner Slichter | William Proxmire
Neil H. McElroy | Raymond J. Saulnier
Paul-Henri Spaak | Tom Mboya | Fidel Castro
Barbara Ward | Vannevar Bush | Walter Hallstein
Etienne Hirsch | Paul C.-E. Finet | Thomas Patton
Thomas E. Murray | David Lawrence | Ervin D.
Canham | Edward Teller | Robert Strauss-
Hupe | Charles Percy | Mark Hatfield | J. Howard
Edmondson | Edgar Kaiser | Richard Bolling | John
McConne | Philip Noel-Baker **1960-1965** John
F. Kennedy | Stuart Symington | Ezra Taft Benson
Hyman Rickover | Thurston Morton | Paul Dudley
White | Jacob Javits | George Smathers | Henry
M. Jackson | Herman Talmadge | Thomas
Lanphier | Konrad Adenauer | Thomas E. Dewey
Hubert Humphrey | T. Keith Glennan | Martin
Luther King, Jr. | Adlai Stevenson | Wayne Morse
Chester Bowles | Willy Brandt | Alexander
Kaznacheev | J.W. Fulbright | George Aiken
Nelson Rockefeller | Douglas Dillon | George
Gallup | LeRoy Collins | Lyndon B. Johnson | Barry
Goldwater | Charles Percy | William Raborn
Joseph Curran | Edward Teller | Arthur Flemming
James P. Mitchell | Richard M. Nixon | Henry

Cabot Lodge | James Wadsworth | Lord Home
Teresa Casuso | Robert F. Kennedy | Leonard Hall
Richard Scammon | Frank Pace | James Killian
E.R. Quesada | Everett Dirksen | Charles Halleck
James Landis | Sergio Rojas Santamarina
Luther Hodges | Adam Clayton Powell | Abraham
Ribicoff | George Padmore | Paul Samuelson
Styles Bridges | G. Mennen Williams | Robert
Weaver | Sidney Farber | I.S. Ravdin | Habib
Bourguiba, Jr. | Jonas Salk | Robert Welch | James
E. Webb | Hugh Dryden | Edward R. Murrow
Arnold Toynbee | John Tower | Arthur Dean
Thomas White | James Hoffa | Mohammad Ayub
Khan | Franz-Josef Strauss | Wilhelm Grewe | Otto
Passman | John J. McCloy | Dean Rusk | William
Miller | Walter Heller | Frederick Boland | T.F.
Tsiang | Cheddi Jagan | Frank Ellis | Glenn
Seaborg | Jawaharlal Nehru | John K. Galbraith
Fowler Hamilton | Edmund Gullion | George W.
Ball | George Meany | Sargent Shriver | Allen
Dulles | Francis Reichelderfer | Thomas Malone
Chet Holifield | George Romney | Orville Freeman
Thomas Dodd | William C. Foster | Edward M.
Kennedy | George Cabot Lodge | Sylvanus
Olympio | Mortimer Caplin | Edward J.
McCormack | Estes Kefauver | Harold Brown
Walt W. Rostow | Lucius Clay | Laurence Curtis
Melvin Laird | Bourke Hickenlooper | Edward
Annis | Leslie Powell | David Lawrence | Per
Jacobsson | Ladd Plumley | Newton Minow
William G. Anderson | Vance Hartke | Stuart
Hughes | Robert Kerr | Fred C. Schwarz | Isidro
Borja | John L. McClellan | Anthony Celebrezze
Reginald Maudling | W. Willard Wirtz | Edmund
Brown | Theodore Sorensen | James A. Farley
B.K. Nehru | Marshall Shulman | William Scranton
McGeorge Bundy | James MacGregor Burns
Lauris Norstad | John Stennis | Gonzalo Facio
David Rockefeller | Roswell Gilpatrick | John
Byrnes | George W. Anderson | King Hassan II
Harold Wilson | David Beil | John Glenn | Stanley
Schrotel | Kenneth Keating | Muhammad Zafrulla
Khan | James H. Meredith | George C. Wallace
Francis Keppel | Robert Taft, Jr. | Albert Rossellini
Farris Bryant | H.E. Gilbert | Averell Harriman
Richard Russell | George Kennan | Roy Wilkins
Madame Pandit | Emperor Haile Selassie
Madame Nhu | Roy Welensky | Zbigniew
Brzezinski | Ludwig Erhard | E. William Henry
Howard W. Smith | Milton Eisenhower | King
Hussein II | Indira Gandhi | Winthrop Rockefeller
James Farmer | Mark Hatfield | Pierre Salinger
Alan Cranston | William Knowland | Thomas
Kuchel | John Anderson, Jr. | James Rhodes
Denison Kitchell | Carlos Lacerda | Maurice Couve
de Murville | Eugene McCarthy | Mike Mansfield
Robert F. Wagner | Diosdado Macapagal | John
V. Lindsay | Edward Brooke | Juana Castro | Walter
Mondale | Joseph Tydings | James Conant | Dean
Burch | Bernard Fall | David McDonald | I.W. Abel
Paul Johnson | Russell Long | Abba Eban | Thomas
Power | Nicholas Katzenbach | Henry Fowler
Thanat Khoman | Hans Morgenthau | Stewart
Udall | John Connor | Grant Sawyer | John Connally
Karl Roelvaag | Robert Smylie | Maxwell Taylor
William Parker | Arthur Goldberg | Abraham
Beame | William Buckley | Mme. Chiang Kai-shek
John Chafee | Lawrence O'Brien | Arthur
Schlesinger, Jr. | Daniel Moynihan | Constantinos
Doxiadis **1966-1970** John W. Gardner | Ronald
Reagan | Gerald Ford | Dean Rusk | Julian Bond
W.P. Gullander | Edward Brooke | George
Bundy | W. Willard Wirtz | Edward M. Kennedy
Hubert H. Humphrey | Tom Mboya | Gardner
Ackley | Indira Gandhi | William C. Foster | Arthur

Goldberg | Henry M. Jackson | Michael DeBaakey
John Gronouski | Frank Church | Harold Brown
Ralph Nader | Edward Heath | John V. Lindsay
Sam Yorty | Jerome Cavanagh | John F. Collins
Van Allen | Richard C. Lee | James H. Meredith
George W. Ball | Edmund G. Brown | John H. Reed
John Connally | William Scranton | Otto Kerner
John A. Love | George Murphy | W.F. Raborn
Orville Freeman | James D. Martin | Howard
Callaway | Everett Dirksen | Sol Linowitz | Lincoln
Gordon | Martin Luther King, Jr. | Roy Wilkins
Whitney Young | Floyd McKissick | Stokely
Carmichael | George Meany | William P. Bundy
Ferdinand Marcos | Clark Kerr | Kingman
Brewster | Paul Douglas | John K. Fairbank | Jacob
Javits | Richard M. Nixon | Warren Magnuson
Thurston Morton | George Romney | Jesse Unruh
Walter Heller | Randolph Churchill | Abba Eban
Daniel Evans | Abraham Ribicoff | Melvin Laird
Charles Percy | Howard Baker | Cliff Hansen
Mark Hatfield | J.W. Fulbright | Buy Dennis | William
Proxmire | William Manchester | Bill Moyers
Nicholas Katzenbach | James Vorenberg | Mrs.
Robert Stuart | Thomas Cahill | Herbert Wechsler
Earle Wheeler | Joseph Clark | Robert Amory
Sam Brown | Dennis Shaul | David Ben-Gurion
Charles Wetner | Anastasio Somoza | Sargent
Shriver | Peter Dominick | William Attwood
George C. Wallace | L. Mendel Rivers | Lester
Maddox | C.K. Yen | Walter Schirra | Frank Borman
Thomas Stafford | Cyrus Vance | Harry Ashmore
Chester Ronnaing | Olaf Palme | Marian
Dobrosielski | Jean de Broglie | Geoffrey de
Freitas | John K. Galbraith | Harold Holt | Neal
Blaisdell | Henry Maier | Louie Welch | Joseph
Barr | Glenn Hearn | Lord Caradon | Walt W.
Rostow | Albert Gore | Robert F. Kennedy | Kurt
Georg Kiesinger | Harold Howe | Nguyen Van
Thieu | Henry Cabot Lodge | Walter Reuther
Hans Tabori | Betty Fumess | Lee Kuan Yew | Mike
Mansfield | George Kennan | James Gavin
Ellsworth Bunker | William Westmoreland | Allard
Lowenstein | John Chafee | Fred R. Harris
Benjamin Spock | William Sloane Coffin | Robert
McNamara | Eugene McCarthy | Ramsey Clark
Hugh Addonizio | Carl Stokes | Andreas
Papandreou | Maxwell Taylor | Roy Jenkins | Louis
Harris | Richard Scammon | Habib Bourguiba
Grayson Kirk | Joseph Tydings | Spiro Agnew
Dewey Bartlett | Raymond Shafer | Nelson
Rockefeller | John Volpe | James Rhodes | George
McGovern | Strom Thurmond | Edmund Muskie
Harold Hughes | Lawrence O'Brien | Clark Clifford
Curtis LeMay | Donn Eisele | Walter Cunningham
Teddy Kollek | Birch Bayh | Jean-Jacques Servan-
Schreiber | Herbert Klein | Wilbur Cohen | George
Christian | Averell Harriman | Robert Finch | Eric
Goldman | Harlan Cleveland | Paul McCracken
Jerome Wiesner | Abram Chayes | Zbigniew
Brzezinski | King Hussein II | George Shultz
Nathan Pusey | James E. Allen | Thomas O. Paine
Winton Blount | Arthur Naftalin | Kevin White
Joseph Alliot | Russell Long | Edwin Reischauer
Daniel Moynihan | Bernardette Devlin | Buford
Ellington | Richard J. Hughes | Richard Ogilvie
John J. McKeithen | Hugh Scott | Svetlana
Alliluyeva | Golda Meir | William P. Rogers | Shah
of Iran | John N. Mitchell | Prince Philip | Jean
Mayer | Stanley Resor | Robert Seamans | Shirley
Temple Black | Frank Shakespeare | Lee
DuBridge | Dean Burch | David M. Kennedy
Robert Mayo | Richard Bolling | Jerome Waldie
Herman Talmadge | Walter Mondale | John D.
Rockefeller IV | Willy Brandt | Tom Clark | Robben
Fleming | Patrick Shea | Christiaan Barnard
Robert Packwood | Nahum Goldman | Charles
Goodell | Peter Flaherty | Sam Massell | Wes
Uhlman | Richard Lugar | Antonia Uccello
Charles Yost | Milton Friedman | Caspar
Weinberger | Joseph Sisco | Yitzhak Rabin | Arthur
Burns | John Dempsey | Norbert Tiemann | Warren
Hearnes | John Ingersoll | Alexander Heder
Leonard Woodcock | Ralph Tyler Smith | Adlai
Stevenson III | Elliot Richardson | James Ahern
Joseph Rhodes, Jr. | Josiah Spaulding | Edward
Hambr | Ben Wattenberg | Lord Clark | James
Buckley | Nguyen Cao Ky | Moshe Dayan | Paul
Samuelson | 1971-1975 Nelson Rockefeller
John Tunney | Carl Albert | Donald Rumsfeld
George Shultz | Russell Train | William
Ruckelshaus | George McGovern | Hubert H.
Humphrey | Leon Sullivan | John Connally | George
Bush | Mike Mansfield | Harold Hughes | Walter
McNerney | John Kerry | Al Hubbard | John K.
Fairbank | Jerome Cohen | Allard Lowenstein
George Romney | William P. Rogers | Charles
Diggs, Jr. | Augustus Hawkins | William Clay
Ralph Nader | Wilbur Mills | James Tate | Richard

Lugar | Louie Welch | Kenneth Gibson | Wes
Uhlman | Moon Landrieu | Stuart Symington
James Symington | I.W. Abel | Winton Blount
George Meany | Paul McCloskey, Jr. | James
Roche | Glenn Seaborg | William Proxmire
George C. Wallace | Leonard Woodcock | Adlai
Stevenson III | Warren Hearnes | Ronald Reagan
John Gilligan | Linwood Holton | William Milliken
Luis Ferrel | S.K. Chow | Edgar Benson | Mario
Ferrari-Aggradi | Elliot Richardson | Fred R. Harris
Walter Heller | Patricia Roberts Harris | Salvador
Allende | Indira Gandhi | Melvin Laird | Henry M.
Jackson | Arthur Flemming | Golda Meir | Earl
Butz | Daniel Moynihan | John K. Galbraith | Kurt
Waldheim | Edmund Muskie | Hugh Scott
Maurice Stans | Eugene McCarthy | John V.
Lindsay | Edwin Reischauer | Daniel Berrigan
Reubin Askew | Marshall Green | King Hussein II
Raymond Shafer | Theodore Cooper | J. Willis
Hurst | John Ehrlichman | Louis Harris | Richard
Scammon | Zbigniew Brzezinski | Marshall
Shulman | Peter G. Peterson | Arch Moore | Marvin
Mandel | Wendell Anderson | Preston Smith
Henry Maier | Richard Hatcher | Kevin White
Sam Massell | Harry Haskel | Lawrence O'Brien
Richard Neustadt | Shirley Chisholm | Robert
Dole | Jean Westwood | Basil Paterson | Ernest F.
Hollings | Thomas P. O'Neill | Sargent Shriver
Herbert Klein | Clark MacGregor | Spiro Agnew
Richard Gerstenberg | Gloria Steinem | Jill
Ruckelshaus | Peter Dominick | Bob Wilson
Eleanor McGovern | Ferdinand Marcos | Paul
Warnke | Herbert Stein | Marina Whitman | James
Schlesinger | Robert Byrd | Gerald Ford | William
Sullivan | Edward Heath | J.W. Fulbright | Caspar
Weinberger | Herman Talmadge | James T. Lynn
Lee Kuan Yew | Edward Brooke | Henry Ford II
Yigal Allon | Abba Eban | Howard Baker | Daniel
Elsberg | Robert Strauss | Dale Bumpers | Robert
Ray | Mike O'Callaghan | Joseph Alioto | Ben Boo
Neil Goldschmidt | Pete Wilson | James
MacGregor Burns | James Buckley | Shah of Iran
Kakuei Tanaka | John A. Love | John Gardner
Daniel Inouye | Roy Ash | Zulfikar Ali Bhutto
Walter Mondale | Robert Griffin | James Hoffa
Archibald Cox | Charles Percy | Walter Levy
Ahmed Z. Yamani | Barry Goldwater | Frank Kirk
Wright Patman | Thomas Moore | William Simon
E. Douglas Kenna | Arch Booth | John B. Anderson
Morris K. Udall | Robert McNamara
Moshe Dayan | John J. Rhodes | Dixie Lee Ray
Kenneth Cole, Jr. | James St. Clair | Frank
Fitzsimmons | William Brock | Robert Michel
Chesterfield Smith | Daniel Evans | Jimmy Carter
Daniel Walker | Tom McCall | Wendell Ford
Kenneth Rush | Russell Long | Roy Martin
Thomas Bradley | Maynard Jackson | Abraham
Beame | Elmo R. Zumwalt Jr. | Paul McCracken
Charles Black | Martha Griffiths | Russell Roth
Wilbur Cohen | C. Jackson Grayson | Albert
Shanker | Yitzhak Rabin | Alan Greenspan | E.
Gough Whitlam | Lloyd Bentsen | Wayne Hays
Leon Jaworski | John Hannah | Jean Mayer
Sterling Wortman | Lester R. Brown | Mary Louise
Smith | John Glenn | William Saxbe | Francoise
Giroud | Terry Sanford | Yvonne Burke | Helmut
Schmidt | Henry Reuss | Mike McCormack | John
Brademas | Ella Grasso | Al Ullman | Joseph Sisco
Frank Zarb | William Coleman, Jr. | Willy Brandt
Menachem Begin | Thomas A. Murphy | Reginald
Jones | Irving Shapiro | Arthur Wood | Walter
Wriston | Donald C. Cook | Robert McCloskey
Arthur Burns | Calvin Rampton | Christopher
Bond | James Longley | Edwin Edwards | Friedrich
von Hayek | Coleman Young | Richard Carver
Fred Hofheinz | Alexander Solzhenitsyn
Alejandro Orfila | Fred Ikle | Patrick Murphy
Hubert Williams | Edward Davis | Robert DiGrazia
Joseph McNamara | James Parsons | Frank
Church | Robert George | John Ryor | Prince
Saud Al-Faisal | Edmund G. Brown, Jr. | Henry
Kissinger | Hugh Carey | L. William Seidman
Philip Hart | Janey Hart | 1976-1980 John
Marcum | Birch Bayh | Jimmy Carter | Fred Harris
Milton Shapp | Lloyd Bentsen | Henry M. Jackson
Terry Sanford | Morris Udall | Rogers Morton
Yitzhak Rabin | Yasser Arafat | Meldrim Thomson
William Leeb | George Bush | Thomas Kleppe
Ronald Reagan | Dick Clark | George C. Wallace
Walter Heller | Bob Woodward | Carl Bernstein
Donald Rumsfeld | Barry Goldwater | John J.
Rhodes | Paul Laxalt | Valery Giscard d'Estaing
Barbara Jordan | Mervyn Dymally | Vernon Jordan

Jesse Jackson | A. Jay Cooper | John Ehrlichman
John Connally | Hamilton Jordan | Robert Strauss
Michael Dukakis | Robert Ray | Wendell Anderson
Mills Godwin | Andrew Young | Eugene McCarthy
Richard Schweiker | Elliot Richardson
John Sears | Nelson Rockefeller | Charles
Mathias | Eldridge Cleaver | Leonard Woodcock
Robert Dole | Carl Sagan | Gerald Soffen
Rosalynn Carter | William Scranton | James
Corman | Guy Vander Jagt | Tom Anderson | Peter
Camejo | Lyndon LaRouche | Robert MacBride
Milton Friedman | Jack Ford | Dixie Lee Ray
Benjamin Hooks | James R. Thompson | Derek
Bok | Richard Bolling | Phillip Burton | John J.
McFall | Jim Wright | Mike Mansfield | William
Simon | Edward Levi | Jack Watson, Jr. | Charles
Schultze | Howard Baker | Lloyd McBride | Ed
Sadowski | Brock Adams | Bert Lance | Pierre
Elliott Trudeau | Harold Brown | Michael
Blumenthal | Joseph Califano | Alan Cranston
Bob Packwood | Russell Long | Ralph Nader
John Swearingen | Roy Chapin | W. Donham
Crawford | Carl Bagge | Denis Hayes | Gary Hart
Robert Byrd | Douglas Fraser | Robert Gallo
Kenneth Gibson | George Moscone | Harvey
Sloane | Tom Moody | Lewis Murphy | John Culver
Jake Garn | Millicent Fenwick | Donald Fraser
James Schlesinger | Ray Marshall | Menachem
Begin | Peter Jay | John B. Anderson | Ellsworth
Bunker | Sol Linowitz | Strom Thurmond | Jesse
Helms | Arthur Upton | Lane Kirkland | William
Milliken | John D. Rockefeller IV | Pete du Pont
Jerry Apodaca | George Busbee | Parren Mitchell
Griffin Bell | Cyrus Vance | Henry Ford II | Walter
Mondale | Jacob Javits | Audrey Rowe-Colom
Phyllis Schlafly | Liz Carpenter | Margaret Mealey
Eleanor Smeal | Abba Eban | King Hussein II
Thomas P. O'Neill | Daniel Moynihan
Theodore Hesburgh | Arthur Okun | Bill Brock
Leon Jaworski | Moshe Dayan | Arnold R. Miller
Edmund G. Brown, Jr. | Bob Bergland | Patricia
Roberts Harris | Alan Greenspan | Barry Bosworth
Alexander Haig | Dean Rusk | George W. Ball
Harrison Williams | Orrin Hatch | Zbigniew
Brzezinski | Morarji Desai | Howard Jarvis | Irving
Selikoff | Paul Kotin | Sidney Wolfe | Donald
Kennedy | Anthony Mazzocchi | Eleanor Holmes
Norton | John K. Galbraith | William Steiger | John
C. White | James Abourezk | John Ryor | Jerry Wurf
Jack Kemp | Henry Kissinger | Ian Smith
Nababing | Sithole | George McGovern | Evelle
Younger | Alfred Kahn | Pieter Botha | Leonel
Castillo | Patrick Steptoe | Patricia Derian
Edmund Muskie | Juanita Kreps | David W. Bell
John Glenn | Walter Levy | Richard Stone | Paul
Findley | Ezer Weizman | Jerry McAfee | Shahriar
Rouhani | William Masters | Virginia Johnson
Paul Nitze | John Dingell | John Brademas | Frank
Church | Helena Arcena | Robert Cox | Benjamin
Civiletti | William Wimpisinger | Anwar Sadat
Neil Goldschmidt | Tom Hayden | Jane Fonda
Thomas A. Murphy | Armand Hammer | Marshall
Shulman | Edward M. Kennedy | Shimon Peres
Sadegh Ghotbzadeh | R.K. Ramazani | Billy
Graham | Douglas Costle | Edwin Meese | Michael
Barnes | Robert Mugabe | Patrick Lucey | Sam
Nunn | Jerry Falwell | Richard V. Allen | Gerald
Ford | John Sawhill | Joseph Biden | Charles Percy
Philip Crane | Gar Alperovitz | Henry Bellmon
Ernest F. Hollings | Spiro Agnew | Athalie Range
George Shultz | Phillip Caldwell | 1981-1987
Martin Anderson | Howard Baker | Jack Watson,
Jr. | Charles Percy | James R. Jones | Jack Kemp
James McClure | Jim Wright | Donald Regan
Jesse Helms | Walter Heller | T.H. Bell | Douglas
Fraser | Alexander Haig | Jean Kirkpatrick | John
Glenn | Ahmed Z. Yamani | William Webster
David Stockman | Thomas Foley | Caspar
Weinberger | Richard Schweiker | Paul Tsongas
Edwin Meese | Saadoun Hammadi | Cyrus Vance
Walter Wriston | Richard Hatcher | Richard
Carver | Gary Hart | Dan Rostenkowski | Henry M.
Jackson | William French Smith | Anwar Sadat
Griffin Bell | James Thompson | Robert Poll
Murray Weidenbaum | Kenneth Blaylock
Menachem Begin | Thomas Sowell | Paul Laxalt
John Tower | James Tobin | Walter Mondale | Bob
Dole | James Baker III | Richard V. Allen | Vernon
Jordan | Alan Cranston | George Kennan | Alan
Greenspan | Richard Snelling | Bruce Babbitt
Bill Bradley | Malcolm Baldrige | James Watt
Guillermo Ungo | Pete Domenici | Michael Barnes
Robert Dornan | Milton Friedman | Richard

Bolling | Robert McNamara | Edward M. Kennedy
Henry Kaufman | Trent Lott | Farouk Kaddoumi
Eugene Ross | Orrin Hatch | John K. Galbraith
Indira Gandhi | Shimon Peres | George Shultz
Elias Freij | Rashad Shawa | Bill Brock | Ferdinand
Marcos | Nicholas Veliotis | Lester Thurow | John
R. Block | Reubin Askew | Tony Coelho | Guy
Vander Jagt | William L. Armstrong | Martin
Feldstein | Mark Hatfield | Mohammad Zia-ul-
Haq | Henry Reuss | Millicent Fenwick | Moshe
Arens | John Chafee | Morris Udall | Paul Volcker
Richard Burt | Noel Gayler | Albert Gore, Jr.
Harold Washington | Richard Perle | Ernest F.
Hollings | Sol Linowitz | Alan K. Simpson | Timothy
Wirth | Richard Gephardt | Brent Scowcroft
Stanfield Turner | Nancy L. Kassebaum | Petra
Kelly | Bob Michel | Tony Anaya | Christopher J.
Dodd | Phillip Caldwell | Lane Kirkland | Ernest
Boyer | Sam Nunn | Marshall Shulman | Frank
Borman | Eric Rouleau | John W. Vessey, Jr.
George McGovern | Kenneth Adelman | William
Ruckelshaus | Jesse Jackson | Elizabeth Dole
John Danforth | Bob Edgar | William Colby
Kenneth Dam | Robert S. Strauss | George Bush
Helmut Kohl | Andrew Young | Francois
Mitterrand | Joseph Biden | Robert McFarlane
Jose Napoleon Duarte | Charles Manatt | Dianne
Feinstein | Wilson Goode | Romano Mazzoli | Lloyd
Bentsen | Charles Robb | Albert Shanker | William
Boiger | Moe Biller | James A. Johnson | Richard
Wirthlin | Richard Leone | Geraldine Ferraro
David Aaron | George Gallup, Jr. | William
Schneider | Michael Dukakis | Bob Graham | Mark
White | Richard Lugar | Daniel Moynihan | Donald
Engen | Marvin Kalb | Roger Mudd | John
Chancellor | Tom Brokaw | Barry Goldwater | Jack
Kirk, Jr. | William J. Bennett | William Friday
William Janklow | Les Aspin | James Schlesinger
Harry Summers, Jr. | James Webb | Max Cleland
Franz-Joseph Strauss | Dick Cheney | Richard
Darman | Rajiv Gandhi | Patrick Leahy | Samuel
Lewis | Peter Ueberroth | Edward Teller | Gatscha
Buthelezi | Stephen Solarz | John Chettie | Clayton
Yetter | Georgi Arbatov | Michael Armacost
Mario Cuomo | William Gray III | Herbert Beukes
Charles Grassley | David Pryor | Shafik El-Hout
Judith Kipper | Vernon Walters | King Hussein II
Gerard C. Smith | Michael Deaver | Helmut
Schmidt | Roald Sagdeev | Iulian Semyonov
Stephen Trott | Pat Robertson | Thomas P. O'Neill
Robert Oakley | Yitzhak Rabin | Richard Shadyac
David Newsom | James Miller III | Phil Gramm
Bob Packwood | Carl Sagan | Thomas O. Paine
William Graham | Anatoly Shcharansky | Avital
Schcharansky | David Durenberger | Juan Ponce
Enrile | Fidel Ramos | William J. Crowe, Jr. | Elliott
Abrams | Alfonso Robelo | James Sasser | John
Herrington | Edward Heath | Lowell Weicker
Harold Denton | Lamar Alexander | Mary Futrell
Yevgeny Velikhov | John Slaughter | John Lawn
Ralph Sampson | Bob Lanier | Henry E. Hudson
Christie Hefner | Donald Wildmon | Barry Lynn
Beryl Sprinkel | Raymond A. Hay | Desmond Tutu
Howard Metzenbaum | A.E. Dick Howard | James
Abrahamson | Malcolm Wallop | John P. Foley
Charles E. Curran | Derek Bok | David Gardner
S. Frederick Starr | Ruth Daniloff | Seweryn Bialer
Nicholas Daniloff | Nancy Reagan | Peter
Bensinger | Henry Kissinger | George Mitchell
John Heinz | Patrick Caddell | Frank Fahrenkopf,
Jr. | Robert Byrd | John Poindexter | Adolfo Calero
William Cohen | Lloyd Cuthler | Michael Beschloss
Lawton Chiles | David Boren | Jaker Arroyo | Otis
Bowen | Fortney Stark | Max Kampelman | James
W. Malone | Richard A. McCormack | Jimmy
Carter | Brian Mulroney | Hidetoshi Ukwai | Daniel
Inouye | Warren Rudman | A.M. Rosenthal | Henry
Waxman | Paul Volberding | Howard Phillips
Gaston Sigur, Jr. | Dick Pound | Richard Holbrooke
Bobby Inman | Louis Stokes | T. Allan McArtor
Guy Molinari | Robert Crandall | Frank Carlucci
Lee Hamilton | Richard Murphy | Mohammad
Jawan Larjani | Salvador Laurel | Bill Clinton
Gennady Gerasimov | Zhao Ziyang | Howell Heflin
Barbara Jordan | Said R. Khorrassani



1987 Current moderator Chris Wallace as Secretary of State George Shultz



NBC NEWS

No Quick Fix

What happened to the all-out war on drugs that the federal government declared a year ago? It's been slowed by interagency squabbling, and the drugs are still flowing in.

BY W. JOHN MOORE

From the beginning, Operation Blue Lightning stumbled. The starting date was moved up 72 hours because drug-runners got advance warning about the Miami-based operation through a breach in security. Its radar surveillance system, mounted on condominium rooftops on the Florida coast, has limited range and difficulty detecting small aircraft used in smuggling. On the high seas, communications were hampered because the Coast Guard operates on a different radio frequency than the Customs Service does, and so headquarters couldn't contact Coast Guard vessels working the same waters as Custom's interceptor boats.

Moreover, the Blue Lightning operations center, overwhelmed by marine traffic, can pursue only a fraction of suspicious targets.

Blue Lightning hardly qualifies as a flop. Drug shipments through South Florida have been curtailed. Nevertheless, the operation's startup problems may symbolize the difficulty in winning the war on drugs proclaimed so loudly last year. Flawed in conception and marred in execution, critics say, the antidrug effort has bogged down in a quagmire of bureaucratic snarls, political infighting and budgetary constraints.

"We've declared war on drugs, but instead of it being World War II, it's Vietnam. The resources are not being committed to

win," said James B. McNulty, executive director of the National Conference of Democratic Mayors. In the Blue Lightning case, said Peter A. Johnson, a drug control expert and senior associate at the congressional Office of Technology Assessment (OTA), "The real difficulty was that the operation was put into place with no real goals or evaluation plan."

Capt. G.F. Crosby, the Coast Guard's deputy chief of operations, conceded that his agency was "maybe not as involved as we should have been" in that operation. The Coast Guard is equipping more vessels with radios that can receive Customs traffic, he said, and radar problems are also being addressed.

Only a year ago, in a frenzy of pre-election oratory, Congress and President Reagan competed in promising to wage a war on drugs no matter how high the costs or how great the burdens. Both pledged a full-scale assault by mobilizing the full resources of the federal govern-

ment. Proof of that commitment was the \$1.7 billion antidrug statute, the 1986 Antidrug Abuse Act, which attacked the whole panoply of problems: production of drugs abroad, interdiction at the border, enforcement on the street, education in the school, testing in the workplace, treatment in the clinic and prevention at home. It increased penalties for some drug-related crimes and authorized law enforcement grants to the states for drug enforcement efforts.

"Drug use is too costly for us not to do everything in our power, not just to fight it, but to subdue it and conquer it," Reagan said as he signed the bill.

But only true optimists expected dramatic results in 12 months. And nobody concedes defeat. But last year's rhetoric has collided with this year's reality. "There was this enormous amount of hype, but nothing seems to have happened," said David F. Musto, a professor of psychiatry and history of medicine at the Yale School of Medicine.

One reason is money. Ninety days after signing the bill, Reagan submitted a fiscal 1988 budget that signaled an early retreat. He proposed cutting \$1 billion out of the fiscal 1988 drug budget. His budget proposed to eliminate the entire \$225 million for state and local drug enforcement efforts, cut the drug treatment money in half and slash drug education money for the states in fiscal 1988-89 from \$500 million to \$100 mil-



Associate attorney general Stephen S. Trott
The United States has achieved major victories "on every front."

lion. Although Congress was even more vocal than the President last year in urging the war on drugs, it is now evident that less money than promised will be made available.

Karst J. Besteman, the executive director of the Alcohol and Drug Problems Association in Washington, called the Administration's budget a "repudiation" of Reagan's earlier speeches on the drug crisis. "The President said this was the first shot across the bow," Besteman added, "but he didn't even let it be a complete shot."

Many city and local governments have a more immediate problem. Although the 1986 law promised millions of dollars in federal aid, almost none have trickled down. Only 17 municipalities have received any money from last year's bill, according to a U.S. Conference of Mayors survey of 42 cities in October.

The states can be blamed for part of the problem. No state has distributed any portion of the \$225 million in grant money for law enforcement assistance, although the Education Department released \$200 million. Even if they get law enforcement money, major drug areas such as Dade County, Fla., New York and Los Angeles may receive smaller amounts under state aid formulas than they expected.

"You're seeing what happens when you call it a drug reform act, give it a few dollars and run the money through the statehouses," said J. Thomas Cochran, executive director of the U.S. Conference of Mayors.

INTERAGENCY STRIFE

The most damaging criticism of the war on drugs has focused on the interagency strife among federal drug busters.

Every year, for example, narcotics experts await publication of the federal government's ultimate source of statistics on the nation's drug problem. But disagreements between the Justice Department's Drug Enforcement Administration (DEA) and the Health and Human Services Department's National Institute on Drug Abuse delayed publication of a 1986 report for almost a year. And now that the numbers are out, another controversy has arisen: The figures on marijuana consumption don't square with other data.

By jiggling the numbers, the multi-agency National Narcotics Intelligence Consumers Committee (NNICC) re-



Karst J. Besteman of the Alcohol and Drug Problems Association
Politicians don't like long-term commitments to solving problems.

Richard A. Bloom

ported that marijuana use dropped by almost 4,000 tons (or 8 billion joints) from 1984-85. Meanwhile, the report said, the amount of marijuana available for consumption rose dramatically, but it gave no explanation for the disparity between consumption and supplies.

Such disputes reflect more than a simple spat among government bean counters. "The new NNICC report," according to Peter Reuter, a senior economist at the Rand Corp. in Washington, "shows that the federal agencies have little idea of the scale of the problem with which they are dealing and are unable to measure how well they are doing. It is not even clear they can tell whether matters are getting better or worse from year to year."

Congressional critics have argued that despite a boost in the interdiction budget (from \$394 million in fiscal 1981 to \$1.3 billion in fiscal 1987) and increased seizures, the antismuggling effort suffers from a lack of coordination between the Treasury Department's Customs Service, Justice's DEA, FBI and Border Patrol and the Transportation Department's Coast Guard.

Rather than giving any agency exclusive responsibility over air interdiction efforts, for example, Customs and the Coast Guard share it—an uneasy and expensive alliance, some critics say. "We now have two Air Forces in the war on drugs," Senate Judiciary Committee chairman Joseph R. Biden Jr., D-Del., complained in an interview.

"Current federal antidrug abuse efforts are characterized by overlapping jurisdictions, uncertain leadership and 'turf battles' that frustrate the success of many anti-narcotics programs," said a June report by the House Government Operations Committee. (See box, p. 2958.)

Doubts are also growing that the strategy for winning this war will work. Many

narcotics experts believe the Reagan Administration and Congress have devoted too many resources to limiting the supply of drugs while virtually ignoring the demand side of the equation. "Reagan has decided to Rambo drugs out of existence," said Msgr. William O'Brien, director of Daytop International, a New York drug treatment center.

From fiscal 1981-88, total spending on federal drug control activities tripled, from \$1.2 billion to \$3.9 billion. But spending on treatment and prevention declined from \$200

million in 1982 to \$126 million in 1986. A Customs Service study in October seems to bolster the argument for more treatment money. A dollar spent on treatment and education reduces cocaine consumption by 1.6 per cent while a dollar spent on federal law enforcement cuts cocaine use by only 0.24 per cent, its numbers showed.

Battle-weary experts promise no easy victories. "This is a siege," said Rep. Larry Smith, D-Fla., chairman of the Foreign Affairs Committee's Task Force on International Narcotics Control.

"Anybody who expects to see a win after a year better start following the National Basketball Association," snapped associate attorney general Stephen S. Trott.

PATROLLING THE BORDERS

As the narcocop on the beat, the Administration has devoted most of its resources to a quest for ever-bigger drug busts at the border. The Administration's antismuggling effort was supported by budget increases, with \$1.37 billion in fiscal 1987 (35 per cent of the federal drug abuse budget) assigned to that program.

Even the military was mobilized to assist civilian law enforcement agencies. In fiscal 1986, for example, U.S. Navy E2 aircraft flew 370 surveillance missions in support of interdiction efforts. According to a General Accounting Office (GAO) report in June, the cost of the Defense Department's interdiction efforts jumped from \$4.9 million in fiscal 1982 to an estimated \$387 million in fiscal 1987, mostly as a result of direct appropriations in the 1986 antidrug law. (See NJ, 9/6/86, p. 2104.)

These enforcement efforts are a success, Administration officials insist. "You're looking at a geometrical progression in terms of the ability of law enforce-

U.S. Tries to Cut Foreign Production . . .

Since the 1909 Shanghai Treaty, when the United States pestered the Great Powers in China to limit opium production, international narcotics control efforts have remained a centerpiece of U.S. drug policy.

"America's international drug control program seeks to break the chain that links farmers in those drug-producing countries to users in the United States by stopping the flow of drugs as close to the source as possible," the National Drug Policy Board said in its latest report.

Several provisions in the 1986 Antidrug Abuse Act reflected this continuing faith in the efficacy of curbing foreign production. The State Department was directed to enter negotiations to establish a Mexico-U.S. Intergovernmental Commission on Narcotics and Psychotropic Drugs. The law authorized an extra \$53 million in fiscal 1987 for international narcotics control assistance. Along with the carrots came the promise of a big stick: Half of U.S. foreign aid to a nation producing drugs or trafficking in narcotics would be withheld until the President certified that it was trying to limit production or restrict exports.

So far, the State Department has decertified only Afghanistan, Iran, Laos and Syria—none of which were receiving any U.S. aid. Rep. Charles B. Rangel, D-N.Y., and New York Mayor Edward I. Koch have blamed the drug crisis in part on the department's apparent reluctance to sanction major drug-producing countries such as Colombia, which gets \$7 million annually in nonnarcotics assistance.

Such complaints irk Ann B. Wroblewski, the assistant secretary of State for international narcotics matters, who argued that Colombia is waging a brutal internal war with narco-traffickers. "We owe them our absolute support," she said. "I'd like to talk to Mayor Koch about sanctioning New



Jose A. Gonzalez Fernandez, a law adviser at the Embassy of Mexico
"Mexico is very aware of the problem," but is not a cocaine producer.

York" for its failure to regulate drug paraphernalia or establish enough treatment centers. "Politically, it's very easy to sit behind your desk in New York or Washington and kick around the Third World," she added.

Over the past decades, neither threats nor financial aid has led to a dramatic downturn in the drug supply. Eradication and crop substitution efforts have achieved only modest success. "It's frustrating," said Rep. Larry Smith, D-Fla., chairman of the Foreign Affairs Committee's Task Force on International Narcotics Control. "If you look at the availability of the stuff on the streets, you have to be disappointed."

Mexico, with its 2,000-mile border with the United States, gets attacked for what critics charge is a lackluster effort to control drugs or production. The Administration's National Narcotics Intelligence Consumers Committee, in a June report on foreign drug supplies, fingered Mexico as the pro-

ment to function in the global dimension," Trott said. "On every front, eradication, extradition, mutual legal assistance treaties, defendants in jail, organizations destroyed, assets seized, capabilities demonstrated," the United States has achieved major victories, he said.

Some federal enforcement efforts are unqualified success stories. In May, the DEA completed the largest undercover operation in federal drug enforcement history. Over three years, Operation Pisces led to the seizure of more than 19,000 pounds of cocaine with a wholesale value of \$270 million.

Operation Alliance, a multi-agency task force based in El Paso, Texas, was created last year to stop the influx of drugs along the southwestern border with Mexico. Alan E. Eliason, senior tactical coordinator for the project, said that the amount of marijuana seized in fiscal 1987 was double the year-earlier figure and

that the amount of cocaine captured was four times greater.

As a result of interdiction efforts, federal drug agencies seized 27 tons of cocaine, a half ton of heroin, 9 tons of hashish and 1,106 tons of marijuana in 1986, the GAO study said.

But that was only a tiny fraction of the drugs that entered the U.S. market. Many drug abuse experts believe that interdiction efforts may stem only 3 per cent of marijuana imports and 10 per cent of cocaine imports. The deluge of imports continues: From 1984-86, cocaine imports more than doubled, to 60 metric tons, and heroin imports rose by about 50 per cent, to 6 tons.

In its October report, the Customs Service said that its antismuggling efforts provided a much bigger bang for the buck than did drug investigations undertaken by other agencies after drugs arrived in this country. That conclusion was not

shared by the DEA, which leads the fight inside U.S. borders.

"Some of the conclusions give me pause because they don't square with my experience or knowledge," said DEA assistant administrator David L. Westrate.

Despite their high expense and visibility, such government efforts may play a limited role in stemming the influx, some experts say. In a gloomy assessment of the border war, the OTA found "no clear correlation between the level of expenditures or effort devoted to interdiction and the long-term availability of illegally imported drugs in the domestic market." (See box, above.)

The OTA pinpointed several reasons for pessimism. The profitability of drug smuggling, the worldwide glut in drugs and the fact that producers prefer to sell drugs to U.S. consumers (because of heavy demand and premium prices) mean that "interdiction alone will probably

... But Drugs Keep Coming to Users Here

ducer or supplier of increasing amounts of opium, cocaine and marijuana. Imports of Mexican marijuana soared from 20 per cent of the U.S. supply in 1984 to 32 per cent in 1985, with only a slight decline last year, the report said, and imports of Mexican heroin rose from 32 per cent of U.S. supply in 1984 to 39 per cent in 1985.

Some Members of Congress favor using diplomatic muscle to press Mexico for stronger action. But the State Department is unlikely to do that, partly because U.S.-Mexico relations cover other issues—such as debt, energy and immigration—that it regards as at least as important as drugs.

Defenders of Mexico note that it has boosted enforcement efforts during a period of economic distress, deploying 25,000 soldiers to combat drug trafficking. "Mexico is doing a credible job," associate attorney general Stephen S. Trott said, noting that Mexico permits the U.S. Drug Enforcement Administration to operate within its borders.

Jose A. Gonzalez Fernandez, a law adviser at the Mexico Embassy, acknowledged that "Mexico is very aware of the problem" but noted that his country is not a cocaine producer. "We must look to the social and political and economic causes of the crisis in all countries." Nor has Mexico caused the delay in establishing the intergovernmental commission promised by last year's drug law, he said.

Other producers of heroin, cocaine and marijuana pose difficult problems for the U.S. government. From Burma, there are persistent rumors that the government has used American planes provided for drug eradication efforts to spray dangerous chemicals on insurgents. State Department officials discount those allegations.

New concerns have also arisen about alleged connections between left-wing terrorists and drug traffickers. In Peru, the Sendero Luminoso (Shining Light) guerrillas, a radical Maoist group, may be working with drug traffickers in a remote valley; in the past two years, 27 drug eradication workers have been killed in the area.

In Colombia, the problem is worse. "Colombia narcotraf-

ficantes and guerrilla insurgents have what we see as a marriage of convenience," Wroblewski said. The guerrillas protect the cocaine dealers' cartel operation, and the dealers deliver guns and money to the guerrillas—who also impose a tax on coca and coca paste moving through their territory, she said.

Even Western Europe may not be immune to narco-terrorism. In June, French police arrested 57 persons after finding an arms cache and a supply of heroin in the Fontainebleau forest outside Paris. French police and U.S. drug experts worry that the incident may signify a willingness on the part of terrorists to finance their efforts with drug money rather than riskier bank robberies or kidnappings. Terrorists in Iran, Iraq and Lebanon may be swapping drugs for Warsaw Pact weapons, they add.

Not all the news is negative. In some countries, there were successes in curbing production from 1985-87. More than 85 per cent of Colombia's marijuana crop was eradicated. Hashish production in Afghanistan and Pakistan is down. Pakistan has reduced opium production. The largest seizure ever of heroin took place in India: More than 600 kilograms was nabbed in 1986 shortly after its arrival from Pakistan. Turkey has achieved the most impressive results, slashing poppy production from 800 tons in 1979 to 45 tons in 1984.

But crop eradication efforts can be doomed simply by economic and cultural differences, especially in countries where moderate drug use occurs. A \$7 million drug eradication program in Bolivia proved a failure. "Coca to the Indians in Bolivia is like baseball to Americans," Trott said.

Nor is crop substitution a proven winner, warns Peter Reuter, an expert on drug policies with the Rand Corp. in Washington. That's based on the theory that peasants will shift from growing coca if the government guarantees the same price for other commodities, he noted. But the assumption that the coca price won't go up is questionable. Coca accounts for only a small portion of the cost of cocaine. Drug overlords can simply raise coca prices to entice more production, Reuter said.

never result in more than a short-term or relatively small reduction in drug availability," the report said.

Rand Corp. analyst Reuter, who is completing a report on interdiction for the Defense Department, said that federal agencies are probably catching more drugs than they used to but that even a substantial increase may not cut drug use. If drugs are cheap when seized, he reasons, busts on the high seas or on the Mexican border only marginally affect the replacement price. Only extremely high interdiction rates that choked off most supplies would force prices up enough to discourage consumption, he said. "That is sort of the heart of the interdiction problem," Reuter said.

Even a success story can turn into a failure as savvy smugglers seek safer routes. Because of stepped-up enforcement in the Caribbean, a third of cocaine shipments now come into the United

States through Mexico, the DEA's Westrate told the Foreign Affairs Committee's task force at an Oct. 7 hearing.

"Now that's got a serious downside, other than it opens a second major theater for us to address, which is the southwestern border," Westrate added. "It has also produced a strong linkage between the Colombia major drug organizations and Mexican major organizations—a connection we did not have before. And I think that clearly this is something that's going to cause us fits in the next couple of years."

SLOW CHANGES

Last year, the death of basketball star Len Bias and the epidemic of a potent new cocaine derivative known as crack created not just a demand for reform but a call for a holy war against drugs. But public hostility to narcotics—such as cocaine, once deemed by many to be perfectly safe—

may be just another turn on the binge-to-remorse cycle that marks America's views toward drugs. After the Roaring Twenties, for example, narcotics again were damned as evil incarnate. "Drug addiction," warned reformer Richmond Hobson in a 1928 national radio address, "is more communicable and less curable than leprosy."

If past reform campaigns are any guide, those expecting immediate results will be disappointed. Attitudinal shifts often occur a decade before a dramatic decline in drug use shows up, according to Musto of Yale. The belief that Congress could pass a multibillion-dollar antidrug bill last year and that consumption would drop sharply this year "was totally unrealistic," he said.

Yet the public's changing views herald good news. "We are becoming more intolerant of drugs," Musto said, and that has begun to affect middle-class consumption.

Do We Need a Czar to Lead This War?

Victory in the war on drugs may depend on the federal government's ability to coordinate the activities of three dozen agencies. But despite continued tinkering, recent Presidents haven't found the right organizational structure. "This failure," a recent House Government Operations Committee report said, "has plagued the nation's antidrug abuse efforts for more than 25 years."

President Johnson established a Bureau of Narcotics and Dangerous Drugs in the Justice Department. President Nixon followed in 1971 with his Cabinet Committee on International Narcotics Control (with the Secretary of State as chairman) and the Special Action Office for Drug Abuse Prevention, and, in 1973, formed a Drug Enforcement Administration at Justice. Congress set up an independent Office of Drug Abuse Policy in 1976. President Carter in 1978 put that office into his White House domestic policy staff.

Since 1984, President Reagan has centralized antidrug operations in the National Drug Enforcement Policy Board. A March 1987 executive order expanded the board's authority by giving it jurisdiction over drug treatment, education and prevention as well as enforcement. Chaired jointly by Attorney General Edwin Meese III and Health and Human Services Secretary Otis R. Bowen, the 17-member board, which meets monthly at the White House, includes all Cabinet members and representatives of the CIA, the Office of Management and Budget and the Office of the Vice President. Two coordinating groups—one for enforcement efforts, the other for health and prevention issues—handle many daily operations.

Despite its membership, the board is often criticized. The General Accounting Office, the Congressional Office of Technology Assessment and even the President's Commission on Organized Crime have complained that the war on drugs is hampered by a lack of direction from the top. Its major achievement so far was an agreement to spend more on prison construction.

"As a result of the National Drug Policy Board's failure to meet its responsibilities, agency disputes have been left to simmer, the board has left budget duties unfulfilled and federal policy is often unclear," said the Government Operations Committee's June report.

Some Members of Congress advocate naming a war-on-drugs "czar" with Cabinet-level clout and direct access to the President. Senate Judiciary Committee chairman Joseph R. Biden Jr., D-Del., and Rep. Charles B. Rangel, D-N.Y., chairman of the Select Committee on Narcotics Abuse and Control, have introduced bills to designate a presidential appointee to lead the antidrug effort. "There will never be a war on drugs until we have a full-time, top-level commander," Biden said.

Yet prospects for passage remain uncertain, particularly in the Senate. Strom Thurmond, R-S.C., has threatened to add a provision, which Biden opposes, mandating the death penalty for certain drug-related crimes.



Susan M. Muniak

Donald Ian Macdonald, presidential assistant for drug abuse policy
"My guess is that you will see . . . more emphasis on [reducing] demand."

Administration officials remain opposed to the idea of a czar. When a similar proposal was put into the 1984 Comprehensive Crime Control Act, Reagan vetoed the legislation. The policy board emerged as a compromise. Meese told the Senate Judiciary Committee in May that Biden's bill would set back the antidrug effort "by a minimum of two to three years." Better that Congress consolidate the 32 committees and subcommittees with jurisdiction over narcotics issues, Meese added.

Associate attorney general Stephen S. Trott was more emphatic in his denunciation. "I find it unusual in a democratic society with a Cabinet form of government," Trott said, that many people would endorse "some concept that comes out of a place like Russia and that we would begin to look for totalitarian answers to things."

Trott also expressed doubt that any appointed official, regardless of title, would be authorized to tell a Cabinet member what to do. "And if we had that person," Trott said, "he would function exactly like the head of the National Drug Policy Board does now."

Some congressional experts on narcotics control appear willing to give the Administration the benefit of the doubt—at least for now. Rep. Glenn English, D-Okla., for example, reasons that legislation forcing another bureaucratic reorganization could slow the war on drugs. He called the drug czar legislation "a last resort."

English also said that the board may soon implement a comprehensive antidrug strategy. "For the first time, we may really see from the policy board a real working plan for the entire federal government," he said. After enactment of the 1986 Antidrug Abuse Act, he said, "it is critical that we have a single plan and have everybody reading off the same sheet of music."

Donald Ian Macdonald, special assistant to the President for drug abuse policy, said that the Cabinet is holding a series of meetings to devise an integrated strategy. "My guess is that you will see some change in direction," he predicted. "I'm sure you'll see more emphasis on [reducing] demand." Tough proposals to punish drug users may be in the offing, Reagan Administration officials said.

Marijuana consumption among high school seniors has dropped sharply since 1978, when 11 per cent of that group used the drug daily; in 1986, only 4 per cent did so, according to the University of Michigan's Institute for Social Research. But cocaine, and especially crack, is a different story, warned Lloyd D. Johnston, the institute's program director, "with no evidence of a downturn so far." Worse, the numbers of persons who are reporting trouble with cocaine, are trying to quit and failing or are smoking cocaine—which is more dangerous than sniffing it—have increased. "There is sort of an epidemic within an epidemic," Johnston said.

Rep. Charles B. Rangel, D-N.Y., chairman of the Select Committee on Narcotics Abuse and Control, in September released a National Institute on Drug Abuse report on 20 cities that, he said, revealed major increases in consumption. Several cities, the report said, indicate "continuing and sometimes increasing abuse of heroin." Emergency room records of cocaine abuse rose dramatically in Dallas, Phoenix and Seattle. Demographic data in the study indicated a drop in middle-class drug consumption but continued high use in inner cities—prompting concern among some experts that the result could be a tougher attitude toward users and less interest in education, treatment and prevention.

Former DEA chief Peter B. Bensinger, although he believes that more money for prevention and treatment programs is needed, says that a get-tough policy is also required. "Drug dealers are less frightened of the death penalty than of users going to jail and reducing demand," said Bensinger, now a Chicago consultant on alcohol and drug abuse.

LOCAL LETDOWN

The Administration's decision not to seek reauthorization of the almost \$1 billion worth of law enforcement, education and treatment money promised in the antidrug law had a psychological as well as a direct fiscal impact. The cessation of generosity left drug control officials uncertain about getting federal dollars they believed would be forthcoming over a three-year period. "So the immediate signal that the Administration sent out after passage of this really massive drug package," said Besteman of the Alcohol and Drug Problems Association, "was, 'Watch out everybody, this may be a onetime-only phenomenon.'" As a result, he said, drug-treatment professionals avoided long-term commitments,

such as hiring additional staff or expanding treatment capacity.

Meanwhile, the demand for treatment grows. Daytop's O'Brien said his waiting list has grown from 613 last year to more than 1,200.

White House adviser Macdonald rejected charges that the Administration reneged on its antidrug commitment by failing to sustain spending for drug abuse programs. He maintained that White House officials never envisioned that the spending under the 1986 law would continue at the first year's level. "There obviously was at least a misunderstanding in what the Administration intended to do with the supplement a year ago and what some people thought the President had proposed," Macdonald said. "We were talking about putting up money for one-time operations," he said, noting that spending on drug abuse programs has gone up sharply in the Reagan years.

Congress appears willing to reauthorize some but not all of the money in last year's drug bill. The Senate has appropriated \$250 million for drug education programs while the House voted for \$200 million, both close to the level in the 1986 bill. But Congress may approve only about \$75 million in state and local law enforcement grants, down from last year's \$225 million.

Nevertheless, local officials are embittered by what they regard as a change of heart in Washington. "The mayors are quite frustrated," said Judy Chesser, di-

rector of New York City's Washington office. "This is an emergency that the federal government is not taking very seriously. Everybody acts like this is yesterday's issue."

Congress and the Administration have said that state and local governments can live without the extra money in the new fiscal year because they never spent all of last year's money anyway. But local officials and drug abuse program experts say that the federal government deliberately delayed giving some money until the close of fiscal 1987. New York and California, for example, did not receive law enforcement grants until Sept. 30, the last day of the fiscal year.

The delays have also given local officials another opportunity to gripe about a block grant system that relies on states to distribute money rather than giving it directly to local governments that may need it most.

Nor are major cities with severe problems assured of getting a lion's share of the money, given the latitude that the states have in allocating the federal dollars. In California, drug abuse experts have estimated that a fourth of the state's drug problem is in Los Angeles. But the city must stand in line along with every other municipality. "I'm just like Vanna White," said Rose M. Ochi, criminal justice planning director of Los Angeles. "I'm telling my narcotics division that we are just spinning the wheel of fortune and hoping we are selected."

If there is any benefit to the setbacks suffered in the year since the anti-drug law was enacted, it is the growing recognition on all sides that the promises of a quick victory were premature. No matter what the Administration did or did not do, many drug abuse experts now acknowledge, the task will take time.

The problem, Besteman said, "won't be fixed on anyone's watch." He added: "Since 1980, there has been some progress. But to turn that behavioral pattern around in anyone's four-year term as President or six-year term as Senator" won't happen. "It takes a long-term commitment, and long-term commitments are unpopular issues for politicians."

As the perception grows that controlling drug use may be more of an evolutionary than a revolutionary process, even enforcement officials disdain predictions of a quick fix. As Trott put it: "The market has to burn out before we can drive a stake through the heart of the drug vampire and close the coffin." □



Rep. Larry Smith, D-Fla.
There'll be no easy victories in the war on drugs.

Richard A. Bloom

Billing Bigger

Runaway growth in the services doctors perform for medicare has stumped Congress and health planners. It may prompt a government role in areas once reserved for physicians.

BY JULIE KOSTERLITZ

If the adage about apples and doctors' visits were true, medicare would probably be in the orchard business by now.

For years, Congress and the Reagan Administration have been trying to slow the runaway costs of the federal health plan for the nation's elderly. First they went after hospitals, medicare's biggest expenditure: In 1983, Congress overhauled the way medicare pays hospitals—a move widely credited with helping to slow cost growth for inpatient care.

In the meantime, however, outpatient costs—two-thirds of which are for doctors' bills—have continued to rise and are expected to reach \$31 billion for fiscal 1987, about 39 per cent of medicare's budget. That growth has been a constant headache for medicare, having risen an average of 17 per cent a year over the past decade.

This September, the nagging headache became a full-blown migraine. The Administration announced that the elderly would have to shell out 38 per cent more in premiums next year for medicare's outpatient program, to a total of \$298 a year, thanks largely to increased expenses for physicians. That puts pressure on Congress.

In the past, a cure has proven elusive, though it isn't as if lawmakers haven't searched. In mid-1984, they froze most doctors' medicare fees for nearly 30 months, but medicare's over-all costs for doctors' care continued to shoot up by nearly 12 per cent a year. The latest jump in premiums comes at a time when most doctors are still subject to a complicated, jury-rigged system that limits how fast they can hike their fees.

While there is still some concern about doctors fees—the Administration is considering calling for another freeze on fees in fiscal 1989—experts now consider controlling them to be just part of the solution.

A major problem, according to congressional and Administration studies, is that the number of services doctors perform—tests, X rays, surgical procedures—has been going up.

Just why doctors are performing more services is a matter of much dispute and not much evidence. Under the current system, which pays physicians a fee for each service, there are financial incentives

for doctors to perform more. And some physicians complain that the current payment system is biased in favor of high-technology medicine and surgery, rather than routine office visits or simpler, less costly approaches to treating patients. Whatever the reason, reformers in Congress and the Administration have decided that if they are ever to get a handle on medicare costs, they will have to find a way to control volume as well as price.

In their search for a way to restrain volume, reformers have two major options. They can set up tougher reviews of services to screen out those considered excessive. Or, they can try to change the financial incentives to curb both the supply and demand for doctors' services.

Medicare officials have already tried some of each: The program currently asks the private companies that handle patient claims to watch for inappropriate charges; it also has a project that allows senior citizens to join health maintenance organizations (HMOs), a payment arrangement that gives providers incentives to keep costs down.

But both approaches are flawed and health care experts say that under the current set-up, neither approach, nor even a combination of the two, will solve the cost problem anytime soon.

The search is also hampered by concern about the quality of patient care. For all its scientific underpinnings, medicine is still considered an art. Because treatment isn't rigidly standardized, it is often hard to judge which services are necessary for a given patient. Rigid controls on the volume of services they perform, doctors say, could result in poor patient care. "Until you come up with a stan-



Rep. Fortney H. (Pete) Stark, D-Calif.
Some doctors are "cutting the fat hog."

Richard A. Bloom

dard patient, a standard disease and a standard doctor, you can't give standards" for medical practice, said James S. Todd, senior deputy executive vice president of the American Medical Association (AMA).

Such protests are unlikely to deter a Congress and Administration bent on controlling costs. But they have prompted Congress to take a cautious, go-slow attitude and to nix most Administration proposals for radical change in the payment system. Instead, Congress has asked medicare to devise a new scale comparing doctors' services that would help eliminate the biases in the current payment system. (See box, p. 2962.) And in 1985, Congress created an agency, the Physician Payment Review Commission, to provide advice on both short and long-term reforms. (See box, p. 2964.)

Acting on the commission's first recommendations, Congress is likely to agree on some small but significant steps toward short-term reform of medicare's system for paying doctors. Members are also pondering a new idea the Administration is considering for its fiscal 1989 budget: a carrot-and-stick system intended to steer patients to doctors who are conservative in their use of services.

Although Congress is unlikely to make a far-reaching move until medicare reports back with the new scale and the commission has come up with long-term recommendations, many observers believe the drive for reform is likely to involve the federal government more deeply in decisions once considered the exclusive preserve of physicians.

WHY A PREMIUM HIKE?

The rising costs of doctors' services create a special problem for lawmakers. Unlike hospital costs, which are paid out of a special trust fund underwritten by payroll taxes on employers and workers, payments for outpatient treatment of medicare beneficiaries (the bulk of which goes to physicians) come from a combination of general revenues and premiums paid by the elderly. The costs were supposed to be split 50-50 between the sources, but as program costs took off in the mid-1970s, lawmakers came under political pressure not to raise the elderly's premiums in proportion to hikes in appropriations.

In 1976, Congress came up with a new formula that limited increases and shifted a growing share of the program costs to taxpayers. In 1982, as the federal deficit grew, Congress temporarily capped the federal contribution at 75 per cent of program costs and insisted that the elderly pick up the other 25 per cent. That arrangement, however, is scheduled to expire in 1989, virtually ensuring that the taxpayers' portion will rise again.

When Doctors Add On

Medicare may be shelling out a bundle for doctors' fees, but that doesn't necessarily protect elderly patients from doctors' bills. In theory, after the patient pays a small deductible, the program is supposed to cover 80 per cent of a doctor's fee, and the patient is expected to pay 20 per cent.

In practice, however, many physicians charge patients more than the medicare-approved fee, requiring the patient to pay 100 per cent of the excess.

Doctors say that medicare's approved fees don't come close to keeping up with their regular fees. "If we know a patient is low-income, we'll provide the service with no compensation at all," said Van Kirke Nelson, an obstetrician and gynecologist in Kalispell, Mont. "But if we know someone goes and summers in Arizona and drives a Cadillac, we feel we should be compensated what our customary fee is."

That irks many senior citizens' groups, which think it defeats the whole purpose of medicare. "Medicare is meant to take care of out-of-pocket costs," said Janet Canterbury, deputy director of the campaigns and development department at the National Council of Senior Citizens (NCSC). "That's just being violated all over the place by the doctors." Furthermore, Canterbury argues, seniors shouldn't have to plead poverty to doctors. "We say people should not have to do that. The program wasn't designed to have to crawl around and act humble to get medicare rates. A person can be pretty humiliated by that."

The NCSC and the more activist among the seniors' groups would like to see a ban on "balance billing," but Congress hasn't wanted to tangle with organized medicine on this issue. Instead, lawmakers have tried various incentives to get doctors to voluntarily accept "assignment"—that is, to take medicare's approved fees as payment in full. When Congress decided in 1984 to freeze the fees that medicare paid doctors and to forbid their raising actual charges, the lawmakers accorded special treatment to doctors who agreed not to add on to medicare's approved fees for any of their medicare patients. They lifted the freeze earlier for these physicians and gave them a 4 per cent increase in their medicare fees. Congress is now considering legislation to further increase the differential between what medicare pays participating and nonparticipating physicians.

Interestingly, while fewer than 30 per cent of physicians have agreed to accept medicare's approved fees for all their medicare patients, the rate at which doctors have accepted the fees on a claim-by-claim basis has risen significantly in recent years to about 70 per cent—suggesting that doctors don't mind accepting medicare as payment in full many times, but resent being forced to do it in all cases. "A physician and a patient ought to be able to establish the basis of their relationship," said James S. Todd, senior deputy executive vice president of the American Medical Association (AMA).

But states are taking a tougher line. Two years ago, Massachusetts passed a "mandatory assignment" law that requires all doctors licensed by the state to accept medicare's approved fees as payment in full; the law has survived court challenges from the AMA. (See *NJ*, 2/1/86, p. 281.) Connecticut and Vermont have passed less stringent "mandatory assignment laws," and although several state legislatures voted down similar bills this year, proponents are confident that the bills will eventually pass.

Caught between the competing political imperatives of protecting the elderly from high medical costs and reducing the deficit, lawmakers increasingly are deciding that their only out is to limit the outpatient program's costs. September's news of the unexpectedly high premium increase for next year only added to the urgency.

Doctors complain they're being unfairly blamed for all of the increase. Part of the rise, they argue, is medicare's own

fault: Program managers had kept premium increases artificially low last year—an election year, some observers note—by running down reserves and by underestimating this year's costs, which now forces them to play catch-up. Additionally, doctors say, next year's hike will finally give physicians long-overdue fee increases after about two years of freezes.

Maybe doctors are performing more services, the doctors say, but there are perfectly good reasons: a growing number

A Study That Unnerves Some Specialists

How much is a coronary bypass operation worth compared with, say, a medical history and physical, in which the doctor interviews the patient and does a routine check of everything from lungs to reflexes?

That's the sort of question confronting a team of researchers at the Harvard University School of Public Health that is under contract with medicare to devise a "relative value scale." Congress ordered the scale in reaction to complaints from some groups of physicians that the payment scales used by federal health programs such as medicare and medicaid, as well as by private insurers, are biased toward high-technology medicine and surgical procedures. Once a fairer system is in place, the thinking went, it will be easier for medicare to clamp down on its costs for physician services.

Faced with a mid-1988 deadline, the team has tried to measure the work and resources involved in the various services and has developed several criteria: the time spent before, during and after the service or procedure; the "intensity" of the service—based on such factors as mental effort, technical skill, physical effort, stress and risk; the doctor's practice costs; and the "opportunity costs" of the training required for various specialties—for example, the income forgone by a doctor during the years of extra training.

Armed with these measures, the group surveyed 170 physicians in each of 18 specialties to rate selected services and procedures within their specialties and derive relative value scales for each specialty. Each step of the process has been complicated: The team consulted with psychologists to help

them devise the measurements, then set up special consulting groups from each specialty to advise on technical matters. The researchers had to persuade doctors to complete the 30-minute survey—they had to call back one doctor 38 times. Eventually, more than 60 per cent responded.

The team has also had to confront complaints that the study ignores such factors as a doctor's competence and the effect of the doctor's work on the patient's outcome—factors the team said it had no way of measuring.

Now the team is facing the tricky business of relating all of the scales to one another. They're hoping to do that by finding some services and procedures that show up in several different specialties. Next spring, they plan to submit their findings to their panel of physicians and to add to the panel federal and private payers and consumer and union representatives.

The study is fraught with political overtones for the medical community. Although the study won't attach a dollar value to the services, it's expected to provide the framework for a fee schedule for medicare and perhaps for private insurers as well. Various specialty groups "have severe anxiety" about the study, said Peter Braun, an internist and co-principal investigator for the Harvard team. "There are bound to be winners and losers when the system is altered."

The American College of Surgeons, apparently believing that the study would hurt them, has refused to participate. But nearly 80 per cent of the surgeons contacted responded. "There's a difference between leaders and the grass roots," Braun said. "In the field, doctors thought it was an appropriate thing to do."

of elderly, sicker elderly, new technology and the success of the government's efforts to see more patient care take place outside of hospitals. "More is being done to patients for good and valid reasons," said the AMA's Todd. "As long as [the federal government] ignores that and tries to manipulate doctors' fees, they will reduce [patients'] access to care."

The AMA has it wrong, say the Administration and Rep. Fortney H. (Pete) Stark, D-Calif., chairman of the Ways and Means Health Subcommittee. Medicare's "catch-up" increase to put reserves in order accounts for less than a fourth of the premium hike, according to a study by medicare officials, while physician spending accounts for nearly 60 per cent.

And doctors' explanations for the greater volume of services they're providing don't wash, either, critics argue. An analysis by Stark's subcommittee suggests that over the past five years, demographic changes accounted for only 15 per cent of the payment increase. Price increases—driven largely by inflation—accounted for another 30 per cent. But the rise in the volume of medical services accounted for 55 per cent of the premium increase.

Shifting patient care out of hospitals,

Stark argues, ought to reduce the volume of doctors' services, because doctors are likely to see patients less frequently when they're at home rather than in the hospital.

"We have looked with some care at the answers people have offered that would explain away this increase," said William L. Roper, who heads the Health Care Financing Administration (HCFA), "and none of the simple answers would suffice."

Many of the elderly, who are the recipients of the increased services, are skeptical of the doctors' explanations. The increased consumption of services, said Martin Corry, director of federal affairs for the American Association of Retired Persons, reflects the doctor's, rather than the patient's, discretion. "Many physicians are gaming the system," he said. "They're saying they will beat any cost restraint imposed."

New technology, would-be medicare reformers concede, may indeed have made some procedures more accessible. But they're not convinced that all the services are necessary or always worth what doctors charge for them.

They point to studies showing wide

variations from state to state—and even within states—in the rates for certain surgical procedures. A just-published study by the Rand Corp. has also reinforced their views. After studying more than 4,500 records from 227 hospitals, researchers concluded that three common procedures were often performed unnecessarily. One surgical procedure, a carotid endarterectomy, was found to be unnecessary in 32 per cent of the cases reviewed and was found to be of questionable value in another 32 per cent.

Finally, Members note that although improvements in technique and equipment have made some procedures, such as cataract surgery, relatively quick and simple, consumers aren't reaping any savings. "There was a time when you had to train a long time to perform these," Stark said. "Now you can learn the procedure in two hours, but fees haven't come down. These clowns are increasing their own gross income."

Indeed, physicians' high incomes produce a steady undercurrent in the debate over medicare costs. Roper noted in testimony that median net physician income grew nearly 31 per cent from 1981-86, while the consumer price index rose about

21 per cent. "Not all doctors are greedy and slothful," Stark said in an interview, but some of them are "cutting the fat hog."

FINANCIAL INCENTIVES

A big problem, reformers say, is the fee-for-service system, which gives doctors a financial incentive to perform more services. Doctors also get paid more for using fancy diagnostic machines and minor surgical procedures than they do for "primary care," such as office or nursing home visits or outpatient hospital appointments. The American Society of Internal Medicine recently released a study showing that in some areas of the country, medicare is paying doctors as little as \$2-\$5 above their actual costs for primary care and that some doctors are actually losing money on the services.

"Everybody says doctors should conserve and not order more tests and services, but the financial incentives send the other signal," said Robert B. Doherty, the society's vice president for government affairs. "The one who is conservative is penalized for that."

The skewing has led to lower average incomes for general practitioners, pediatricians, family physicians and internists, and higher incomes for those in surgical specialties. In 1985, the most lucrative medical specialty was neurosurgery, where the median income after expenses was \$192,670. The lowest-paid doctors were general practitioners, whose median income after expenses was \$71,540. That differential may, in turn, be skewing the supply of physicians: This year, for the first time, a large number of residencies in internal medicine went unfilled, while residencies in surgical specialties were in hot demand.

These trends have disturbed lawmakers. In 1986, Congress asked medicare to develop a scale that better compared the value of medical services and procedures relative to one another. Medicare, in turn, commissioned the Harvard University School of Public Health to develop a "relative value scale." It's expected to provide a basis for setting up a medicare fee schedule—also recommended by the new payment commission—rather than paying physicians on the basis of their individual "customary, prevailing and reasonable" fees.

In the meantime, Congress has already adopted some interim remedies. Last year, it reduced what medicare will pay for cataract surgery, and this year, on the advice of the new payment commission, the relevant House and Senate commit-

tees have approved legislation that would reduce payments for a few other surgical procedures that the commission has labeled "overpriced," while increasing the fees for office, hospital and nursing home visits by an amount more than that for all other medical procedures.

ALTERNATIVE SYSTEMS

But will a new fee schedule, even a more rational one, keep costs down? The Administration has argued that fee revision fails to change the basic incentives for doctors to perform more services. To have real impact, Roper argues, medicare will have to change financial incentives or step up the scrutiny of these services.

The Administration's preferred approach is "capitation"—that is, paying providers a flat fee to cover all of a patient's care. Such a system, popularized by HMOs, builds in incentives for the provider to watch costs, Roper argues. (*See NJ, 11/23/85, p. 2650.*) Many HMOs pay their physicians salaries, thus doing away with the financial incentive for the doctors to perform more services. Those HMOs that don't have physicians on salary still tend to keep a close eye on the number of tests and procedures doctors use—sometimes tracking costs on computers and notifying doctors when their costs run high. HMO practices also dovetail with the Administration's philosophy of reduced government interference, Roper said. "It's the one option that does not involve significant micromanagement

of health care. It gives private organizations the responsibility for sorting these things out themselves."

HMOs have proved popular with seniors: Since 1985, when the program began allowing medicare to offer beneficiaries the option of joining certain approved HMOs, nearly one million beneficiaries have enrolled.

But leaving matters to the private sector has its pitfalls. Beginning last year, IMC Inc., a medicare-approved HMO in Miami, Fla., ran into financial and legal problems, prompting congressional charges that medicare wasn't providing enough oversight. Roper said medicare has dealt with the problems that led to the IMC debacle, but the incident slowed the political momentum of the HMO program.

HMOs pose other problems. Economists have pointed up flaws in the formula medicare uses to set HMO payments, and some argue that HMOs will produce savings only if they enroll the younger and healthier among medicare recipients. HMOs, for their part, worry that the federal government will eventually lower their payments, rendering medicare business unprofitable. Over time, a growing number of HMOs have bailed out of the medicare program; and, despite the promise of a generous payment increase next year, about 24 plan to drop their contracts this year.

Even without these obstacles, HMOs alone couldn't solve the physician cost problem anytime soon. For all the popularity of HMOs, only a fraction of medicare's 32 million beneficiaries belong to them, and no one is sure how long it would take for a significant number to join. Some economists argue that seniors are less likely than others to join HMOs because many have long-time attachments to their private physicians. Roper contends that this could change as the next generation of elderly gets used to HMOs during its younger years, but he concedes that it will be a "gradual transition."

Another Administration idea is to pay doctors a flat fee tied to a patient's diagnosis rather than to individual services. This would mirror the payment system medicare uses for hospitals. A hospital, for example, gets one fee for treating someone with a heart attack, rather than a separate fee for an electrocardiogram, oxygen, room space and whatever other services are required. Because hospitals that can hold their costs below medicare's fees get to keep the difference, they have incentives to keep



HCFA chief William L. Roper
Medicare will question doctors' judgment.

Richard A. Bloom

More Than Cost Cutters

"Fizz-perk." It sounds like the noise of a champagne bottle being uncorked, but it's the colloquial name for one of the government's newer entities, the Physician Payment Review Commission (PPRC).

PPRC was set up last year to help Congress deal with a system that has become anathema to doctors, patients and the federal Treasury alike. The commission comprises six physicians and seven other members—health policy experts and economists, a health maintenance organization representative and a consumer representative, all appointed by the congressional Office of Technology Assessment. Its staff of 14 is directed by Paul B. Ginsburg, an economist formerly with the Rand Corp. and the Congressional Budget Office.

Although the commission shuns the image of a budgetary knife-wielder, Congress clearly looks to it to suggest the best ways to make short-term budget savings as well as long-term reforms to slow the growth of costs. "If the marketplace were more effective [in the health care arena], medicare would be fine," Ginsburg said, "but there's so many problems with the marketplace, it's evident it doesn't work the way other markets do."

Congressional committees with jurisdiction over medicare have adopted the bulk of the commission's short-term recommendations as part of a package of budget cuts designed to meet deficit reduction targets. That alone makes the proposals suspect in the eyes of doctors' groups such as the American Medical Association. But some physicians' groups are more optimistic. "It has made a big difference having [the commission's] credibility" guiding congressional decisions, said Deborah Prout, director of public policy for the American College of Physicians. "It increases people's confidence level" in those decisions.



Paul B. Ginsburg

Richard A. Bloom

costs down. (See *NJ*, 8/31/85, p. 1940; 9/7/85, p. 1988.)

Doctors and some seniors' groups have protested the idea of putting doctors on a similar fee schedule, arguing that this would create a financial incentive to stint on care or penalize those who, in good faith, provided more care. Even a limited Administration proposal to include in the system of flat hospital payments the fees for doctors who are based primarily in hospitals (radiologists, anesthesiologists and pathologists) was rejected by Congress earlier this year after fierce protest from physicians.

A less radical approach would be to scrutinize doctors' services to make sure that unnecessary ones are kept to a minimum. The idea isn't a new one. Already, private contractors that handle claims for medicare try to weed out excessive services. But many physicians complain that the process is after-the-fact, haphazard and arbitrary.

The Administration is toying with ways to improve scrutiny. In the September hearing before the Ways and Means Subcommittee, Roper said HCFA was

proposing spending an additional \$74 million on oversight next year.

REWARDS FOR SOME

The Administration is also considering a more radical proposal in next year's budget—a hybrid system combining new financial incentives to reduce services and expanded oversight. The proposal would adopt some of the principles of a new payment arrangement popular in the private sector, used by preferred provider organizations (PPOs). Unlike HMOs, many PPOs retain fee-for-service payment, but they control doctors' costs in another way: They steer patients to doctors in private practice who have agreed to discount their fees and, sometimes, to be subject to scrutiny of their habits.

Under Roper's proposal, medicare would steer patients toward physicians it deemed to be conservative practitioners—those who didn't perform unnecessary services and procedures on patients. The program would offer to pick up a larger share of the tab for beneficiaries who patronize these doctors and would require beneficiaries who go to other doctors to

pay more. Medicare now requires beneficiaries to pay 20 per cent of doctors' fees; under this proposal, participating patients could pay as little as 10 per cent, and nonparticipating patients as much as 30 per cent. (See box, p. 2961.)

So far, the proposal has gotten mixed reviews. Beneficiaries don't like the idea that they could get charged more for sticking with doctors who don't make medicare's list. Doctors wonder who will decide what constitutes a "conservative" physician, and whether conservative medicine is necessarily good medicine. Such a system asks, "Who spends lots of money?" said Deborah Prout, director of public policy for the American College of Physicians. "What about, 'Who makes good judgment calls?'"

Some services may indeed be unnecessary, Prout said. The problem is how to decide which ones. Regional variations in the rate at which doctors perform certain procedures, she argued, suggest that doctors differ on when certain procedures should be done.

Setting standards for medicine is a relatively new idea. The college has attempted to outline a consensus on a few medical procedures over the past decade and recently teamed up with the national Blue Cross and Blue Shield Associations to publish standards for some common diagnostic tests. Rand's study of surgical procedures may provide a model for judging the necessity of certain services.

Nevertheless, some physicians say, setting standards is a complex, slow process. Gauging the value of a certain procedure could, for example, require following patients' progress over time—which could take a decade or more. "Hindsight is 20-20," Todd said. "There are times [when] something someone else has [done gets] labeled outmoded and unnecessary, and yet at the time, it might have been considered the right thing to do."

Reformers are unlikely to be very patient. Stark argues that experts are rapidly finding ways to home in on geographical areas, medical specialties and specific procedures with costs that are out of line. "It's not that difficult," he said, "to find conservative physicians."

Roper also argues that it's impractical to wait for "the perfect idea." In the interim, he argued, the federal government may have to settle for more of the ad hoc second-guessing done by claims reviewers. "Medicare will have to more closely scrutinize doctors' use of services" and have to "begin questioning in a more serious way the judgment of doctors."

A physician himself, Roper is aware his position won't sit well with his peers. "It's going to lead to complaints," he predicted. "And to Members [of Congress] getting more letters." □

Hey, Look Me Over

Now more than ever, presidential candidates well-known and lesser known are being forced to pitch themselves to both the local and national news media.

BY DOM BONAFEDE

If a tree falls in a forest and no one hears it crash, the old puzzler goes, was there a noise? For the current crop of would-be Presidents, that question might be rephrased like this: If a candidate gives a speech and the news media don't pick it up, was anything said?

"You are not there unless the media are there," said Terry Michael, director of communications for Democratic contender Sen. Paul Simon of Illinois.

The news media have long been significant players in national political campaigns, but never before have they been as important as they are now—as is apparent in the time, effort, money and manpower that candidates spend in orchestrating, nurturing and managing news media relations.

"If you discount travel time, I'd say that the media take a third of a candidate's entire day," said John Buckley, press secretary to Republican candidate Rep. Jack F. Kemp of New York. "It's not just news conferences, but one-on-one interviews, hotel room press briefings, radio and TV shows, editorial board discussions, back-of-the-car interviews and conversations."

Michael said that over a five-day span, from Oct. 19-23, Simon held media events, including radio and television appearances, press confer-

ences and editorial board meetings, in Iowa (Des Moines, Fort Madison and Sioux City), Texas (Austin, San Antonio, Corpus Christi and Houston), Minnesota (Minneapolis and St. Paul) and California (Los Angeles). "It was a pretty typical week," he said.

"A presidential campaign is nothing but dealing with the media," said political consultant Raymond D. Strother, a campaign adviser to the abandoned presidential campaign of former Colorado Sen. Gary Hart who also helped with one of Simon's congressional campaigns. "Everything that is done is directly or indirectly related to the media."

Strother might be exaggerating, but there is no question that how the presidential candidates deal with the news media is a pivotal part of their campaigns, affecting not only their public persona but their ability to raise funds and gain grassroots support.

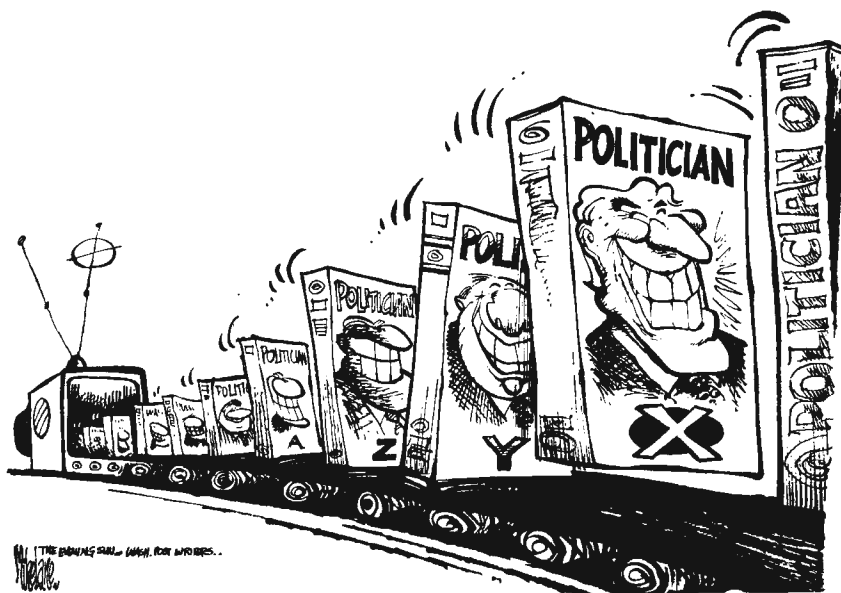
Meanwhile, the news media themselves

are changing—partly as a result of the rapid growth of communications technology, including satellite links, hand-held mini-TV cameras, mobile television "studios" and portable computer terminals. The proliferation of reporting "teams" covering the campaign and campaign issues and the emergence of local TV stations less reliant on the networks for news material have further expanded the media's presence. The sheer size of the ever-growing campaign press corps has altered the political landscape. (*For a report on how the news media are allocating their resources in covering the presidential races, see NJ, 9/26/87, p. 2427.*)

The new technology provides new opportunities for candidates to pitch themselves to the news media. "Today, the candidate doesn't have to go to the studio, he can hold satellite news conferences," said Donald J. Foley, former press secretary to Democratic candidate Rep. Richard A. Gephardt of Missouri. "You

can rent a satellite truck, a dish and crew for about \$5,000 a day, hold 10 or 12 one-on-one interviews, call the local studios and have them pull it down and air it live or tape it for their newscasts. The difference is you can do it in the middle of a cornfield rather than in a studio."

For the best-known contenders, of course, getting publicity is easier than it is for the others. And for some candidates,



getting the wrong kind of publicity has been all too easy—as in the cases of Hart and Sen. Joseph R. Biden Jr., D-Del., who dropped out of the race after being swamped by unfavorable stories.

But for all the contenders still in the field, there is a continuing and compelling need to present themselves to the voters through the news media.

John Sears, former presidential campaign adviser to Richard M.

Nixon and Ronald Reagan, said: "The impression voters receive is from the evening TV newscasts and, to some degree, the newspapers. Gone are the days when the candidates were almost wholly dependent on paid commercials. Now they spend more time on the [free] media and media events. More planning, attention and resources go into the product. . . . Voters have only one place to go for guidance, and that's the media. They can't look to the party bosses, because they don't exist anymore. That gives the media much power. The responsibility doesn't rest easy with the media, but it's not their fault; it's the system's. As a result, candidates have to be extraordinarily skillful in dealing with the media."

And, as Buckley emphasized, the current period—leading up to the February kickoff caucuses in Iowa, followed by the New Hampshire primary—is particularly critical. It is during this stage that the candidates, mainly through the printed news stories and columns and TV-radio newscasts, attempt to establish credentials, delineate policy positions and carve out distinctive political personalities.

MEDIA CHILDREN

Over the past two decades, presidential candidates have become increasingly sophisticated in media-oriented campaigning.

In *The Selling of the President 1968* (Trident Press, 1969), author Joe McGinniss observed that presidential candidates were packaged and promoted like breakfast cereal. The criteria in the new era of mass communications, McGinniss suggested, were: "How well does he handle himself? Does he mumble, does he twitch, does he make me laugh?



Simon communications director Terry Michael
"You are not there unless the media are there."

Do I feel warm inside? Style becomes substance. The medium is the message, and the masseur gets the votes."

Those criteria still hold, but the techniques have become more refined, and the practitioners more adept. Today's candidates have been reared in the media culture and tutored in its practices. They are aware that a drumbeat of advertising is not enough to ensure success at the polls. They know that the news media can make or break them, that what sells for one candidate may not work for another and that various phases in the campaign require different media strategies.

Media consultant Robert D. Squier, a veteran of Democratic political campaigns, said that presidential candidates "must pursue self-generated media, they must offer a positive image and not make mistakes. It is inconceivable that anyone could run and not be telegenic, in the sense of being bright and energetic."

Squier said: "Every time a candidate sees a camera, he has to think, 'That camera is my friend if I use it correctly.' He should have in his mind what he wants to say. There are tricks to the trade. If asked an embarrassing question, the candidate might reply, 'That's for you to judge.' " He also said that Democratic candidates Sen. Albert Gore Jr., D-Tenn., and Simon have an edge in dealing with the news media because of their backgrounds in journalism. Squier said that Gore "is of this generation and grew up as a professional reporter and understands that side of the business."

Pitfalls await all the candidates, no matter how media-savvy they may think they are. Peter B. Teeley, a former aide to Vice President George Bush who recently joined the Bush campaign as director of

communications and chief spokesman, conceded that the organization was "overfat and overconfident" and suggested that the campaign needed to repair its news media relations and protect Bush from some of his highly publicized gaffes.

"My initial impression is that the press is a little more alert to the nuances of the campaign and in some respects holds the candidates to a harder line on policy,"

Teeley explained. "Candidates have to be extremely careful what they say, even when they say it in a self-deprecating way, because it can come out as a news story. . . . There hasn't been a candidate put under a microscope like Bush; for eight years he has been scrutinized. The other candidates will receive the same scrutiny. They have to be precise and weigh every word. There are no more freebies."

Before leaving the Gephardt campaign, Foley said of the news media: "The press has become much more a part of the process than in 1984. This is reflected in the increase in media [interview] requests and the increased number of debates sponsored by news organizations in which journalists serve as moderators and panelists and write about [the debates]. . . . There are many more news organizations covering the campaign. Once Hart dropped out in May, there was a more intense scrutiny of candidates and internal operations, more in-depth stories and profiles of candidates. All this requires the candidate to spend a tremendous amount of time with the media. . . . He answers many of the same questions but has to appear to be fresh and interesting."

GETTING KNOWN

For the candidates who are still little-known nationally—and that means most of them—the immediate objective is to achieve more visibility and, thus, more name recognition.

These lesser-known candidates include Republicans Pierre S. (Pete) du Pont IV, Alexander M. Haig Jr., Kemp and Marion G. (Pat) Robertson and Democrats Bruce E. Babbitt, Massachusetts Gov. Michael S. Dukakis, Gephardt, Gore and Simon.

Vice President Bush, Republican Sen. Robert Dole of Kansas and Democrat Jesse Jackson already enjoy national name recognition, and so their news-media strategies center on other objectives—for example, a clearer public image, a stronger emphasis on their campaign themes or greater stress on where they stand on the issues.

Some of the lesser-known candidates appear to be making less headway than others in getting the news media's attention, and so they already are using "paid media" to bolster their campaigns.

Democrat Babbitt, for example, has had to spend most of his time and campaign funds merely getting known in Iowa and New Hampshire. Sergio Bendixen, a political consultant to the former Arizona governor, said that as early as last April, Babbitt ran TV commercials in Iowa "to introduce him to the voters in the state and achieve name recognition." He said that Babbitt has already devoted about 25 per cent of his campaign budget to paid campaign commercials—an unusually high figure for this early stage in the nomination sweepstakes. Babbitt also recently appeared as a guest on NBC-TV's *Saturday Night Live*. Bendixen said that Babbitt will step up his paid commercials in January "to ensure visibility and attempt to establish a presence among the large group of candidates. . . . You want to make sure you are competing like everybody else."

And Bill Outlaw, press secretary to du Pont, said, "We're a dark horse trying to get our message out." To achieve that goal, he said, "we first wanted people to recognize Pete du Pont. Now, we feel we have name recognition with about 70 per cent of the voters in New Hampshire, and it's time to come across with his message." On Oct. 19, du Pont began running a series of TV campaign commercials covering the Boston, Manchester (N.H.) and Portland (Maine) markets. Each advertisement deals with one of the former Delaware governor's favorite policy proposals—revamping social security, phasing out agriculture subsidies, replacing welfare with work programs, instituting random drug-testing for teenagers and setting up an education voucher plan. Du Pont, Outlaw said, wants to be known as "the issues candidate."

Although all the surviving candidates will turn to paid political commercials as the campaign heats up, if they have not already, there is increasing debate whether they will receive fair value for their money.

Political commercials "still receive a lot of attention, but they are not as helpful as in the 1970s," said veteran Republican campaigner Sears.

Media consultant Squier noted the dif-

Electronic Update 1988

Presidential Campaign Hotline, the electronic information service inaugurated by direct-mail specialist Roger Craver and political consultant Douglas Bailey, is designed to keep subscribers—mainly news organizations, campaign staffs and other political activists—up-to-date on what is going on in the 1988 races.

Every morning, an 18 to 22-page printout gives a 24-hour summary of campaign developments collected from various sources, plus up to 200 words of uncensored copy provided by each candidate, commentary and analysis by political observers and poll results. Of the estimated 200 clients, about 70 represent news organizations.

"This is not a newspaper," Bailey said. "It's a news wire. It allows the political press corps to keep track of things they are not covering, lets the candidates send a daily message to editors and provides a means for media subscribers to make sure they don't let any news slip between the cracks." Bailey said, for example, that the service would help a local television station that may have the technology, but not the expertise, to cover the campaign. "This is a way of keying them to the significant stories," he said.

All of the candidates are paid subscribers—at a cost of about \$250 a month. "It's a vehicle for them to communicate with the press," Bailey said. "Some campaigns understand this better than others."

It's also a channel for the candidates to speak to each other. Bailey said that Vice President George Bush used the service to challenge other Republican candidates to support the Reagan Administration's proposed arms control agreement with the Soviet Union. Pierre S. (Pete) du Pont IV "promptly answered with his 200 words," Bailey said.

Democratic media consultants Robert D. Squier and Raymond D. Strother are enthusiastic supporters of the new service, saying it extracts more information from the candidates and thus helps give voters a more complete picture of them. "It has moved us from the need to simply produce 30-second TV spots," Squier said. "I believe the system is just fine."

Strother said, "It may be more expensive, but it is more democratic."



Susan M. Munia

Political consultant Douglas Bailey

His service is a way of keying media to significant stories.

ferences between presidential campaigns and Senate or gubernatorial races. "About 80 per cent of the candidate's message is carried by paid commercials in Senate or governors' campaigns," he said. "In a presidential race, most of the campaign has run its course before they get

into paid media. In a sense, presidential candidates are their own spot-makers as they get their messages across on the stump before the TV cameras."

Democratic consultant Strother said: "The biggest single misunderstanding in American politics is [the importance of]

paid media. The important thing is seemingly objective coverage by the press. The paid media pales beside that; it becomes something to jump-start the campaign but not maintain the campaign. . . . A presidential race has its own momentum, and you don't need paid media."

SENDING MESSAGES

Each candidate tries to adopt a news-media strategy to fit his political situation and personal style.

Teeley said that Bush's official status is both an asset and a liability. While Bush has a large press contingent of representatives from about 35 news organizations regularly traveling with him, he is at pains to distance himself from Reagan and offer ideas and policies identified as his own.

"People may know him, but there are also things he wants to say," Teeley said. "That's why he goes on the Barbara Walters show, *The Larry King Show* and the morning TV programs. We have to get the news media to focus on his policy positions regarding defense, foreign affairs and domestic policy. And we try to do that through speeches and interviews."

At Dole headquarters, campaign spokeswoman Katie Boyle said that the architects of the Minority Leader's media drive are seeking "to show him as a leader in the U.S. Senate and in his personal life. He makes the news by virtue of doing his

job. . . . He can get free media exposure while Jack Kemp has to buy ads." (Buckley of the Kemp camp said that because of his Senate role, "Dole gets media coverage simply getting up in the morning.") Boyle said of her candidate: "His story is very compelling; he has a record as a war hero and has no character problem. Our job is to get it out, not cover it up. He's running on the theme that he is a conservative who is compassionate and competent."

But Boyle noted that while Dole is considered a national figure, his name recognition in the South, a critical region, is only 70 per cent, compared with a 95 per cent rating for Bush. "We get him down there as often as we can," she said. "Equally important, Liz Dole has spent two weeks there, hitting 15 states. Given her popularity and southern roots, she often draws a bigger crowd than Bob Dole." Elizabeth H. Dole, who was Reagan's Transportation



Peter B. Teeley, chief spokesman for George Bush
"The press holds the candidates to a harder line."

Richard A. Bloom



Susan M. Mumak

Kemp press secretary John Buckley
"The media take a third of the candidate's day."

Secretary until she resigned recently to campaign full-time for her husband, is recognized as a valuable campaign asset.

Unlike Babbitt, du Pont, Kemp and some of the other candidates, Dole has not yet felt it necessary to run paid campaign commercials. "If you start now, it's a sign that your campaign is desperate," Boyle said. "If you can't motivate at the grass roots, then you buy airtime." Boyle acknowledged, however, how important it is for all candidates, including Dole, to buy advertising just before the March 8 Super Tuesday contests. "There are races in so many states, you can't be everywhere," she said.

Jackson, as a universally known civil rights leader and one of the front-runners in the national political polls, clearly does not lack name recognition. Politically, his ambition is to broaden his constituency. Accordingly, his media campaign, according to press assistant Pam Smith, is "to ensure that as

many people as possible become familiar with his message." That message, she said, stresses social and economic themes involving greater educational and employment opportunities for young people, industrial reinvestment in America, retraining of laid-off workers, a national antidrug program and "a foreign policy of negotiation over confrontation."

Patricia O'Brien, campaign press secretary for Dukakis, said: "We have more requests by the media than we can fulfill—from everybody, you name the publication. . . . We do as many as we can." But she conceded that although Dukakis receives heavy coverage in the Boston news media and is well known in his native state and throughout most of New England, he still needs to increase his visibility at the national level. "His basic message is economics—what he has accomplished in the state," O'Brien said. "Unemployment [until a recent rise had been] below 3 per cent; employment training and economic development programs have been established. He wants to expand economic opportunities for everyone. It's the cornerstone of his message wherever he goes." One problem, O'Brien noted, is that much of the coverage about Dukakis is tied to his performance as governor, and state-oriented issues do not easily come through nationally. Another problem, she said, is that Dukakis is a

sitting governor and can campaign for President only on a part-time basis. "He spends three and a half days each week—Monday, Tuesday, Wednesday and half of Thursday—attending to gubernatorial duties and functions," she said. "The rest of the time is set aside for the campaign, as well as some evenings."

One way that a candidate can increase his visibility, Foley said of the Gephardt campaign, is by catering to the local news media wherever the candidate goes. "We try to accommodate the national traveling press," he said. "But when we go into a town, we contact the local press, radio and TV people. If we didn't do that, the trip would hardly be worth it. We build in stops at one-man radio stations, where they are happy when the candidate stops by and are willing to roll a tape. Often, it is just a 15-minute stop, a handshake and a hello, and 'How's the campaign going?' The results can pay handsome dividends, rather than sitting in a van and talking with a single reporter. And, besides, Gephardt likes to do it that way."

Squier said that the "smart candidates" will tie in their remarks with local interests and concerns. "In earlier days, the candidates averaged three or four interviews daily with the networks," he said. "Now, the technology is such that the local stations give you coverage in [prime] time."

Simon's media advisers indicated that they are intent on underscoring his personal integrity and individualism, portraying him as a candidate of authenticity rather than imagery. "He has been in politics for three decades, is a former newspaper publisher and is not going to tailor his views or change his beliefs in order to conform to a contrived image," Michael, Simon's communications director, said. "Our job is to show who he is and what he stands for." Strother asserted that Simon benefits from his projection as the candidate of "character and trust" and that he "is the reaction candidate, just like Carter was to Ford, and Reagan was to Carter, now Simon is to Reagan. Voters are looking for a less publicly perceived media candidate. That will be played up by Simon's advisers. . . . Simon's bow ties are wonderfully symbolic of the man. It's a trademark which says he's his own man who walks his own course and refuses to adopt to conformity. People pick up on that."



Former Gephardt press secretary Donald J. Foley
The candidates have to stay fresh and interesting.

For all the candidates, technological advances have reshaped the campaign process. Video exposure has been vastly expanded through satellite technology, mini-TV cameras and the increase in national television networks, including C-SPAN and Cable News Network. Computers allow campaign staffs to target voters and greatly facilitate their direct-mail drives. Technology also allows candidates to communicate from air to ground and even send photos to and from a plane. Radio "actualities" make it easier for candidates to reach the listening public. Reporters on the road using lap-held computers can instantly send stories to the home office. There is also a new hotline service that provides a daily communications channel for candidates and the news media. (See box, p. 2967.)

Foley, in describing the importance of using high-technology equipment, said: "Another advantage is, if you have an up-link truck, a local TV station can call and ask to get your candidate on the air. Also, on Super Tuesday, for example, the candidate can hook up by satellite to all of the big media markets, such as Miami, New York, Atlanta, Dallas and Philadelphia."

And Michael said: "Cellular phones and beepers allow the campaign staff to keep in touch with each other and the outside world. Telecopiers can electroni-

cally send releases and documents over telephone lines to news organizations and field offices."

LIVING WITH MEDIA

The relationship between the candidates and their staffs and the political press corps is similar to a marriage of convenience: They need each other, and they must share the same environment, but their ambitions and objectives differ. These circumstances frequently strain relations.

"We still have reporters who don't understand how the system works," Buckley said. "They should know better—that just because Kemp rates low in the polls . . . [doesn't rule out that] he could have a breakout, like Carter in 1976 or Hart in 1984."

Foley asserted that "political reporters spend too much time reading one another's articles. . . . Also, they have a tendency to view everything in the campaign through the lens of the TV camera. During the debates, for instance, many of the reporters don't want to be in the room where it is taking place, they

want to be in the TV room watching it on a monitor. They want to see it how it appears on TV, not the way it is occurring but how it is perceived on the tube. They have a preoccupation with the perception of the candidate and the campaign, rather than [dealing] with the reality of what is going on."

George Vinnett, press secretary for Robertson, was especially critical of the national political news media. Vinnett said that Robertson "gets good local press but negative national news. He has to spend much of his time putting out fires because he's misquoted or they put words in his mouth or are not truthful in what they report. . . . The national media may give him name recognition, but the perception would be wrong. Thus, we have to resort to commercials and other media events."

Boyle of the Dole campaign faulted the press for not reporting substantively on the issues. "You can call a press conference to discuss a critical issue, but nobody pays attention," she said. "So you just keep putting it out and play it off breaking stories."

Several of the candidates' press aides said that they receive 50-100 telephone inquiries from the news media each day. Asked how he handles them, Teeley replied: "You talk fast." □

A Row over Rail Rates

Seven years after railroad deregulation, shippers that depend on rail transport are warring with railways over prices. Congress must decide whether a fix is needed.

BY MARGARET E. KRIZ

In the wrestling world, the battle would feature the likes of Hulk Hogan and Randy "Macho Man" Savage, two dynamos flexing their muscles and spouting bravado as they approach the well-lit ring.

In this case, the match is between the brawny public utilities and coal companies in one corner and the newly energized railroad industry in the other, each predicting victory. The corporate musclemen—in 1986, the utilities recorded \$129 billion in operating revenues and the railroads \$26 billion—are competing for much more than a championship title: They are struggling for profits and control.

The fight is over who determines railway transport prices. The utilities argue that the railroads are charging prohibitively high rates to shippers who have no other means of transportation. The railroads counter with arguments that the big-bucks utilities are unfairly trying to strip the railroads of their modest profits and reregulate the industry. In the middle is the Interstate Commerce Commission (ICC), a limping agency that the Reagan Administration has sought to abolish, and which both sides say has a lackluster record in the role of referee.

The ring is Congress, where the House and Senate are considering legislation that would curb the freedoms offered to the railroad industry under the 1980 Staggers Rail Act. That law sought to reinvigorate the railroads by allowing them to offer rates that are competitive with other modes of transportation. At the same time, the act gave the ICC discretion to curb the prices charged to "captive" shippers who

have no alternative to the railroads for transporting their goods.

Seven years of the Staggers Act have produced mixed results. The railroads are in substantially better shape than they were in the 1970s, when nine major railroads went bankrupt and when trains were forced to restrict their speeds on a fourth of all tracks because of deteriorating rail conditions. But the industry's financial health continues to be shaky by ICC standards and by some business indexes. The railroads' return on equity, for example, fell from 10.5 per cent in 1981 to 2.1 per cent in 1986, while the average U.S. industrial return on equity was 13.7

per cent in 1981 and only 11.6 per cent in 1986.

Railroad deregulation has been a boon to the 80 per cent of the nation's shippers who, because they have several forms of transport to choose from, enjoy the competitive advantages of lower rail rates and better service. The ICC estimates that the average cost of shipping commodities has declined under the Staggers law from \$23.60 per ton in 1981 to \$20.20 per ton in 1985, based on 1985 dollars.

But the commission rarely gets involved in the rates railroads set for the captive shippers—that other 20 per cent of the industry—giving rise to complaints that the ICC favors the railroads. Those shippers feel abused by the system and are fighting for change. In 1984, a group of public utilities and coal companies formed Consumers United for Rail Equity (CURE) to rally support for changing the way the railroads are controlled.

In response, a group of shippers opposed to changing the railroad deregulation law formed the Committee Against Revising Staggers (CARS). The ensuing battle has split the sympathies of shippers, farmers and consumer and environmental groups. Now each side is calling on supporters to help sway Congress as it considers imposing stricter controls on railroads.

Both sides of the battle use scare tactics to build support: The railroads charge that reregulation would cause financial disaster and widespread abandonment of less-used rail lines; shippers warn that as a result of the ICC's unwillingness to control the railroads, it is only a matter of time before all shippers will be captive. Shippers portray the railroad companies as



Rep. Frederick C. Boucher, D-Va.
High shipping costs are hurting U.S. competitiveness.

Shepard Sherbell/Picture Group

resurrected "robber barons" in the image of 19th-century railroad tycoon Cornelius Vanderbilt.

But today's railroads are a far cry from the robber barons. Some are enjoying strong performances, but many are newly back on their feet after decades of decline. Their more profitable profile, coupled with evidence that the ICC has been unwilling to take action against railroads that abuse their freedom, has left the railroads vulnerable.

Now Congress must ponder legislation that would dramatically change the balance of power between shippers and railroads that was established in 1980 and developed by the ICC since then. The question remains whether Members can walk the line between the two factions, protecting the shippers' rights without bringing the nation another chorus of the disappearing-railroad blues.

Even if the Staggers Act is not seriously overhauled, some changes are likely, according to Sen. J.J. Exon, D-Neb., chairman of the Commerce, Science and Transportation Subcommittee on Surface Transportation: "I do not rule out the chance of the Senate approving legislation, even if it only makes some procedural or structural changes at the ICC."

THE ICC'S SNAIL'S PACE

With the passage of the Staggers Act, Congress instructed the ICC to help rehabilitate U.S. railroads whose profits were declining and that were unable to maintain their systems. The lack of reinvestment in many of these rail companies caused the ICC in the 1970s to create a new category of accident: the standing derailment, caused when stationary rail cars simply fell off decrepit tracks.

To turn the industry around, Congress eliminated the rate structure set by the ICC and replaced it with free-market competition. The old floors and ceilings on shipping fees were similar to the schedule of charges still applied to monopolies in the utility and local telephone industries. Under that system, the commission would periodically adjust the rates based on railroad requests, economic conditions and the prevailing government philosophy, which at one point included favoring the fledgling trucking industry over the railroads.

"The rails were called into play, in ef-



Association of American Railroads president William H. Dempsey
Railroads were called on to help subsidize one interest as against another.

fect, to serve as an instrument of social and economic policy and to subsidize one interest as against another," said William H. Dempsey, president of the Association of American Railroads.

Although that system of controls made sense when the railroads enjoyed a near-monopoly over the country's transportation needs, the growth of other shipping modes over the years rendered the rate structure counterproductive. Unable to lower or raise rates according to competitive changes, the railroad industry went into a downward spiral that threatened its existence.

Named for Rep. Harley O. Staggers Sr., D-W.Va., then chairman of the old Interstate and Foreign Commerce Committee that generated the legislation, the Staggers Act produced two fundamental changes. First, it abolished all mandated shipping rates charged to companies that have more than one option for transporting their goods. Second, it gave the ICC the power to regulate railroad rates for captive shippers and to oversee how the companies interacted in transporting materials. It was the implementation of the second change that has caused the current uproar.

Many shippers criticize the ICC's methods of determining whether a rate is excessive and its snail's-pace process for reviewing rate complaints. In its defense, ICC staff members say the commission has been slow in part because of a Staggers Act provision that created an open season for all captive shippers to challenge their current rail transportation rates. As a result, 800 complaints were filed with the commission in the days immediately following enactment of the law.

Those cases ate up resources the commission needed to establish the ground rules for weighing the fairness of rates set by the railroads. At the same time, the

commission was disrupted by internal philosophical and personality conflicts; early in the Reagan Administration, the old and new commission members often refused to meet face to face. (See *NJ*, 2/22/86, p. 450).

The delays were compounded when both the shippers and railroads in separate cases took the ICC to court over its implementation of the Staggers Act. As a result, some rate challenges took years to complete. In other cases,

the shippers gave up and negotiated settlements with the railroads or reluctantly paid the given rates.

One of the worst delays concerned a case originally filed in 1981 by a group of Montana grain farmers who complained that Burlington Northern Inc. was charging unfair rates. The ICC did not make a preliminary decision until last May. Even then, it merely agreed that the rail company—essentially the only railroad that served Montana at the time—was "market dominant." The ICC has yet to calculate how much the railroad can charge for hauling the Montana grain.

That case has forced the grain farmers to cough up \$300,000, while the state of Montana has put up \$400,000 to support the challenge, and the law firm handling the case has fronted an estimated \$300,000 in expenses, according to William J. Fogarty, administrator for transportation at the Montana Commerce Department. "This kind of trial by ordeal or trial by delay is not what Congress had in mind when it provided a remedy for captive shippers in the Staggers Act," Exon said.

Such delays caused Rep. John D. Dingell, D-Mich., chairman of the Energy and Commerce Committee, to blast the commission during oversight hearings in 1986 as "brain dead." In reaction, the ICC sliced its rate challenge caseload in half. In Senate hearings this summer, ICC chairwoman Heather J. Gradison reported that only 31 rate complaint cases remained as of June 1987, compared with 80 complaints that were pending in February 1986.

The railroads do not dispute that the commission has been slow to react to some rate complaints. But Dempsey of the railroad association said the CURE shippers' major complaint lies not with the delays, but with the Staggers Act's

presumption in favor of the railroads. "Rates are to be determined on objective criteria and not in terms of whether the railroads should be called upon to subsidize this shipper or this industry," he said. "That doesn't mean there's no balancing. It means that the Congress has established the balance" in favor of the railroads.

Utilities representatives maintain that the law went beyond writing a blank check for the railroads. "What's at issue here is that old American issue: Do you have a remedy for people who have a rate problem?" said Robert G. Szabo, executive director of CURE. "Is this a system that a Member of Congress can say to his constituent that has a problem, 'You go to the ICC. They'll take care of you'? No," Szabo said.

Given the Staggers Act's mixed aims of taking care of both the railroads and the captive shippers and the pressures brought to bear from both sides, it's little wonder that the ICC has not been able to fulfill everyone's concept of fair regulation, said Stan Sender, director of legislative affairs for Sears, Roebuck & Co. and chairman of the Washington representative committee for CARS. "I don't think seven angels could have done it," he said.

ARE RAILROADS AILING?

The big question that threads through discussion of railroad regulation is whether the industry is as healthy as other U.S. industries. The railroads say no; the coal industry and electrical utilities say yes.

Each group has good reason for promoting its version of the financial picture. As long as the railroads appear to be the poor cousins of U.S. industry, the commission is less inclined to question the rates they charge captive shippers. A wildly profitable railroad industry also might lose public endorsement of the notion that the government should handle the industry like a precious national asset instead of just another business.

The ICC measures the health of the railroads based on each line's ability to raise capital in the money markets, a characteristic the ICC terms "revenue adequacy." Each year, the commission sets a target return on equity, based on data from other U.S. businesses, that the railroads must meet to be considered revenue adequate. Each year, the railroads fall short.

Mark N. Cooper, director of research for the Consumer Federation of America, has charged that the ICC has set unreasonably high

standards for measuring the railroads' health and that it has overstated their revenue needs. "This is not a standard of revenue adequacy, this is a standard of revenue excess," he told the House Energy and Commerce Subcommittee on Transportation, Tourism and Hazardous Materials this summer.

On the other hand, industry statistics show a compelling case for the rail industry's tales of woe. In the past several decades, the railroads have received a smaller piece of the shippers' pie, a result of the historical trend away from rails in favor of trucks, airplanes and barges. The volume of freight moving over the rails has declined from 1.5 billion tons in 1980 to 1.3 billion in 1986, according to the Association of American Railroads.

Dempsey of the railroad group said two major factors have strained the railroads financially: "Number one, we've had extraordinarily intense competition. Number two, we serve smokestack America, and you know what's happening with smokestack America."

Railroad stock prices have not enjoyed the same increase as other stocks over the past seven years, according to James M. Voytko, first vice president of Paine Webber Inc. in New York. Since 1979, railroad stocks have increased 27 per cent in value, while the Standard & Poor's 500 Stock Index has risen 74 per cent. "There is little in the stock market's recent appraisal of railroad stock to suggest any widespread belief that the industry is fi-

nancially robust," Voytko told the Senate Surface Transportation Subcommittee in June. Rail stocks declined further in October's stock market crash.

But the CURE supporters say such numbers show only part of the picture. "Their annual reports say they're in the best shape they've ever been, their bonds are all double-A-rated. So if you talk to them in that regard, they're doing great," said Szabo of CURE. "If you ask them, 'What about reform at the ICC?' they say, 'We're not in good shape, our profits are going down.'"

Szabo noted that the Norfolk Southern Railroad was healthy enough in 1986 to make a serious bid to buy the Consolidated Rail Corp. (Conrail) from the government, a bid that was supported by the Transportation Department. Other railroads have had the cash in recent years to purchase trucking companies, barge lines and nontransportation businesses at the same time the ICC said the railroads were not revenue adequate.

The Consumer Federation's Cooper said the railroads have invested as much as they could in rail operations, "and they still have cash left over. This is not capital fleeing an industry that is unremunerative; it is capital spilling out of lines of business that are saturated with returns."

That assessment was challenged by the CARS shippers group. "When you've got a company that's made up of rational businessmen, and they're putting their money into everything but railroads, something is wrong," said Sender of Sears. "They're not making the kind of money they should be making in railroads."

The railroads argue that most of the cash they've used to expand their businesses came courtesy of the accelerated depreciation rules of the 1981 tax act, which permitted the rails "to write off the original investment in track that had been frozen for all these decades," Dempsey said. "That gave us \$2.5 billion in a five-year period of time from '81-86." He added that the tax bonus is no longer of use.

If the railroads are forced to charge lower rates to captive shippers, how will they replace their lost revenues? The railroads say that without that cushion of cash from higher captive shipper rates, they will have to cut back on their reinvestment and may have to abandon less profitable lines.

Those threats are scoffed at by those who support changing the law. "There is give," said Rep. Frederick C. Boucher, D-Va., who sponsored the bill to revise the railroad regulation law. "And the give



Utilities group chief Robert G. Szabo
Railroads' annual reports say they're in good shape.

is going to be in the profits for the railroads. They're quite wealthy."

COMPROMISE

The big battle now is in Congress. A proposed rewrite of the Staggers Act was introduced in early March in both chambers. Similar legislation was floated during the 99th Congress, and attempts were made to attach it to a bill directing the Transportation Department to sell Conrail. But many Members preferred to make the Conrail measure a "clean bill," and the CURE provisions were dropped.

This year, a compromise version was worked out between CURE and Rep. Thomas A. Luken, D-Ohio, and was accepted early this month by the Energy and Commerce Subcommittee on Transportation, Tourism and Hazardous Materials, which Luken chairs. Dingell, head of the full committee, has promised to give the legislation priority treatment, according to staff members. Hearings have been held on the CURE bill in the Senate, although markup is not expected until early next year.

Like last year's proposed changes, the new measure would correct what the utilities perceive to be problems in the way the railroads set rates and the way the ICC oversees the industry. A key question is whether the onus should be on the railroads or the shippers to bear the expense of making the case that a captive shipper's transportation rate is reasonable or not. The Staggers Act requires shippers to show that the rate is too high; the House bill would require railroads to demonstrate that they need the higher rates.

Another hotly contested area concerns the gauges the ICC uses to decide whether a shipper is captive. The commission currently considers not only a shipper's transportation alternatives, but also whether the shipper has any other source of the goods it is shipping and whether another product would be equally useful for its purposes. The measure passed by the House panel would prohibit the ICC from considering product or geographic competition at the point of origin. "The ICC is barely competent to deal with transportation issues," said Szabo in defense of the House subcommittee's proposed ban. "You're talking about cosmic choices here that are very difficult."

The bill would tinker with the compli-



Senate transportation subcommittee chairman J.J. Exon, D-Neb.
Long ICC delays are not what the Staggers Act intended for shippers.

cated formula the commission uses to determine whether a railroad is healthy enough to lower its nearly unlimited rates on captive shippers. It also would give shippers more transportation choices by changing the rules that govern when a railroad must allow another rail company to use its tracks or equipment.

Congressional leaders have tried to persuade the captive shippers group CURE, the CARS shippers group and the railroads to agree to a compromise, but too many sticking points have risen.

The bill passed by the House panel was a victory for the utilities and coal firms, who gained nearly every change they sought. The railroads and CARS group believe no changes are needed in the Staggers Act, and Dempsey said the legislation would turn the 1980 law on its ear. "The message that would clearly be conveyed is [that the ICC should] ram down these rail rates," he said. "And that's the reason CURE wants it."

But Boucher, who represents Virginia's coal mining region, argued that despite some progress at the ICC in reviewing the rail cases, a legislative overhaul is needed. "There is a growing concern that the ICC is not effective at addressing the rates of the captive shippers, and only legislation can solve the problem," he said.

As the debate continues, the battle over railroad regulation is taking on broader proportions. Boucher says the current ICC policies are hampering U.S. competitiveness. "The coal producers are of the firm opinion that the high rail rates are a major reason they have been precluded from getting a greater share of the national and international market," he said. In fact, the legislation requires the railroads to consider the effect that a mandated rail rate would have on the competitiveness of American products.

At the other extreme, Office of Man-

agement and Budget director James C. Miller III told reporters recently that the CURE bill is an example of how "deregulation is being mugged." Vowing that President Reagan will veto any railroad reregulation legislation, Miller said, "The trouble with many critics is that they forget just how bad the old regulatory system was."

Boucher and CURE officials predicted that their legislative package could pass. But congressional aides said that

because of the veto threat, the measure most likely will be attached to another bill the Administration favors—a maneuver an observer said could take until next summer. Some Members would like to combine the CURE changes with railroad labor protection legislation also pending in Congress. But Boucher said he would oppose that effort because it could lessen his bill's chances of success.

Szabo of CURE predicted that the shippers, including those who support CARS, may reach an agreement. The coal companies and utilities have already signed on the National Industrial Transportation League, an umbrella shippers group that had been neutral.

The wild card may be how Congress will react to Wall Street's decline and the instability in stock prices. "I don't get the feeling that Congress is going to be in the mood to be changing a lot of regulatory areas," said Sears's Sender. "You have the financial problems that are facing the country; you've got the stock market crash. It's going to be a dominant factor in the next year. . . . And here you're talking about reregulating an industry that has marginal profits."

Whatever the outcome this session, most agree that despite all the current chest-pounding rhetoric, the real battle will not occur until next year, when the measure goes to the full House and is considered in the Senate. As Rep. Norman F. Lent of New York, the ranking Republican on the Energy and Commerce Committee, noted at a regional railroad conference, "All of the subcommittee and committee activities in the remaining weeks of 1987 will turn out to be only a dress rehearsal for the next session."

This fact is not lost on the railroads and shippers, who will spend the time seeking votes. Neither can be counted out until one is pinned to the mat. □

Gimmickry's Symbolic Value

By Lawrence J. Haas

As the budget-cutting talks dragged on in Washington, James R. Capra, senior vice president at the New York investment firm of Shearson Lehman Brothers Inc., mused about Wall Street. "I have heard more people question the content of budget plans than ever before," he said. But, he chuckled, "The people asking the questions wouldn't know bad content from good content."

After years of watching promised budget cuts evaporate into gimmickry or outright repeal, the financial community has grown ever-more aware that some claimed savings, including asset sales, are illusory at best. But knowing the difference between "real" and "phony" savings is one thing; identifying them is another. As shown by the stock gyrations following lawmakers' daily comments about the budget talks, markets here and abroad remain subject to Washington's manipulations.

Indeed, President Reagan cooled the London market a bit when he spoke on Nov. 16 of a \$23 billion deficit-cutting package for fiscal 1988, which began on Oct. 1. Two days earlier, he had mentioned \$30 billion in his weekly radio address.

Any market reaction probably was unjustified. For weeks, budget negotiators had been working on a widely reported package that would total \$30 billion or so in 1988 savings, at least \$23 billion of which consisted of real savings and the rest largely of gimmicks. The additional \$7 billion would comprise \$5 billion from the refinancing of federal rural loans, a step that would cost the government money in later years, and perhaps \$2 billion from the dubious promise of better tax enforcement.

But the markets were sensitive to any evidence of backsliding. The 1985 Balanced Budget Act, as revised in September, guaranteed \$23 billion in across-the-board cuts, and lawmakers had raised expectations of an agreement to exceed that. Even with \$7 bil-

lion in gimmicks, a \$30 billion package for 1988 had assumed symbolic importance.

Overseas, meanwhile, foreign investors who were accustomed to the efficiency of parliamentary systems gasped as the United States advertised its internal bickering and apparent leadership crisis in the highest councils of government. For them, a budget agreement was necessary to restore their shattered confidence. "When they sense political instability, they tend to run and take their money out," Robert G. Heisterberg, senior vice president of Alliance Capital Management Corp., said of the foreigners.



And time was running out. For the first time in four years, Japanese investors in October were net sellers of foreign bonds, and analysts told *The Wall Street Journal* that lost confidence in American deficit-cutting resolve was to blame. If the Japanese pull-back from U.S. securities continued, higher interest rates would likely result.

Even with no backsliding, a final agreement wasn't likely to satisfy anyone very much. It would fall short of the \$37 billion mandated by the congressional budget resolution that Democrats pushed through in June. It

probably wouldn't stop the deficit—cut to \$148 billion in 1987—from rising through 1989, particularly with most projections of 1988 economic growth being scaled downward in the aftermath of the Oct. 19 stock market crash. And, most important, it wouldn't make the kinds of permanent "structural" savings that Wall Street has demanded for years, such as deep cuts in entitlement programs.

An agreement, Wall Street analysts predicted, would generate a short-lived euphoria of perhaps a day or so, followed by a slump in prices when the package was dissected and the fiscal wheat was separated from the chaff.

Then, attention would turn to whether Congress would follow through by translating the agreement into changes in tax and spending laws.

Nevertheless, a budget agreement was important as a political document. Administration officials, led by Treasury Secretary James A. Baker III, were pushing for interest rate cuts by Japan and West Germany to avert a worldwide recession. The two nations hesitated, fearing higher inflation.

For the Japanese and West German leaders, facing constituencies sensitive about U.S. bullying, a deficit-cutting package would provide the political cover for action; they could proclaim that, yes, the Americans had fulfilled their part of an earlier bargain. The particulars of "real" or "phony" savings would be irrelevant.

"Certainly, the Europeans and the Japanese are more scared of a [financial] collapse than we are," said John H. Makin, director of fiscal policy studies at the American Enterprise Institute for Public Policy Research. "A cosmetic \$30 billion [in 1988 budget savings] gives them a fig leaf to say, 'Well, the Americans did something.' They're looking for an excuse, especially in Japan, to cut interest rates."

Baker would know, as would the other Western nations, that headlines proclaiming \$30 billion in savings were deceiving. It would be a welcome deception. □

Ethnic Politics Turning Racist in Northern Cities

In the cities of the North, ethnic politics is turning into racist politics. In the South, racist politics is beginning to look more and more like ethnic politics.

Look at this year's state and local elections. Two black mayors, Philadelphia's W. Wilson Goode and Chicago's Harold Washington, were narrowly reelected, with each of them carrying only about 20 per cent of the white vote. Harvey Gantt, the black Democratic mayor of Charlotte, N.C., did much better among white voters. They gave him 34 per cent in his reelection bid, which was only slightly lower than his share of the white vote in two previous races. The slippage was enough to cost him the election, however, in a city whose electorate is 22 per cent black.

Ray Mabus, a white Democrat, was elected governor of Mississippi with solid support from blacks and from 40 per cent of the white voters. That pattern—which Steve Patterson, the Mississippi Democratic Party chairman, called “the classic redneck-black neck coalition”—has become typical for southern Democrats these days. The southern Democratic coalition depends on racial harmony. That is exactly why most southern Democratic Senators voted against confirming President Reagan's nomination of Robert H. Bork to the Supreme Court. Bork threatened to reopen the civil rights agenda and destroy biracial politics in the South.

Ethnic voting is very different from racist voting. Ethnic voting is support for a candidate of your own group. Racist voting is casting a ballot *against* a candidate of a different group. Ethnic voting has always been legitimate in American politics. When almost 80 per cent of Catholics voted for John F. Kennedy in the 1960 presidential election, nobody thought they were voting anti-Protestant. Nor did people question the motives of Italian-Americans who supported Mario M. Cuomo for governor of New York. And when blacks voted for Jesse Jackson in the 1984 Democratic presidential primaries, they were not perceived to be antiwhite. Racist voting, however, is a “zero-sum” situation: One group's gain is perceived as another group's loss. If blacks win, whites must lose.

Urban political machines thrived on ethnic politics, not racist politics. As each ethnic group grew in numbers and influence, it was given due recognition by the machine in terms of patronage and payoffs. Thus, when southern blacks began to migrate to northern cities in the 1930s, political machines dealt with them in the time-honored ethnic fashion. Cities such as Chicago had black aldermen, black precinct leaders, black ward heelers and even a few black Members of the U.S. House.

Blacks were never entirely satisfied with ethnic politics, however. They contended that while individual blacks were rewarded with patronage and influence, nothing much was done for the black community as a whole. Blacks wanted something more than payoffs. They wanted policy. That is something that political machines couldn't deliver because it

meant giving up control. When Washington won the Democratic mayoral primary in Chicago in 1983 and said, “Now it's our turn!” white voters heard it as a threat, a call for blacks to take over the city and seek revenge for years of exclusion and injustice. In Chicago as in other cities, racial polarization spelled disaster for political machines and for the tradition of ethnic politics. Both whites and blacks came to see politics in “us v. them” terms, not in the machine tradition of “something for us, something for them.”

During the 1970s, as race relations improved, the ethnic model began to creep into the South. Southern voters moved away from racial politics and toward the perception of common economic interests between blacks and less affluent whites. Both

see a common threat in the resurgence of the Republican Party in the South. But the Republican threat hardly exists in most northern cities. What does exist is violence, divisiveness and separatism between the races. Because there is little to hold black voters and white voters together in northern cities, racial polarization has become pervasive.

Look at what happened in Washington, D.C., in the election earlier this month. Environmentalists placed an initiative on the municipal ballot that would have required retailers to collect

refundable deposits on carbonated beverage containers. The vote on the initiative turned out to be intensely polarized along racial lines.

What in the world do beverage deposits have to do with race? Blacks do tend to be poorer than whites, and there was some concern about poor people bearing the burden of the cost and inconvenience of bottle deposits. But affluent blacks were as overwhelmingly opposed to the bottle bill as poorer blacks, whereas the bill easily carried white neighborhoods throughout the city. “It was not income, not ecology, but race” that determined the outcome, a Washington political activist said.

What happened is that the beverage industry, which vigorously opposed the initiative, depicted the issue as one of community control. Newspaper advertisements listed white organizations (the Citizens Association of Georgetown, for example) that supported the bill and black organizations (the NAACP, for example) that opposed it. “You can tell a lot about an issue by who supports it and who opposes it,” the advertisements said.

As it turned out, blacks seemed to feel that the bottle bill was something white environmentalists were trying to impose on the rest of the city.

The vote was roughly 55-45 per cent against the bill, with the opposition clearly centered in predominantly black neighborhoods of the city. Racial politics infused a totally nonracial issue. Said a Washington environmentalist: “In any highly contested campaign, there's an effort to polarize people. It doesn't surprise me that it happened here. And it won't surprise me if it happens again.” □

Because there is little to hold black voters and white voters together in northern cities, racial polarization has become pervasive.

THE POLITICS PAGE

Southern Blacks Fail in Move To Enhance Power At Convention

An attempt by southern black Democrats to bolster their political effectiveness has broken down because of an apparent misunderstanding about the meaning of a proposal on presidential endorsements.

More than 200 delegates to the Conference of Southern Black Democrats in New Orleans on Nov. 13-14 failed to agree on a contingency plan to strengthen their bargaining power in case the race for the nomination becomes deadlocked at the national convention in Atlanta next July.

According to Jerome A. Gray, state field director for the Alabama Democratic Conference, supporters of Jesse Jackson's presidential bid interpreted a resolution on backing "favorite son" candidates in the primaries and at the national convention as opening the door for challengers to Jackson to be put forward. "It was just a complete breakdown in communications," Gray said. "Nobody was contemplating anybody else being a favorite son."

Gray said the purpose of the resolution was to promote Jackson's presidential bid by declaring him to be the

region's favorite son and to set up a structure that would encourage black delegates to caucus in Atlanta and consider other candidates if Jackson did not win the nomination on the first or second ballot. Gray, explaining that delegates would be not be legally bound to any candidate after the initial balloting, said, "This was just an attempt to maintain some unity and cohesion at the convention."



Jesse Jackson

Richard A. Bloom

Scramble Begins In Mississippi For Stennis's Seat

Mississippi voters, who voted for governor and state legislators only a few weeks ago, will hardly have a chance to catch their breath before being asked to choose up sides to pick the successor to retiring Democratic Sen. John C. Stennis.

The latest entrant is secretary of state Dick Molpus, just reelected with 82 per cent of the vote. He will face Rep. Wayne Dowdy in the March 8 Democratic primary. Jackson attorney Hiram Eastland Jr., a cousin of the late Sen. James O. Eastland, is also seeking the nomination but is not seen as a major factor.

On the Republican side, Yazoo City

attorney Haley R. Barbour, who lost to Stennis in 1982, has withdrawn in favor of the expected Senate bid by House Whip Trent Lott. Barbour said he stepped aside to avoid a primary battle between two conservatives from different parts of the state that could be "divisive and bloody."

Lott has about \$440,000 on hand for the race, and Dowdy has raised about \$300,000. Molpus's resources have been stretched thin by his recent reelection campaign, but his past major contributors have said they can raise \$750,000-\$1 million for the primary.

Molpus is probably better known by virtue of his successful statewide races. But that edge may be cut by television commercials that Dowdy has been running in the state. Observers also note that Dowdy's strong ties to organized labor could offset Molpus's statewide advantage.

Oakar Strengthens Her Bid to Head Democratic Caucus

By Washington's increasingly expensive standards, the \$100 price of a ticket to attend the Nov. 19 reception for Ohio Rep. Mary Rose Oakar, the vice chairwoman of the House Democratic Caucus, was rather modest. That kind of fund-raiser won't frighten off a challenger to Oakar's 1988 reelection bid, but the attendance of many of her House colleagues at the event may have been intended as a signal that Oakar is solidifying her bid to succeed Caucus chairman Richard A. Gephardt of Missouri, who is bidding for the presidency.

Oakar's main rivals for the leadership post, which Gephardt must surrender at the end of 1988, are William H. Gray III of Pennsylvania and Mike Synar of Oklahoma.

Rep. Louis Stokes, a fellow Ohioan, is said to be predicting that half of the membership of the Congressional Black Caucus will support Oakar's bid even though Gray is a member of the Black Caucus.

Knowledgeable House Democrats caution that it's much too early to say that there is any front-runner to succeed Gephardt. In the meantime, Oakar has another fund-raiser scheduled for Dec. 1 that will be sponsored by about 40 union leaders.

Weber Faces Easier Reelection Contest

Rep. Vin Weber, R-Minn., who was nearly ousted by Republican-turned-Democrat David Johnson in the 1986 midterm elections, appears likely to have clearer sailing when he seeks reelection next year. Johnson, citing business and family reasons, announced that he will not seek a rematch in 1988 but didn't rule out a race in 1990.

Another promising challenger, two-term Democratic state Rep. Chuck Brown, said "the time is not right" for a race. He expressed a desire to solidify his political base in the Legislature.—
James A. Barnes and Richard E. Cohen

WHEN COMMUNICATIONS HELP IS NEEDED, AMERITECH HAS THE SURE HANDS FOR THE JOB.



It takes more than state-of-the-art technology to keep communications moving on the best course for our customers. It also takes knowledgeable people working together to help others send, receive and use information in any form, any time and anywhere.

Ameritech is a leader in communications. We're the Ameritech Bell companies of Illinois, Indiana, Michigan, Ohio and Wisconsin. And we're much more.

We provide the latest in voice, image and data products and services wherever they are needed by business, and we arrange competitive financing packages to meet our customers' requirements.

Ameritech pioneered cellular mobile

phone service and publishes the Ameritech PagesPlus® phone directories and a growing number of specialized publications. We're also leading creators and marketers of computer software, and we help develop new technologies that advance the future of communications.

Our tradition of helping customers goes back more than a hundred years. We have the talent, the technology and the team to keep that tradition shining brighter than ever.

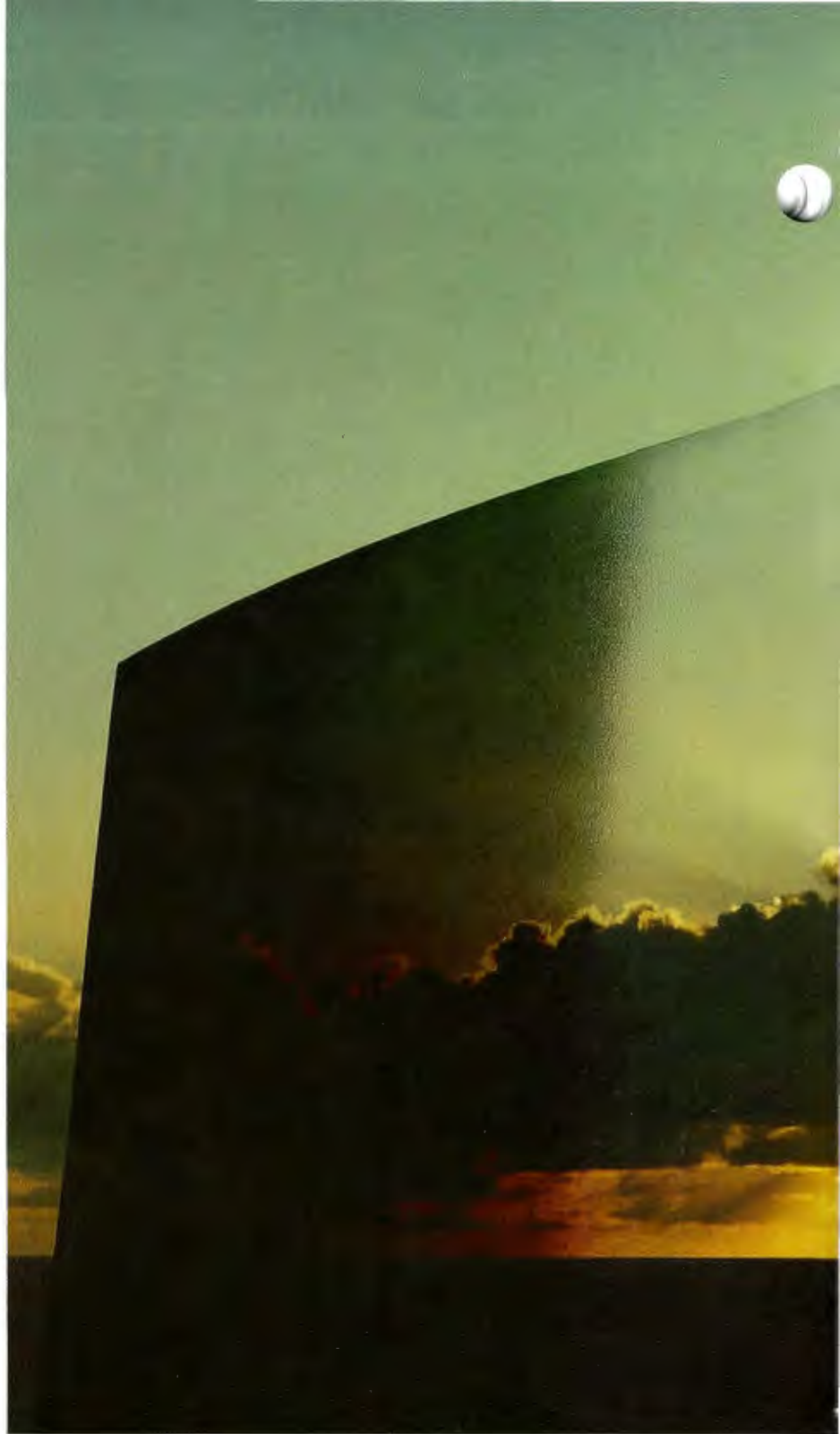
AMERITECH

AMERICAN INFORMATION TECHNOLOGIES

Helping you communicate.™

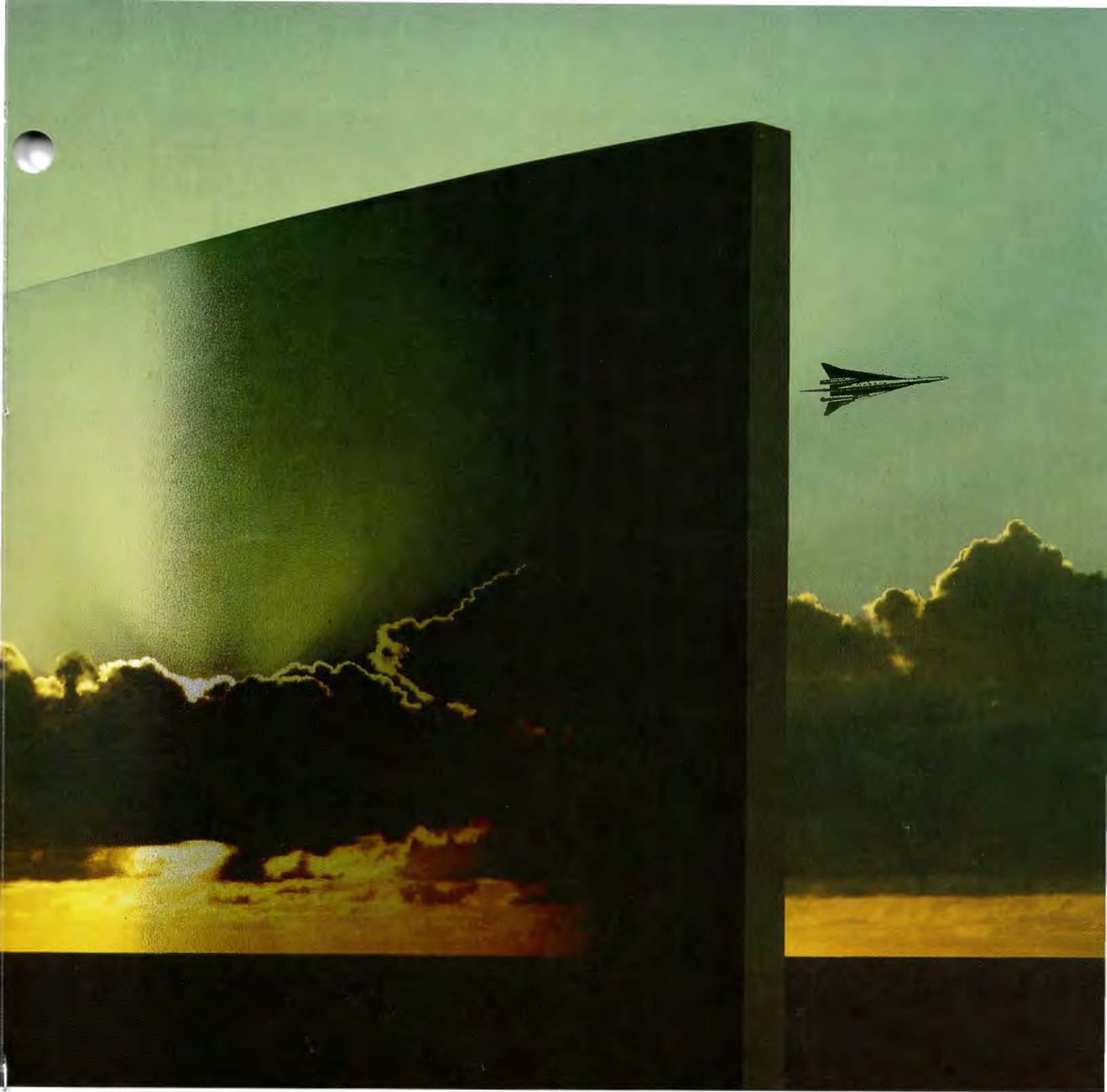


“Our job is to
build airplanes
with plastics.”



“Boeing is writing the book on high strength thermoplastic composites for aircraft structures. We’re leaders in materials technology, and in creating teams of research, engineering and manufacturing professionals to speed the rate of invention. One result: a 40-foot

wing built with composite spars, ribs and skins. Heat-fused joints form composite-to-composite connections. Unique processes and fabrication techniques assure structural integrity at temperatures above 350°F, good enough for use in advanced jet fighters. Automated



This monolith is made of carbon-fiber-reinforced high temperature thermoplastic.

processes, reduced scrap, and ease of repair cut costs. And the new structures are lighter and stronger than metal."

—*Frank D. Statkus, Manager, Advanced Tactical Fighter Structural Design;
Larry Oberle, Manufacturing Engineer,
Boeing Military Airplane Company*

At Boeing, we're sharing knowledge and integrating technology to create high-quality products and services. In computer services, electronics, aviation and aerospace. You can trust the people at Boeing to do it right.

BOEING

IN PERSON

Robert E. Lighthizer

By Lawrence J. Haas

Asked who was lobbying against provisions in the House tax bill that would curb corporate takeovers, an aide to a Senator replied, "It's easier to tell you who's not."

Hyperbole? Perhaps. But dozens of affected interests, chief among them Wall Street's investment houses and a host of big corporations and law firms, have blanketed Capitol Hill with a loosely connected campaign to ensure that a final bill wouldn't contain the provisions that some critics blame in part for October's stock market crash.

"I think it's a pretty intense effort," said Robert E. Lighthizer, a partner in the Washington office of the New York law firm of Skadden, Arps, Slate, Meagher & Flom and one of the key lobbyists. "People are talking about the issue. The concern is there. Members [of Congress] and staffs say there have been people in to see them."

Lighthizer's lobbying, on behalf of a few investment bankers and big corporations, was hardly surprising. His law firm, one of the nation's largest, was started in 1948, but its major growth dates to the early 1970s, when it began representing companies that wanted to purchase other firms or defend themselves against being gobbled up.

Nor was Lighthizer any stranger to congressional tax battles. He served as the minority staff director of the Senate Finance Committee in 1979-80. The Republican takeover of the chamber in 1980 catapulted him to staff director, serving under chairman Robert Dole of Kansas until 1983. After a two-year stint as deputy U.S. trade representative, he joined Skadden, Arps as a partner in 1985. He now also serves as vice chairman of Dole's presidential campaign.

Of his lobbying strategy, Lighthizer said: "You pull together papers. You go and see staff. You go and see Members. You try to get others to see the same Members and staff. And you go through the same thing within the [Reagan] Administration. It's largely a public education and advocacy campaign."

The disputed provisions of the House bill, tied to Members' concerns about plant closings and job losses back home, would deny interest deductions exceeding \$5 million on debt



Richard A. Hohn

A Blue Chip Lobbyist With a Taxing Burden

used to acquire control of other companies and would limit various tax benefits that can be a by-product of "hostile" takeovers. Viewed by Lighthizer's clients and other opponents, the provisions would discourage much-needed corporate restructuring and give foreign firms, which enjoy tax benefits on their interest costs, a greater chance to increase their stake in American business.

As public education efforts go, this one was easier than most. The provisions affecting takeovers, some culled from legislation originally proposed by Rep. Byron L. Dorgan, D-N.D., were controversial from the start. Their adoption as part of this year's House Ways and Means Committee bill was immediately followed by steep losses on Wall Street, a point not lost in Lighthizer's discussions on Capitol Hill.

Democrats on the panel, meeting in a private session, agreed to the takeover provisions as part of a \$12 billion package on Oct. 13. The panel passed the bill along party lines two days later.

On Wednesday, Oct. 14, the Dow Jones industrial average plunged a then-record 95 points, dollar and bond prices fell and interest rates rose. A day later, the Dow Jones stocks were down another 58 points, Chemical Bank raised its prime lending rate by

0.5 per cent, and, though acknowledging the budget and trade deficits as primary culprits, analysts began blaming the tax bill for the drop in the stocks of takeover targets. On Friday, Dow Jones stocks fell another 108 points, a short-lived record until Monday's 508-point crash.

Not everyone was convinced. Dan Rostenkowski, D-Ill., the Ways and Means chairman, agreed to "revisit" the limit on deductions for debt exceeding \$5 million, but he "totally reject[ed]" the notion that the takeover limits "were the root causes of the stock market drop."

Still, Lighthizer and other opponents were heartened by developments in the Senate. The Finance Committee's chairman, Lloyd Bentsen, D-Texas, had expressed reservations about the provisions, and Daniel Patrick Moynihan, D-N.Y., one of the panel's senior members, vowed an all-out war.

Asked whether the provisions reflected a Democratic antibusiness bias, Lighthizer said, "This is not a Republican versus Democrat issue. Sen. Bentsen understands this as well as any Republican Senator." But he wasn't ready to predict success. With the forceful Rostenkowski as an opponent, Bentsen would need to show more than philosophical skepticism to win the point. □

A Puzzle That's Missing Some Pieces

By Christopher Madison

Where were you on Nov. 25, 1986?

That was the day Attorney General Edwin Meese III stunned Washington—and perhaps America and the world—with unexpected details about the just-unraveling secret sales of U.S. arms to Iran.

Meese's bombshell, of course, was that profits from the arms deal had been diverted to the Nicaraguan contras. White House heads were about to roll, and the appointment of a special counsel seemed likely.

Only it turned out to be not quite that simple. The scandal was, in the end, more bizarre and complicated than anyone imagined at the time.

A year later, following a 10-month investigation, 11 weeks of televised hearings and the release on Nov. 18 of a telephone-book-sized report by the House and Senate select committees that investigated the affair, we still do not truly understand all the pieces and probably never will.

The opening pages of the report, for example, include this candid admission: "The committees cannot even be sure whether they heard the whole truth or whether [the late CIA director William J.] Casey's 'fall guy' plan was carried out at the public hearings." Senate committee chairman Daniel K. Inouye, D-Hawaii, noted at a press conference the day the report was released: "Inescapably, some facts have been lost to us and to history. But you do not have to see each grain of sand to recognize a beach."

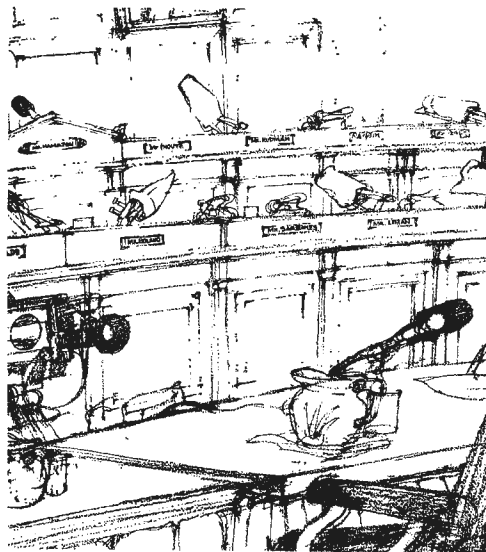
Nor do you have to digest the entire 690-page report to taste its flavor. Perhaps the strongest and most important statement is found in the early pages of the executive summary. "The common ingredients of the Iran and contra policies were secrecy, deception and disdain for the law. A small group of officials believed that they alone knew what was right."

The report is powerful reading, even three and a half months after the committees concluded their public hearings. It is short on legislative recommendations—you cannot easily design a statute that will force officials to obey other laws—but long on factual narrative: 340 pages on the events of

1985-86. Its enduring value may be in how it frames the complex facts in a simple constitutional structure.

The panel's report has this to say, for example, about the "off-the-shelf" covert entity, nicknamed "the Enterprise," uncovered in the investigation: "Administration officials committed a transgression far more basic than a vi-

The Iran-Contra Report



olation of the Boland Amendment [denying military aid to the contras]. . . . The concept of an off-the-shelf covert company to conduct operations with funds not appropriated by Congress is contradictory to the Constitution. The decision to use the enterprise to fight a war with unappropriated funds was a decision to combine the power of the purse and the power of the sword in one branch of government. . . . The committees find that the scheme . . . violated cardinal principles of the Constitution."

Throughout the summer of hearings, Administration witnesses, in addition to answering the questions put to them, aggressively peddled their interpretation of the origins of the Iran-contra affair: How Congress had become too aggressive on foreign policy, how secrecy was impossible inside the

government, how Congress had changed its mind too many times about supporting the contras.

These witnesses, with the support of many of the committees' Republicans, suggested that these factors should be weighed as Congress considered the disturbing revelations about government pursuing a secret foreign policy.

But qualifying homilies are nowhere to be found in the majority chapters of the Iran-contra report. There is no marine Lt. Col. Oliver L. North to dazzle the American public through television. There are no glib lawyers—only legal arguments.

In a chapter entitled "Powers of Congress and the President in the Field of Foreign Policy," the report says: "Key participants in the Iran-contra affair had serious misconceptions about the role of Congress and the President in the making of foreign policy. . . . The attitude that motivated [the Administration's] conduct was based on a view of Congress's role in foreign policy that is without historical or legal foundation. The argument that Congress has but a minor role in foreign policy making is contradicted by the language of the Constitution and by over 200 years of history. It is also shortsighted and ultimately self-defeating."

Although their report exudes an omniscient and stern judicial tone, the select committees cannot serve as the final arbiter of executive-congressional power. Nor is it surprising that the committees would, to the end, see the affair wholly from their institutional perspective. In most instances that viewpoint served their interest: In contrast with the hearings—where their arguments were not effective on television—this Congress-first attitude helps to produce a stronger, more muscular report.

But this tendency also is likely to contribute to a continuation of the tension between the executive and legislative branches that, regardless of what the report says, played a role in the scandal. And, despite Inouye's description of the conclusions as "bipartisan," this attitude ensured the inclusion of a minority report, which takes up more than 250 pages.

The theme championed by the minority conclusions, which were signed

by all six House Republicans and by two of the five Senate Republicans—Orrin G. Hatch of Utah and James A. McClure of Idaho—is in stark contrast to the majority report. It is that the Iran-contra affair consisted of mistakes “and nothing more.”

But the minority report goes further in its analysis. “Deeper than the specifics of the Iran-contra affair lies an underlying and festering institutional wound these committees have been unwilling to face. In order to support rhetorical overstatements about democracy and the rule of law, the committees have rested their case upon an aggrandizing theory of Congress’s foreign policy powers that is itself part of the problem.”

The minority report attributes “a substantial number” of what it calls “mistakes of the Iran-contra affair” to “an ongoing state of guerrilla warfare over foreign policy” between Capitol Hill and the executive branch.

The majority report is but one more “weapon” in that war, the minority report concludes. “In our view, *every single one* of the committee’s legal interpretations is open to serious question.”

The majority conclusion most vigorously resisted by the minority involves President Reagan himself. In many ways, he is hardly to be found in the report. It makes clear that Reagan approved arms sales to Iran beginning in the summer of 1985, but little else concerns his direct involvement.

However, in keeping with its con-

stitutional theme, and despite the fuzziness of the testimony, the report reaches a few conclusions about the President:

“The ultimate responsibility for the events in the Iran-contra affair must rest with the President. The Constitution requires the President to ‘take care that the laws be faithfully executed.’ That charge encompasses a responsibility to leave the members of his Administration in no doubt that the rule of law governs.”

In the end, the committees found the “smoking gun” question somewhat irrelevant. “Whether the President knew of the diversion [of Iran arms profits to the contras] is not conclusive on the issue of his responsibility. The President created or at least tolerated an environment where those who did know of the diversion believed with certainty that they were carrying out the President’s policies,” the report said.

At his press conference, Inouye suggested that it is “time to put the Iran-contra affair behind us,” but that won’t be easy. The publication of the report alone—a monument to exhaustive staff work that makes the hastily compiled Tower Board product look like a mere preface—will rekindle interest in this complex, intrigue-laden tale. Those keen on discovering Israel’s role in the affair, for example, will finally find summaries of testimony given by Michael Ledeen, a White House consultant who served as liaison with Israel.

Even the 40-odd pages of “additional” and “supplemental” statements provide new insights into the Iran-contra committees and their deliberations. Sen. Paul S. Trible Jr., R-Va., threw his lot in with the Democrats and moderate Republicans early on in condemning the Administration’s behavior. Not surprisingly, he joined Republican Sens. William S. Cohen of Maine and Warren Rudman of New Hampshire in signing the majority report.

But Trible, who since the hearings ended has decided not to run for reelection in 1988, dissents from the majority’s most important conclusions. “The majority report fails to acknowledge the responsibility of Congress in all this,” Trible wrote in his “additional views.”

“I am also troubled by the sweeping character of the indictment of the President,” the Senator said. “The argument that the President failed to honor his constitutional duty . . . goes too far. It is as though the majority seeks to assign blame where there is no culpability.”

With one foot on Reagan’s turf and the other with the committees’ harshly critical majority report, Trible may be one of the few fence-straddlers in what will continue to be a guerrilla war.

The next phase is likely to cause even more controversy and pain: the expected indictments and trials resulting from the criminal investigation headed by independent counsel Lawrence E. Walsh. □



“Secrecy, deception and disdain for the law,” the committees reported, were the Iran-contra affair’s main ingredients.

Why Trade Deficits Won't Go Away

By Jonathan Rauch

Like a man tied to the railroad tracks who knows that help is on the way but does not know when the train is due, observers of the jittery financial markets have reason to ask a disquieting question just now about the trade deficit: What if the long run arrives too late?

Specifically, too late to keep investors from panicking again in the face of continued disappointing trade figures, which are a strong possibility for at least another six months or so. Other things being equal, a lower dollar means that the trade deficit will shrink—eventually. But it also means, perversely, that more bad news, or at least a lack of good news, may precede progress. Judging by recent events, the markets are in no mood for bad news.

The dollar has fallen sharply since Oct. 1—by almost 10 per cent, at one point, against the Japanese yen. Over time, this will make American goods cheaper in foreign markets and foreign goods more expensive here. Americans will buy fewer imports; foreigners will buy more from us.

The problem is the now-notorious J-curve effect, which says that when the dollar falls, things get worse before they get better. The immediate effect of an increase in import prices of, say, 10 per cent is to raise the dollar value of imports by about that much, making the trade deficit that much larger. Only later do buying habits adjust as Americans cut back on imports they buy and as U.S. exports pick up. After a while, the decline in the quantity of imports, combined with a rise in exports, finally gets large enough to offset the higher prices paid for them. The trade deficit starts improving.

So far, so good. The problem is that every time the dollar drops, this cycle renews itself, potentially creating a kind of J-trap. Until the dollar finishes falling and quantities have time to catch up with prices, the trade balance keeps marching up the

down escalator, and progress against the trade deficit looks frustratingly elusive just when expectations are highest.

The only way to get the trade deficit down sharply in the near future is if consumers cut back on spending in response to the stock market crash. That could break the economy out of the J-trap quickly. Unfortunately, it's also a good way to start a recession.

"There's a view out there [in the financial markets] that we're going to have [monthly] trade reports below \$10 billion by the end of the year, and I think that's a pipe dream," said Stephen S. Roach, the principal and senior economist at Morgan Stanley & Co. Inc. in New York. "Every time the dollar falls, you get a new J-curve type of response, and so you just get a series of J-curves on top of each other."

Just give it time, economists tell nervous investors—relief is on the way. Forget it, the stock and currency markets have been replying. On Oct. 14, when the August monthly trade report came in showing a disappointing \$15.7 billion deficit, the stock market reacted with a 95-point drop in the Dow Jones industrial average and then pan-

icked a few days later. On Nov. 12, when the September monthly report came in at a more encouraging, though hardly sterling, \$14.1 billion, the Dow jumped 61 points, the seventh-largest one-day gain ever.

Despite Wall Street's seeming obsession with them, monthly trade reports don't actually say much of value about the direction of the trade deficit. They fluctuate a lot, even in the best of times. More fundamentally, they measure the trade deficit in pre-inflation dollars. That is how the J-curve hooks itself into Wall Street's tender flesh.

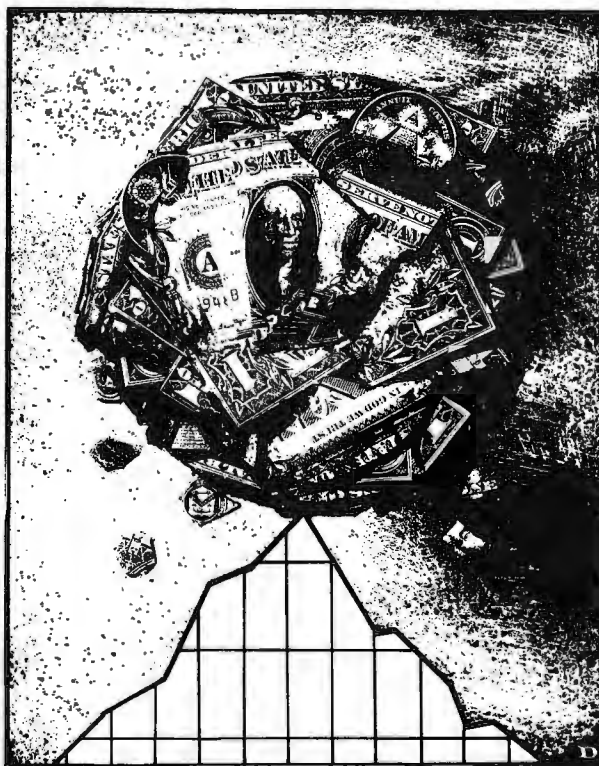
Measured in terms of so-called real net exports, the trade deficit has been dropping steadily and substantially since the third quarter of last year—from \$162 billion (in 1982 dollars) to under \$140 billion a year later. Real net exports gauge the quantity, rather than the value, of trade; the figures indicate that the deficit in goods trade is shrinking.

What hasn't yet turned around is the deficit in dollar terms. From the third quarter of 1986 to the third quarter of 1987, according to figures compiled by Roach, imports rose only about 3 per cent in quantity terms. But

because import prices rose almost 13 per cent, the overall effect was to show a 12 per cent import rise in dollar terms. The rise in import values overwhelmed a 16 per cent increase in exports over the same period, mainly because the U.S. imports more than half again the amount of merchandise it exports.

So far, the big disappointment has been that Americans refuse to cut back on their import habit. Even in quantity terms, imports keep edging up. One reason is higher oil imports. Another, which is more important, is that foreign manufacturers took huge profits in the past, when the dollar was high, and have been able to use those profits as a buffer against the lower dollar. They have resisted raising their prices here, thus hanging on to their markets.

That strategy has been critical. Expanding the mar-



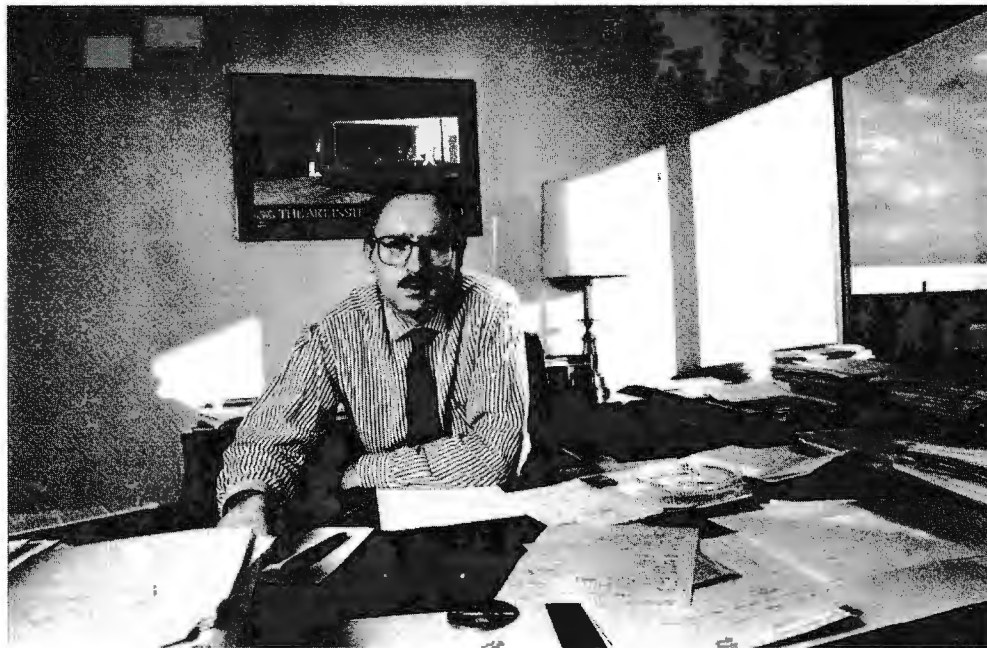
Bob Dahm/TNX

kets for U.S. exports will certainly help the trade deficit. But the relative modesty of exports compared to imports means, Roach calculates, that even if exports grow at a strong 8 per cent a year, if import volumes don't come down it will take another six years to close the merchandise trade gap.

The key to the U.S. trade problem is winning back the world's biggest market—our own—from the determined foreign competition. (See *NJ*, 8/15/87, p. 2087.) The Commerce Department has published a sobering statistic: To balance the U.S. trade accounts by increasing exports alone would require almost doubling the nation's share of world merchandise exports, from 11.2 per cent last year to about 20 per cent. To put that in perspective, in 1960, when the U.S. exerted unquestioned domination over the world marketplace, its share of world exports was only 18 per cent. In other words, exports won't do the job. It is crucial for price increases to start dislodging imports from the U.S. market.

As the dollar sinks, foreign producers can't hold out forever, although their tenacity so far has surprised a lot of analysts. "Our estimates suggest that foreign producers are now at the critical break-even point in their pricing of American imports," Roach said recently in congressional testimony. If he is right, it means that further declines in the dollar will evoke faster and larger import-price increases than in the past. Over the long haul, the lower the dollar gets, the more foreign manufacturers eventually have to raise their prices here, and the more competitive U.S. goods become.

There's that word "eventually" again. It's also true that every time the dollar falls, the J-curve problem fires up again. "If you want to see a contraction in the monthly nominal trade figures"—which are the ones the markets are watching so closely—"then you have to recognize it's not going to occur until the dollar stabilizes or ac-



Richard A. Bloom

Think tank economist John H. Makin

A recession in the United States would reduce the flow of imported foreign goods in a hurry.

tually appreciates above present levels," Roach said.

That may not happen soon. Indeed, he and many other economists believe that the dollar could fall another 20 per cent, which would mean, given J-curve effects, some big adjustments in trade flows would be needed just to keep the deficit from getting worse. If the financial markets panic again in the meantime, the long run might not get here before the next recession.

"What you're asking for is for prices to make the whole adjustment," said economist John H. Makin of the American Enterprise Institute for Public Policy Research. That strategy didn't work for England in the 1960s, he said, and it won't work for us unless it is accompanied by some adjustments in economic policies: either a recession here, which would knock imports back in a hurry, or—as Treasury Secretary James A. Baker III so fervently desires—stimulus from abroad, to drive up sales of U.S. exports.

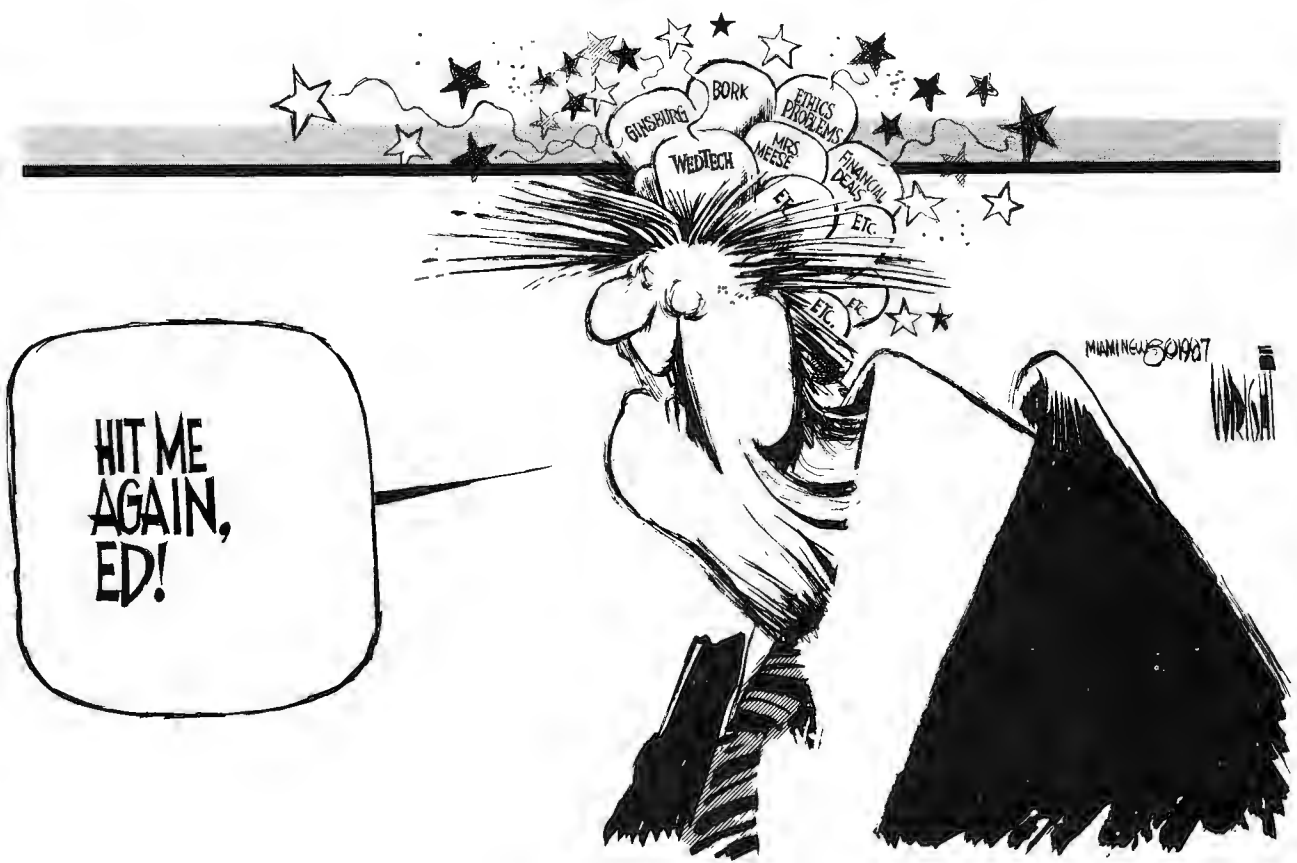
Yet even such policy adjustments won't turn the trade deficit around on a dime. A recent study by the Congressional Budget Office (CBO) found that neither a permanent, 1 percentage-point increase in foreign economic growth nor a recession would produce more than small or short-lived changes in the trade balance. What would produce impressive results, the CBO found, is a rapid decline in the dollar's

value, to the tune of 25 per cent by 1989. If the CBO is correct, a major improvement in the trade balance is difficult or impossible without a further large drop in the dollar.

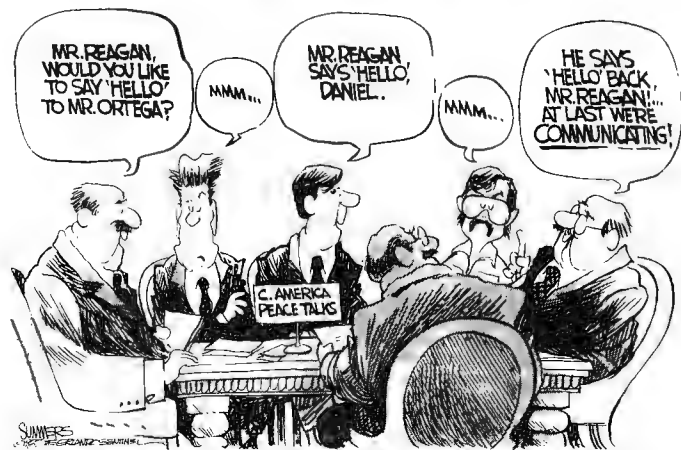
Which brings us right back to the seemingly inescapable J-curve: A falling dollar could bring a quick reversal of the trade deficit in volume terms, but a reversal in dollar terms, which is what's needed to begin slowing U.S. indebtedness to foreigners, will be much slower. Lawrence H. Summers, a Harvard University economist, looks at all this and figures that the trade deficit probably won't drop much in the next six or eight months. "If we see anything big at all in the next 12 months, we'd be doing fine," he said.

The financial markets are doing their betting with both eyes on the trade figures that will improve least. A lot of people have high hopes that the dollar's sharp decline will produce a breakthrough on the nation's trade ledgers, but there is reason to think that reality won't change quite so fast.

The stock market crash demonstrated vividly what a financial panic can do to the world economy; an important question in the months ahead will be whether the markets will retain confidence if the long run continues to be agonizingly slow in getting here—or whether they instead conclude, with Lord Keynes, that in the long run, we're all dead. □



Between the Lines



No Bars, No Guns: Punishing Without Prison

GRIFFIN, GA.—The 52 residents at the state “diversion center” here include young men who’ve committed burglaries, passed bad checks, sold drugs, forged documents and been convicted of drunk driving.

None—so far—qualify as violent or habitual offenders. But in many states today, you’ll find people like these behind bars, thrown in with hardened convicts, subject to rape and attack and learning how to be sinister criminals. All at a cost to taxpayers of \$12,000-\$15,000 per prisoner a year.

Things are different at the Griffin Diversion Center. “We have no bars or guns here,” said James Fletcher, the tough, 38-year-old probation officer who runs the facility. But, he added, “we have tight discipline—there are 62 rules here, determining a man’s day from waking to sleep.” Each resident knows that if he breaks the rules, or walks out through the unlocked doors, he’s finished: “We’ll secure a warrant for his arrest.” Real prison will be the next stop.

The regimen Fletcher imposes is no picnic. Each man must get up at 5:30, eat breakfast and leave his bunk and living area spotless before he heads off for a full day of work as common laborer, plumber, mason, electrician, bricklayer—whatever job the center can find for him in the community. Immediately after work, he’s back, gets supper and then must take evening classes on subjects ranging from alcohol or drug abuse control to high school equivalency.

Residents must perform KP duty and keep the center clean. On weekends, they must fulfill several hours of community service for a local government or social service agency. Drug and alcohol use is prohibited, and the men are subject to random breath and urine tests.

The men are paid for their outside jobs. But they have to turn their paychecks over to the center, signing a contract that states how the money will be apportioned. First, there’s \$45.50 a week for room and board. Then money is set aside for taxes and what they owe for court-imposed fines, restitution to victims and family support. Each man gets a \$15 weekly allowance for incidentals. The rest is put into a savings fund, which he collects when he leaves.

Ask Fletcher if it’s a good idea to take a risk with convicted criminals, saving them the agony of confinement behind bars, and you get an emphatic “yes.” Most of his charges, he tells you, are “confused young men.” Many dropped out of school in the sixth or seventh grade and “have no concept of being part of society.” The center not only offers them the first clear discipline of their lives but, for many, the first time they’ve had three hot meals a day, sports, activities and someone caring about them.

“Many rebel at first,” Fletcher said. “But after a while, they get a little more air in the chest, look you in the eye, get a better perspective on themselves. This is often the first time they’ve ever successfully completed something they had responsibility for.”

With these offenders, there’s a strong chance of full, early rehabilitation. Over the past three years, 25 per cent of the “graduates” of Georgia’s 16 diversion centers have returned to prison, well below the 42 per cent rate for inmates released from regular prisons.

And that’s before you count the savings. Fletcher added up what the men in his center paid last year (including taxes, room and board and child support) and the minimum-wage value of their community service and came up with \$376,589—90.7 per cent of the center’s total budget. By contrast, he said, “If a man’s in a cell, not just he but his family on welfare are total tax burdens to the public.”

Fletcher is confident he has a politically salable commodity. “We can tell the conservatives we’re law and order, providing true punishment and cost saving,” he said. “And we can tell the liberals there’s true rehabilitation taking place.”

If you wonder how such reforms could emerge in Georgia, notorious for its chain gangs in the 1930s and, until recently, the state with the stiffest sentencing and highest imprisonment rate in the nation, you’re not unique. Harvard University criminologists, who looked last spring at Georgia’s full system of “alternatives to incarceration,” arrived highly skeptical. They went

away impressed by the professionalism and esprit de corps of the Georgia corrections force. Their rating helped win Georgia one of the Ford Foundation’s 10 coveted “innovations in government” awards for 1987.

Georgia jailers still have severe problems. The number of people they imprison soared 53 per cent, to 17,800, in the past decade; the prison-corrections budget is up 614 per cent, to \$207 million. Tough law-and-order stands, from the governor down to the locally elected judges, keep the convict pipeline bulging.

When a federal court ordered less crowding at the state’s biggest prison, Georgia corrections officials used the opening to sell their reformist notions to a legislature and public that in the words of a Harvard evaluator, have “a far harsher, more primitive view of penal policy.”

The result has been a set of alternatives to imprisonment that range from diversion centers to 90-day “shock incarceration” for first-time young offenders to intensive, round-the-clock supervision of offenders on probation. The number of Georgia felons sentenced to prison has dropped 10 per cent in four years, saving \$145 million that the state would have spent to incarcerate them. Georgia’s imprisonment rate has dropped from 1st to 12th among the states and, if local judges start taking fuller advantage of alternative-sentencing options, could drop much further.

With prison budgets in the states soaring by about 10 per cent a year and eating up resources that states desperately need for public schools and economic development, Georgia may be inventing in the 1980s what all 50 states will be doing in the 1990s. □

Georgia’s
imprisonment rate has
dropped from 1st to
12th in the nation as
its “alternatives to
incarceration” take
hold.

Al Haig's Campaign to Be a Bigger Blip

By Dick Kirschten

You can almost smell the gunpowder and see the smoke as former Secretary of State Alexander M. Haig Jr. roars into the fray as a contender for the Republican presidential nomination. But, as former White House political adviser Lyn Nofziger recently observed with a chuckle, "I'm not sure whether there are any shells in his cannons."

Since launching his campaign eight months ago, the combative former Army general hasn't pulled any punches. He has characterized President Reagan's economic policies as inconsistent and "wrongheaded" and has pronounced that the federal budget deficit "is a Republican deficit."

He has criticized the "weak" intermediate-range nuclear forces (INF) treaty that Reagan plans to sign at the long-sought Washington summit meeting with Soviet leader Mikhail S. Gorbachev in December. And he has blamed overblown Administration "rhetoric" for confusing the debate over the Strategic Defense Initiative, which he supports but says is "not the only element nor can it be the sole salvation of [nuclear] deterrence."

In a televised debate, Haig sneeringly told Vice President George Bush, "I didn't hear a wimp out of you" when the INF issue first was debated in the White House. And he has called for the replacement of Treasury Secretary James A. Baker III, a close Bush ally, whom he has attacked as "the only Secretary of the Treasury in modern history with zero qualifications for the job."

Haig's cannonading has begun to attract some attention, exciting hopes within his bare-bones staff that the GOP's conservative wing may yet see him as its best hope for preventing the nominating contest from becoming a race between moderate front-runners Bush and Senate Minority Leader Robert Dole of Kansas.

However, as Nofziger suggested, there is little evidence thus far that suggests Haig's volleys have made an impact where it counts, among likely Republican voters. As of Oct. 25-27, a NBC News-Wall Street Journal poll, in fact, found Haig slipping from fourth in the Republican field with 6 per cent support last May to fifth place and only 3 per cent support.

Nor has Haig's bang produced

to "establish a disciplined system for the development and implementation of policy," Haig's own organized-on-the-run campaign is a bit formless itself.

The campaign's finance director, Ronald G. Rietdorf, a former executive director of the Republican Governors Association, has been in place since August. In early September, consultant Vincent J. Breglio stepped in to

provide strategic and managerial guidance. Up to that point, the candidate's son, attorney Alex P. Haig, who holds the title of acting campaign manager, had been running things. With Breglio, a media adviser, Jay Bryant, was brought in to start shooting campaign commercials.

There has been talk of bringing in a campaign director in the near future, but no decision. As of this time, Breglio said in a recent interview, "for lack of a better word, I guess you could say I'm in charge of the campaign over all." The strategist, whose experience includes a long association with Reagan pollster Richard B. Wirthlin and a tour as executive director of the National Republican Senatorial Committee, has hastily begun to build Haig campaign structures in the early primary and caucus states.

The biggest hurdle has been getting the Haig campaign to register on the political radar screen. Daniel S. Mariaschin, former political

affairs director of the American Israel Public Affairs Committee, has been pursuing that end since January, first as a staffer for Haig's political action committee, Campaign for America, and as director of communications following Haig's formal entry into the race on March 24.

Despite Haig's high name recognition, provocative views and enthusiasm for stump oratory, he and his advisers spent nearly six months banging their heads against the conventional wisdom of the political press, which held that his candidacy was not a seri-



Press aide Daniel S. Mariaschin
Frustrated by a skeptical national press corps

many bucks. The Federal Election Commission's most recent report showed the Haig campaign dead last in fund raising through Sept. 30, with reported receipts of \$950,939. By comparison, the Bush campaign total through the same period was \$12,518,670.

Undeterred, the general has continued to charge full speed ahead, calling up reinforcements along the way. While repeatedly faulting the Reagan Administration, in which he served for 18 tumultuous months, for its failure

Richard A. Bloom

ous one. During that period, the general's best shots largely went unheard.

Mariaschin said that Haig started out with speeches that were laden with specifics. He gave his detailed views on nuclear deterrence and laid out economic and education plans. But that did little either to raise his profile as a candidate or dispel "the rap that this has been a nonissue race on the Republican side."

He added that "many of us thought there was going to be a breakthrough" at the end of May when a CBS News-*New York Times* poll, asking for favorable or unfavorable responses, ranked Haig second only to Bush among Republican primary voters. The former general was viewed favorably by 37 per cent and unfavorably by 20 per cent. Bush's ratings were 46 and 15, and Dole was third with 29 per cent favorable and 10 per cent unfavorable.

But the press continued to "constantly present the race as a two-tiered operation, with Bush and Dole at the top and everybody grouped together behind them," Mariaschin said. "It was a cause of great frustration."

The frustration level at Haig headquarters may have peaked when the Sept. 14 edition of *Time* carried a political wrap-up story that omitted any mention of Haig's name in the text, but ranked him third among the six Republican contenders in an accompanying chart. It was by no means the first such omission.

At that juncture, recalled Margaret L. Treanor, the administrative manager of Haig's campaign office, "We told the press office to start rattling some cages." Mariaschin recalled that he, indeed, made a number of rather pointed phone calls to various publications, *National Journal* included, to complain that Haig was being overlooked.

Still, the skepticism persisted, as in an Oct. 21 *New York Times* headline that proclaimed, "Haig's Aides Insist His Race is Real." Breglio argued that a "nonpolitician" such as Haig is easily underestimated by reporters who

play an "insiders' game" of measuring candidates in terms of their ability to build political networks and cash in "chits."

He said that approach "tends to overlook what the campaign is doing or saying" and concentrate instead on such questions as "how many state representatives from New Hampshire are on your side, how many offices you have opened around the country, how many key fund raisers you have brought into your campaign."

Mariaschin theorized that "because

said. "So we feel that not only do we have the right guy in terms of depth and substance, but we have a good campaigner, and we have a guy who knows politics and knows the system, probably as well [as] or better than his competition."

Finance director Rietdorf said that Haig's showing in the Oct. 28 GOP candidates' debate in Houston has brought an "upswing" in donations and has increased interest in Haig. (That observation was backed by an unscientific, but nevertheless pleasing, call-in poll conducted in early November by the Fox Broadcasting Corp., in which Haig bested Bush by better than 2-1.)

Unable to afford direct-mail fund raising, Haig backers met on Nov. 9 in New York City to plan a major event in that city next month. Rietdorf said support has come from diverse areas and interests, including significant help from the Jewish community. "There isn't a candidate from either party who has done more for Israel," he asserted.

Still, resources are exceedingly scarce, and Breglio is targeting his spending carefully and not looking beyond the Super Tuesday primaries on March 8. "Unless George Bush makes a mistake, my guess is that he will sew up the nomination shortly after Super Tuesday," the Haig strategist said.

But if Bush stumbles, he continued, a three-man race could develop, and the leader might arrive at the convention without a clear majority. Haig's hope, he said, is "to develop enough dele-

gate strength so that he becomes the third candidate" and thus be available as an alternative if the Bush and Dole forces become deadlocked.

Breglio's long shot—some would say farfetched—scenario should be taken with at least one major caveat: Haig must first make a respectable showing in conservative New Hampshire on Feb. 16 if he is to be a viable candidate in Super Tuesday's southern states, where his backers hope that voters will be attracted by his strong national security background. □



Consultant Vincent J. Breglio
Trying to bring order to a shoot-and-run campaign

this man never held elective office before, many in the press put him into a special category—to be taken seriously, but not . . . too seriously." He insisted, however, that Haig's appointive experience, which has included stints as White House chief of staff and as the President's national security adviser, should lead to quite the opposite conclusion.

"Anyone who has traveled with this candidate has seen him not only drawing crowds, but drawing a positive response wherever he goes," Mariaschin

Susan M. Munick

Robertson Backlash May Harm GOP Chances

ORLANDO, FLA.—The obvious thing to say about Marion G. (Pat) Robertson's impressive 37 per cent showing in the straw vote at the Republican state convention here is that it demonstrated once again that he can turn out enough loyal and committed followers to be a serious player in situations where there are definite limits on who can participate.

But what the Republicans should be worrying about is whether the Robertson campaign is going to be seen by the electorate as the tail that wags the dog.

Robertson's organization had already shown that ability to organize in the Michigan caucuses and an earlier straw vote in Iowa. So no one should have been surprised that he managed 37 per cent of the vote here for a more-than-respectable second-place finish to Vice President George Bush, who won with 57 per cent. And there is still no reason to believe that the television evangelist has any realistic chance for a place on the Republican ticket next year—not when polls show, as a new Florida survey just did, that 57 per cent of Republicans say they would not vote for him “under any circumstances.”

Those poll figures are some comfort to the more conventional Republicans competing for the party's presidential nomination. Robertson may win in Michigan and possibly even in Iowa, they tell themselves, but once the voting moves to the primaries in Illinois and New York, he is finished. Even in the South, where religious fundamentalism has been centered, Robertson runs such a distant third, at best, in popular support that he will be a long-odds candidate in primaries.

That assessment is probably correct in the sense that a series of weak showings in primaries would scotch any unrealistic hopes among his followers that Robertson might win the nomination, after all.

But the first question these Republicans should be asking themselves is whether Robertson, picking his spots, can win enough delegates to be a factor at the Republican National Convention in New Orleans next August. And the second and more critical question is whether Robertson's ideas and followers can be accommodated within the GOP without the party's taking on the kind of coloration that might make it far more difficult to attract independents and Democrats in the general election.

Up to this point, the other Republican candidates have been treating Robertson and his supporters with conspicuous caution. Although there have been a few cases of oblique criticism of positions Robertson has taken, no one is saying that this preacher simply doesn't belong in the campaign—for the obvious reason that they hope to enlist his followers at whatever point Robertson is no longer available to them.

Although Rep. Jack F. Kemp of New York seems closest to Robertson on issues, Senate Minority Leader Robert Dole of Kansas has made a special point of offering himself as a potential alternative sometime down the road—a gesture that Robertson noted here when he pointedly and publicly

thanked Dole for “welcoming evangelicals” into the Republican Party.

What no one is asking, however, is what the price may be for Robertson's support.

If any of the Republicans intend to match Robertson's rhetorical extremes, that cost could be high. In his speech to the convention here, Robertson touched all the sensitive nerves of the Far Right—deriding everything from the national debt to “global accommodations” with the Communists to the American Civil Liberties Union and the National Education Association, promising vetoes of “Teddy Kennedy federal power-grab bills” and telling a juicy story about a Sandinista rape victim, the point of which seemed to be that Democratic critics of the contras might be pro-rape.

The television evangelist's hot rhetoric sounded very much like the language candidate Ronald Reagan used a generation ago in running for governor of California by condemning student demonstrators in particular and permissiveness in general.

Robertson recounted how “radical homosexuals” showed up to heckle him and even booed the national anthem when he made his declaration of candidacy in the Bedford-Stuyvesant section of Brooklyn. They might be “a

protected minority in New York City,” he went on to the full-throated cheers of his followers, but they wouldn't be protected with him in the White House. “I am a Republican, and I'm not going to turn over the streets of America to the radical homosexuals, the criminals and the drug dealers,” he declared.

No one in politics will argue that the other Republican candidates should be obliged to accept Robertson's positions or rhetorical extremes to appeal to his followers. But the perception of a party that develops in the electorate is made up of many different and sometimes hazy impressions. And even the notion of Republican leaders caving in to Robertson could be politically destructive.

Nor do the Republicans have to look far back into political history for a precedent. In 1984, one of the most serious problems for Democratic nominee Walter F. Mondale among southern white voters was the perception that he had caved in to the demands of Jesse Jackson.

In fact, the opposite was true; Mondale had specifically rejected Jackson's demand for a massive federal jobs program. But Mondale and the other leaders of the Democratic Party had given the impression—by the deference they paid to Jackson during both the primary campaign and the nominating convention—that they were allowing him to jerk them around.

And if the Republicans continue to play their smarmy game of “placate Pat,” they may find themselves the victims of the same kind of backlash from some elements of the electorate. Guilt by association may be un-American, but it is also very much a part of American politics. □

Republicans should
be worrying about
whether the
Robertson campaign
is going to be seen by
the voters as the tail
that wags the dog.

UFCW

Making a Difference...

For Economic Justice

“ When I first went to work in a retail grocery store, many companies had separate wage scales for women and men doing the same job.

Like many unions, the United Food and Commercial

Workers Union began incorporating clauses forbidding discrimination based on sex in its contracts with employers long before the union was successful in its campaign for laws requiring equal pay.

Despite laws that ban workplace discrimination on the basis of sex, there is a substantial earnings gap reflected in men's and women's paychecks. Women workers, on average, receive 71 cents for every dollar men earn for their labor. While the gap has been closing in recent years, equal pay has not been achieved.

Our union, which has the most female members of any union in the AFL-CIO, is helping women workers close the wage gap faster than society as a whole.

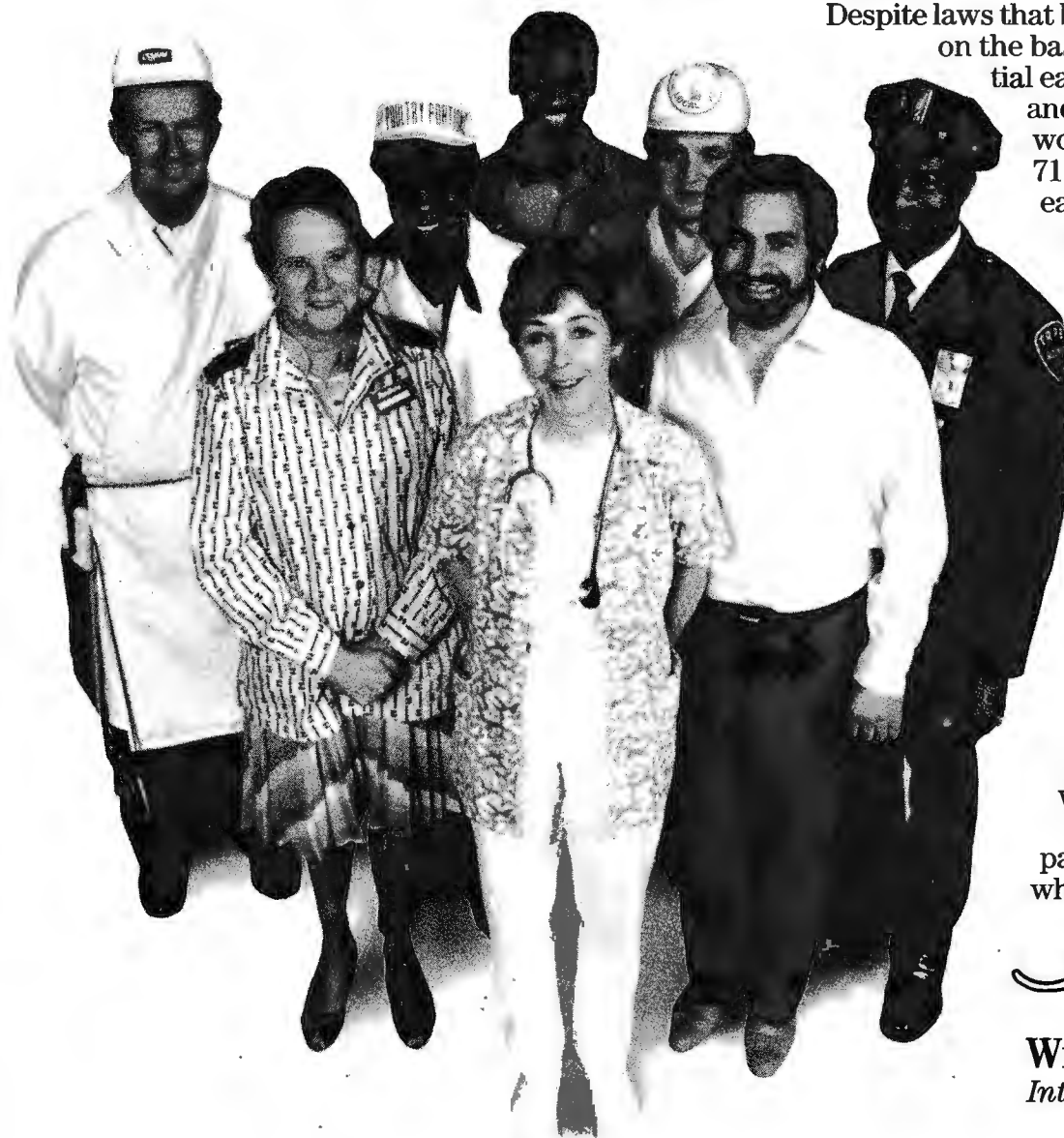
In 1986, female members of the UFCW earned 87.6 percent of the average hourly earnings of men.

The remaining gap will continue to diminish as women work longer and achieve the higher wage rates which are based on seniority.

While others talk about equal pay, our contracts deliver it where it counts, in the paycheck. **”**

William H. Wynn

William H. Wynn
International President



The United Food & Commercial Workers International Union, 1.3 million members strong, making a difference for workers, community and country.



United Food & Commercial Workers
1775 K Street NW
Washington, D.C. 20006



Susan M. Muniak

Maguire: VP and CEO of securities group



Richard A. Bloom

Thornton: Director of physicians' group

INSECURITIES

Until a few months ago, the North American Securities Administrators Association, a national organization of state securities regulators, was based in Topeka, Kan., its home since the group was founded in 1911. But this past summer, its Kansas office was closed and interim quarters—which officially open next month—were set up in Washington. Ready for business or not, the group sprang into action with last month's Black Monday stock market crash, setting up a special hot line that provided advice to small investors. Thousands called in to ask, among other things, whether they could sue their brokers for fraud, and the answer, according to the association, was often yes.

Former Rep. Andrew C. Maguire, D-N.J., is the association's vice president and chief executive officer. He was formerly vice president for congressional affairs at the World Resources Institute. McGuire's been replaced by Mohamed T. El-Ashry, who was a senior associate with the institute. Maureen A. Thompson, who was legislative director at the Washington public policy consulting firm of Rosapepe, Powers & Spanos, is the association's legislative director. She's been replaced at the consulting firm by Janet Gregor, who moved here from a position with the Nebraska Labor Department. Scott Stapf, who was director of media relations at the Tobacco Institute, is communications director. He's been replaced by Brennan D. Moran, who was assistant to the president at the institute.

The securities administrators association seems to have avoided being "captured" by the people its members try to regulate. Stockbrokers across the country—and the Securities and Exchange Commission, for that matter—are holding that investors, in many cases, shouldn't be able to sue stockbrokers, but instead should submit their grievances to arbitration. But the association maintains that the arbitration system is seriously flawed and that investors need greater latitude to sue. "The industry itself admits that it saves millions of dollars every year through the arbitration system, which, in our opinion, is not always working to the advantage of small investors," Stapf said.

Stapf said that the association doesn't have brokers for clients, which is why it can afford to maintain an independent perspective. "And you can't go to one building and buttonhole everybody who's involved in state securities regulation," he said. "It's not like the situation at the Securities and Exchange Commission," he said, adding hastily, "But I'm not casting aspersions on the SEC. The geographic distribution—state regulators are very widely dispersed—creates a real sense of independence from any sort of domination or control by the industry. And this is one of the major advantages for the investing public. It's the state securities agencies that send people to prison for 200 years for combinations of securities law violations."

INTEREST GROUPS

Maureen T. Thornton is the executive director and general counsel at Physicians for Social Responsibility. The former executive director, Jane Wales, left in September; she's now working on a book on arms control. Thornton was general counsel to the League of Women Voters of the U.S.; no replacement has been named.

1988, HO!

Jesse Jackson has named Gerald J. Austin, once a consultant to the Democratic National Committee, as his presidential campaign manager. Willie Brown Jr., California Assembly Speaker, has been named national campaign chairman. Both positions are new.

There have also been a few changes on the presidential campaign staff of Sen. Robert Dole, R-Kan., where newly installed campaign chairman Bill Brock—who quit his job as Labor Secretary to take the post—

brought in some old friends to help out. **Bernard Windon** takes the title of deputy campaign manager; he was in charge of the brief presidential campaign mounted by former Defense Secretary **Donald H. Rumsfeld**. **Norman (Skip) Watts**, a lawyer in private practice in Woodstock, Vt., has come aboard as political director. Campaign director **William B. Lacy** takes the title of vice chairman for strategy and planning, a new position. Windon is essentially taking over Lacy's duties. And **Mari Maseng**, who gave up a job in the White House office of communications to become communications director for the campaign, has been named press secretary, also a new position.

In a surprise move, **Donald J. Foley**, press secretary for the presidential campaign being waged by Rep. **Richard A. Gephardt**, D-Mo., quit, reportedly because of friction with other, more recent, arrivals on the campaign staff. Foley, who hasn't got another job lined up, plans to spend a few more weeks in Gephardt's congressional office—where he's been on the payroll for more than a decade—and then move on. No replacement has been named.

Albert E. Maruggi has been named press secretary for the Republican National Committee. He replaces **Robert P. Schmermund**, who went to the Aerospace Industries Association of America Inc., where he is assistant vice president for planning. Maruggi was press secretary in the office of Rep. **Hal Daub**, R-Neb., where no replacement has been named.

MEDIA PEOPLE

Hendrik (Rick) Hertzberg, editor of *The New Republic* from 1981-84, is now the weekly's 1988 campaign correspondent. He remains a fellow at Harvard University's John F. Kennedy School of Government.

AT THE WHITE HOUSE

Marion C. Blakey has been named director of the White House public affairs office, replacing **Thomas F. Gibson III**, who left last month to return to publishing. Blakey has been public affairs director at the Education Department, which hasn't named a replacement.

AT THE BAR

Beverly E. Jones has left the Washington office of the Vienna (Va.) law firm of

Wickwire, Gavin & Gibbs P.C., where she was a partner, to become vice president for government affairs in the Washington office of Pittsburgh-based **Consolidated Natural Gas Co.** She replaced **Robert W. Corp**, who retired.

IMAGES

David J. Umansky, director of public and consumer affairs at the National Highway Traffic and Safety Administration under President Carter, is now vice president and director of grass-roots mobilization in the Washington office of **Burson-Marsteller**, a New York-based public relations firm. It's a new position. Umansky moves from **Bonner & Associates**, a lobbying firm in Washington, where he was senior vice president. No replacement has been named.

AGENCIES

Richard S. Williamson, a partner in the Chicago law firm of **Mayer, Brown & Platt**, and a White House aide earlier in the **Reagan** Administration, will be nominated as assistant secretary of State for international organization affairs. He'll replace **Alan L. Keyes**, who quit in September after accusing a superior of snubbing him because he is black. Keyes subsequently joined the American Enterprise Institute for Public Policy Research.

Bradley P. Holmes, head of the policy and rules division in the Federal Communications Commission's Mass Media Bureau, has been nominated to replace commissioner **Mark S. Fowler**, who is now senior communications counsel in



Jones: VP at Consolidated Natural Gas



Umansky: Director at Burson-Marsteller

JOBS. WHERE DO THEY COME FROM?

Over the last ten years, the United States has created more jobs than all EEC countries combined. Our rate of employment has continued to outpace Japan's. And according to the U.S. Bureau of Labor Statistics, the quality of jobs we're creating has remained high, with about a third in the managerial, professional category.

LARGE COMPANIES LOSE JOBS.

It takes capital to create jobs. But in today's markets, capital formation doesn't always guarantee job formation. Since 1980, companies rated investment grade by Moody's and Standard & Poor's have issued over 80% of America's public corporate debt. Yet, in the last three years employment among these investment grade companies has declined by 4%.

Similarly, from 1980 through 1985, America's total industrial employment increased by more than 8%. But the large industrial companies have reduced their work force by almost 12%.

Where are America's new jobs coming from? The answer can be found in our nation's medium-sized and smaller growth companies. These businesses may lack the size, history, or capital structure needed to qualify for investment grade ratings. Yet they're putting their capital to productive use, creating the jobs and the growth America needs to remain vital and competitive.



To fund their growth, over 1,200 of these companies have issued debt and preferred stock rated less than investment grade. These securities provide the issuers with a cost-effective source of long-term fixed-rate funds. High yield debt is an attractive alternative to expensive equity offerings, and it frees companies from the high costs, variable rates, shorter terms and restrictive covenants of bank loans and private placements.

HIGH YIELD ISSUERS HAVE INCREASED EMPLOYMENT.

In the last three years, high yield issuers have increased employment by 24% to almost 5 million. During the same period, they've increased their revenues by over 30%, growing nearly three times as fast as investment grade corporations.

There are about 23,000 companies in the United States with sales over \$25 million. Yet fewer than 800 are rated investment grade. That leaves some

22,000 companies, or about 95% of American businesses, whose only access to the public debt markets is through high yield securities.

HIGH YIELD BONDS AREN'T "JUNK."

Regardless of what they are called, these companies are anything but "junk." On the contrary, they're sustaining America's employment and revenue growth at a time when investment grade corporations are lagging behind. And they are helping to keep America globally competitive.

The 10,000 people of Drexel Burnham are proud to serve these innovative and rapidly growing companies. As the leading underwriter and market-maker in high yield securities, we're proud to be providing the capital that's creating America's jobs.

CONTINUING THE DIALOGUE.

This has been a part of our continuing series on important, controversial and complex issues that challenge American competitiveness. For reprints of our entire series, write Frederick W. McCarthy, Drexel Burnham Lambert, 60 Broad Street, Room 1111, New York, New York 10004.

Drexel Burnham
Helping People Manage Change.

OPINION OUTLOOK

Views on the American Scene

WHITE KNUCKLES

Compared with five years ago, do you think flying on commercial airlines in the United States has become safer, less safe or stayed about the same? (Gallup Organization Inc.)

	9/87
Safer	5%
Less safe	64
Same	28
No opinion	3

In your opinion, is the federal government doing all it can to make commercial aviation safe, or not? (Gallup)

	9/87
Doing all it can	31%
Not doing enough	55
No opinion	14

HANDGUN SCOFFLAWS

In general, do you feel that the laws covering the sale of handguns should be made stricter, less strict or kept as they are now? (Gallup)

	10/87			
	Stricter	Less strict	Kept same	No opinion
All	60%	5%	28%	7%
Men	48	7	41	4
Women	71	4	16	9
South	44	12	34	10
Non-South	67	3	25	5

Do you favor a law banning possession of handguns except by police and other authorized persons? (Gallup)

	1/80	12/80	4/81	6/81	10/87
Favor	31%	38%	39%	41%	42%
Oppose	65	51	58	54	50
No opinion	4	11	3	5	8

JOBS AND CHILD CARE

Do you agree or disagree that companies should make day care available to their employees as part of their benefits? (Cambridge Reports Inc.)

	8/86	8/87
Agree	60%	56%
Disagree	30	34
Don't know	10	9

Do you agree or disagree that companies should make child care services for sick children available to employees as part of their benefits? (Cambridge Reports)

	8/87
Agree	40%
Disagree	48
Don't know	12

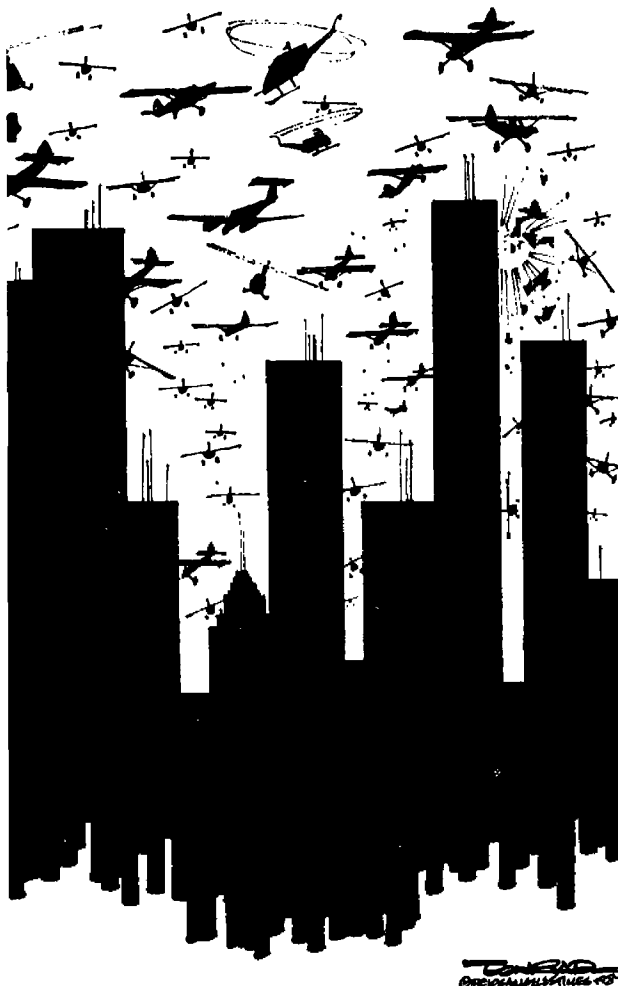
PORTABLE PENSIONS

The ability to maintain pension benefits when changing jobs is often called "pension portability." In general, do you think pension portability is a good idea or a bad idea? (Cambridge Reports)

	8/87
Good idea	77%
Bad idea	12
Don't know	11

One way to help people who change jobs frequently is to permit the establishment of individual pension accounts. Would you favor legislation allowing the establishment of individual pension accounts? (Cambridge Reports)

	8/87
Favor	74%
Oppose	13
Don't know	13



© 1987 by Cambridge Reports Inc.

THE F-15: KEY PLAYER ON THE USAF TEAM.



THE SITUATION:
AIR NATIONAL
GUARD NEEDS THE
RIGHT AIRCRAFT
TO COMPLETE
THE TOTAL FORCE.

The Air Force must be able to go into action at any time to defend America. The Air Guard must be ready to help at a moment's notice.

If America is ever threatened, the Air Force and the Air Guard must have the right strength in the right place at the right time. That means having air power that can deploy around the world within hours and challenge any threat.

That's why the Air Guard, like the Air Force, is getting the F-15. The F-15 Eagle is America's only fighter that can balance the threat, now and through the 1990s. Now flying with the Louisiana Air

Guard (and soon to enter service with the Georgia Air Guard and other Guard units), the Eagle has the range, speed, payload, maneuverability and maintainability to perform virtually any tactical or air defense mission, anywhere. In any potential conflict, the Eagle owns the sky.

For a strong defense, America counts on the U.S. Air Force and the Air Guard. And they both count on the F-15 Eagle.

ALL-PRO GUARD.



MCDONNELL DOUGLAS

© 1988 McDonnell Douglas Corporation

AT A GLANCE

AGRICULTURE

Farm credit bailout... It's floor action time, probably in early December, for the Senate Agriculture, Nutrition and Forestry Committee's long-awaited Farm Credit System bailout bill, produced after weeks of painfully slow deliberation. The House passed its bailout package on Oct. 6, and the differences are large. The House version calls for direct financing, which will run into the billions, to be voted by the Appropriations Committees; the Senate's pushes the bailout money out of the budget's deficit totals by relying on federal loan guarantees for \$4 billion in system bonds. Just as large are the bill's differences over system reform. The House bill would mandate a broad restructuring, reducing the number of regional farm credit banks and giving more power to local lenders; the Senate bill would give the system's farmer-owners more authority to make reforms, but it calls for no big structural shake-up. On Nov. 5, for the second consecutive quarter, the system issued a surprisingly favorable financial report, showing a third-quarter profit of \$4 million, compared with a loss of \$560 million in the third quarter of last year. That could reduce pressure for a bailout and delay legislation until next year. On the other hand, "It hasn't slowed it down yet," a Democratic Senate Agriculture aide said. The third-quarter profit is largely owing to onetime factors that mask continued system instability, a Republican aide noted. (*See NJ, 6/13/87, p. 1512.*)

ENVIRONMENT

Ozone deadlines... Unless Congress changes the Clean Air Act in the meantime, Environmental Protection Agency administrator Lee M. Thomas plans to proceed with sanctions on certain cities that are not expected to meet the Dec. 31 deadline for attaining the ozone standard. In a Nov. 17 press conference, Thomas said that imposition of sanctions to curb ozone and carbon monoxide violations would make a distinction between areas that had adopted plans to meet the standards but then failed to live up to those plans and those that adopted no EPA-approved plans. Of 60-70 locations that won't meet the deadline, 14 had announced plans to do so but failed to follow through. EPA will impose a construction ban on new polluting facilities in most of those areas. Before it imposes other sanctions—a cutoff of federal highway, sewer and air pollution control grants—on these areas or any sanctions on the other areas, EPA will give all areas two years to plan for achieving the standards and then five years to achieve a 15 per cent ozone emissions reduction. Members of Congress from the Northeast, among others, said that the plan was illegal. The National Clean Air Coalition called it "passive and inadequate." Meanwhile, the House wrestled with an ozone deadline extension to be attached to the continuing resolution that will provide appropriations for most federal agencies through Sept. 30, 1988.

INCOME SECURITY

Child care standards... Mounting concern over children and a desire to influence the 1988 presidential campaigns prompted the introduction of a bill to set comprehensive federal policy on child care. Sponsored by Rep. Dale E. Kildee, D-Mich., and Sen. Christopher J. Dodd, D-Conn.,

the bill is the latest, broadest and most expensive of several child care initiatives in Congress in recent years. The bulk of the \$2.5 billion requested would subsidize child care for low-income families, and the remainder would go toward training child care workers, extending preschool hours and helping to enforce proposed federal standards on the delivery of child care. Although the bill is expected to attract some Republican sponsors, the big price tag seems likely to scare away many Republicans and to bring on White House opposition. At present, the federal government offers about \$3 billion in tax credits to subsidize child care, along with a portion of the \$2.7 billion in block grants under Title XX of the Social Security Act. Welfare reform bills pending in Congress also propose some monies to underwrite care for welfare recipients enrolled in work and training programs.

* * *

Health benefits accounting... Stock prices could suffer if corporations are forced to include on their balance sheets their unfunded liabilities for health benefits promised to workers in retirement, according to a study by a Washington research group. The Employee Benefit Research Institute contends that an expected change in business accounting standards by the Financial Accounting Standards Board could reduce net income by 30-60 per cent for the vast majority of *Fortune* 500 firms that promise health benefits to retirees. That, in turn, could make it harder for firms to raise money in capital markets and could affect corporate takeover decisions. Unlike their obligations for pension promises, companies are neither required nor given financial incentives to set aside funds for retiree health care promises before they come due. Ignored by many corporate officials, these unfunded obligations have soared, with estimates now ranging from \$98 billion to \$2 trillion.

INTERGOVERNMENTAL RELATIONS

Tax-exempt municipals... The House, as part of its tax package last month, approved a provision that could make it tougher for municipalities to market their bonds to banks, insurance companies and other corporate purchasers. The Senate Finance Committee has rejected the provision, which effectively doubles the alternative minimum tax rate imposed on corporations. The 1986 Tax Reform Act required corporations to pay at least some taxes on income, including interest on tax-exempt bonds. Under last year's bill, only 50 per cent of a company's book income is subject to the minimum tax. The House provisions would tax the full amount, in effect doubling the tax rate from 10 to 20 per cent. At that effective rate, said Frank H. Shafroth, director of federal relations at the National League of Cities, "there is no benefit in purchasing municipal bonds." Another provision in both the House and Finance Committee packages would overturn a recent appeals court decision restricting the federal government's ability to tax cities' bond revenues. But, Shafroth said, several other provisions in the congressional tax package improve the situation for municipal bonds.

INTERNATIONAL AFFAIRS

Reagan, Wright and the contras... One element left out of the controversy between the Reagan Administration and

House Speaker Jim Wright, D-Texas, over Wright's involvement in Central American diplomacy is the role of Congress in the complex diplomatic triangle. Congressional vote counters said that most Members remain adamantly opposed to additional military aid for the Nicaraguan contras, and this may force the contras to negotiate with Nicaraguan President Daniel Ortega on his terms, even if they are unfavorable. The Administration has attacked Wright for helping to set up negotiations, charging that Ortega is not sincere and that Wright is undercutting the contras. But these attacks probably will not persuade Congress to resume full-scale backing of the rebels. Wright has defended his actions, saying his only role has been to encourage both Ortega and the contras to agree to allow Nicaraguan Cardinal Miguel Obando y Bravo to mediate the negotiations. Wright called the prelate the "most ideal" person to be the mediator.

NATIONAL SECURITY

Planes in Spain... Spain's decision, after seven rounds of negotiations, to notify Washington that it will not extend a 1953 defense pact that expires next May is expected to have profound political reverberations in other nations restively hosting U.S. bases—Greece, Philippines, Portugal and Turkey. Unless a new treaty can be inked before May, the United States must begin withdrawing the 12,000 troops stationed at three Air Force bases, one naval base and several small tracking stations in Spain. The most controversial is Torrejón Air Force Base near Madrid, which hosts 72 F-16 fighter-bombers. In a March 1986 referendum, Spanish voters approved entry into NATO but stipulated that the U.S. military presence must be reduced. The 34-year-old base agreement is also unpopular because it was signed by the late dictator Francisco Franco. Prime Minister Felipe González has rejected U.S. offers to redeploy some of the F-16s out of Spain, or to move all of them to a Spanish base further from the capital. He has also been exhorted by other NATO leaders to retain the nuclear-capable aircraft, said to have become more militarily vital in view of the impending U.S.-Soviet treaty eliminating European nuclear missiles. Despite the current impasse—which some observers attribute to Spanish brinkmanship—negotiations will continue, and González has said that it is "reasonable" to expect a new agreement.

REGULATION

License fees and public broadcasting... In an effort to kill a Senate Commerce, Science and Transportation Committee proposal to require private television and radio station owners to help finance a public broadcasting trust fund, the National Association of Broadcasters has been scrambling to develop alternative ways of financing the public systems. The Senate panel's proposal, which is included in the budget reconciliation package and which, according to congressional aides, got a hearing at the budget deficit talks between Congress and the White House, would impose a 2 per cent fee on the sale of TV and radio stations that have been owned for more than three years and a 4 per cent fee for those owned for three years or less. NAB alternatives include a proposed fee on radio and TV sets and videocassette recorder sales, and a plan to authorize the Federal Communications Commission to auction broadcast licenses for unassigned wavelengths or

charge an application fee for small-market cellular radio license lotteries. The Senate committee measure also would reinstate the fairness doctrine, abolished by the FCC in August, and would impose an extra 1 per cent sales fee on stations that have violated the doctrine's requirement that broadcasters present both sides of controversial issues. The House budget package contains no public broadcasting or fairness doctrine provisions. Both chambers are awaiting the completion of a budget deficit reduction agreement before voting. Meanwhile, *Electronic Media* magazine released a survey of 1,000 Americans showing that 60 per cent support the fairness doctrine.

SCIENCE AND TECHNOLOGY

Space station pressure... The European Space Agency reaffirmed its commitment to the proposed U.S. space station, but in doing so increased pressure on the National Aeronautics and Space Administration to secure money for the project. Representatives of 13 European countries recently approved long-range plans for a manned space program, pledging \$3.7 billion to build a laboratory unit to be connected to the proposed U.S. station, as well as two free-flying platforms that would be serviced from the station. U.S. and European officials are still negotiating to run the station cooperatively, and a NASA spokesman said that the European agency decision was an encouraging sign that agreement may be near. But U.S. funds for the station remain in question: The House has endorsed the full \$767 million requested by NASA for fiscal 1988, but the Senate approved only \$558 million, and conference deliberations are on hold during the deficit reduction talks, which NASA officials fear could lead to even deeper cuts in the space agency budget.

TRADE

Canada, then Mexico... Though the framework agreement was signed on Nov. 6 in Mexico City, consummation of a full free-trade agreement between the United States and Mexico will likely await confirmation of a free-trade pact with Canada—possibly next spring—according to U.S. Trade Representative Clayton K. Yeutter. Though nonbinding and more limited in scope than the agreements the United States signed with Canada and Israel, the Mexico accord establishes guidelines for procedures and principles concerning investment and bilateral trade relations. In 1986, U.S.-Mexican two-way trade was about \$30 billion, ranking Mexico fourth behind Canada, Japan and West Germany as a U.S. partner. Guy F. Erb, managing director of Erb & Madian Inc., a Washington business and economics consulting firm, said that even though the Canada agreement has attracted more attention, the pact with Mexico is also important because it "opens up all sorts of possibilities in investment and banking that didn't exist before. Now the U.S. can enter into a more mature trade relationship with Mexico, which has four times the population of Canada." Yeutter press secretary Kelly Winkler said the framework and Mexico's recent membership in the General Agreement on Tariffs and Trade will help expand commerce between the countries. Vice President George Bush has expressed interest in a free-trade zone with Mexico, and the issue is likely to receive attention in the presidential primary race.

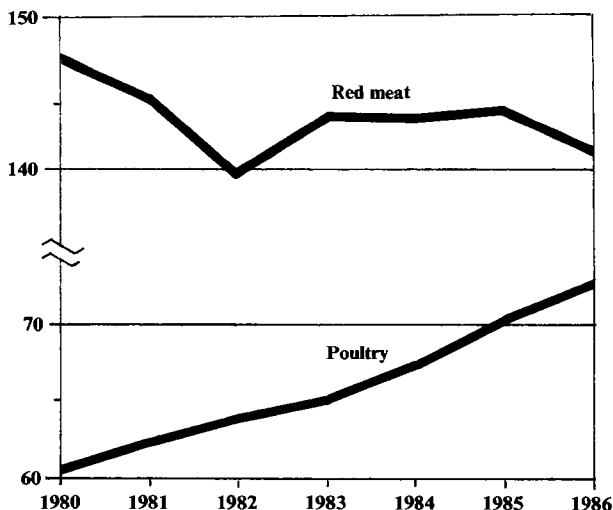
Do U.S. Food Inspectors Need a Fuller Plate?

Congressional Beefs

Patrick J. Leahy, D-Vt., chairman of the Senate Agriculture, Nutrition and Forestry Committee, last month introduced legislation that would require the government to expand and otherwise improve its inspections of food processing plants and, for the first time, provide for the screening of fish. The Agriculture Department now monitors the quality and handling of meat and poultry but not specifically for bacteria. The Centers for Disease Control (CDC) reports that from 1973-84, bacteria were blamed for 159 outbreaks of illness among red meat eaters and 126 involving people stricken after eating chicken and turkey. The CDC estimates that for every case of food-borne sickness it hears about, nearly 100 are never reported.

In fiscal 1986, 7,916 government inspectors checked out 7,217 meat and poultry processing plants, examining 121 million animal carcasses and about 5 billion poultry carcasses. According to the Agriculture Department, its inspectors rejected 0.31 per cent of the animal carcasses and 1.1 per cent of the poultry carcasses. Grounds for rejection include the discovery of diseased carcasses and the detection of animals or poultry that died before arriving at a processing plant. Altogether, in 1986, the department inspected 66.6 billion pounds of meat products and 60.5 billion pounds of

Red meat and poultry consumption per capita in pounds, 1980-86

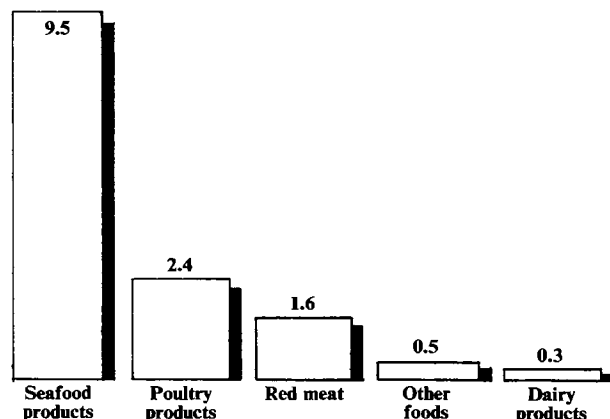


poultry products. According to the American Meat Institute, from 1980-86, per capita consumption of red meat dropped while poultry became increasingly popular, as shown in the chart.

Casting for Blame

Many victims never report their sickness, but the available numbers suggest that seafood is the most likely major category of food to harbor stomach-turning organisms and chemicals. Public Voice for Food and Health Policy reports that 140 outbreaks of food-borne illness occurred in 1985. Although Americans eat much more meat and poultry than fish, 20 per cent of those outbreaks were blamed on seafood, 8.6 per cent on poultry and 6.4 per cent on meat. The CDC said in 1982 that of the food-borne illnesses whose causes could be traced, 24 per cent were blamed on contaminated fish. In 1981, the CDC found many more instances of food-borne illness per billion pounds of seafood consumed than per billion pounds of other foods, as the chart shows.

Number of outbreaks of food-borne illness per billion pounds consumed, 1981



STATISTIC OF THE WEEK

Expensive tastes . . . Illnesses blamed on salmonella and campylobacter alone cost the American economy more than \$1.2 billion annually in medical expenses and lost productivity, according to the Agriculture Department.

Skimpy Federal Nets

Seafood is the only commercially produced flesh food not subject to mandatory federal inspection. Domestic fish inspection is voluntary, carried out by the National Marine Fisheries Service (NMFS), a unit of the Commerce Department. Public Voice for Food and Health Policy, a nonprofit group based in Washington, reports that as Americans have been eating more fish in recent years, the NMFS has been screening fewer fish and shellfish. In 1986, the NMFS inspected about 13 per cent, or less than 443 million pounds, of the more than 3 billion pounds of fish and shellfish eventually consumed in this country. This percentage, the same as 1985's, is down from about 15 per cent, or 483 million pounds, in 1984, and 18.6 per cent, or 567 million pounds, in 1983. In 1985, 6 per cent of the roughly 2,000 fish processing facilities were covered by the NMFS. The government does not monitor sanitary conditions on fishing vessels, and the Food and Drug Administration (FDA) drops in on seafood plants at best only once every two to three years. In 1982, the FDA collected samples of .00058 per cent of the fish consumed in the United States that year.—Daniel A. Shaw

AGRICULTURE

Agriculture and the GATT: Rewriting the Rules

A temporary ban on new government subsidies and formulation of international guidelines to regulate farm exports and prices are needed to stave off a trade war and an erosion of confidence in the General Agreement on Tariffs and Trade, concludes former Agriculture undersecretary Dale E. Hathaway. Institute for International Economics, 11 Dupont Circle NW, Washington, D.C., 20036. 157 pages. \$10 (ISBN 0-88132-052-8).

ECONOMIC POLICY

The American Political Economy: Macroeconomic and Electoral Politics in the United States

Republican constituencies dread inflation the most, while Democratic ones fear recessions and unemployment, notes former Harvard University and Massachusetts Institute of Technology economist Douglas A. Hibbs Jr. Political officials in democratic societies too often ignore the effects of economic cycles on voters, he warns. Ronald Reagan's victories in 1980 and 1984 had less to do with the rise of conservative ideology than with the electorate's desire to punish President Carter for economic mismanagement. Harvard University Press, 79 Garden St., Cambridge, Mass., 02138. 400 pages. \$35 (ISBN 0-674-02735-3).

ENVIRONMENT

Measuring Recreation Supply

The availability of recreational resources in the United States can be measured by assigning each recreational site an indicator called an "effective price," based on such factors as the amount of congestion caused by crowding at the site and travel costs to the area, says think tank fellow Winston Harrington. The effective price can help determine what sort of investments should be made in new recreation resources. Resources for the Future Inc., 1616 P St. NW, Washington, D.C., 20036. \$9.95 (ISBN 0-915707-31-4).

FOREIGN AFFAIRS

Nicaragua: The Price of Intervention, Reagan's Wars Against the Sandinistas

President Reagan "transformed Nicaragua from a regional irritant into a global threat—a metaphor for the Administration's will and for its credibility," argues the foreword to this history of recent U.S. involvement in Nicaragua by National Security Archive analyst Peter Kornbluh. As former national security adviser Robert C. (Bud) McFarlane put it, "If we could not muster an effective counter to the Cuban-Sandinista strategy in our own backyard, it was far less likely that we could do so in the years ahead in more distant locations." Institute for Policy Studies, 1901 Q St. NW, Washington, D.C., 20009. 287 pages. \$8.95 (ISBN 0-89758-040-0).

The United Nations and the Iran-Iraq War

Released just before United Nations Secretary General Javier Perez de Cuellar's recent trip to Iran, this report of proceedings of an April 1987 conference of experts on the Persian Gulf calls for the secretary general to appoint an international commission to confer with belligerents in the seven-year-old war and outline terms of a settlement. It recommends a suspension of arms sales to Iran and Iraq. Ford Foundation,

320 E. 43rd St., New York, N.Y., 10017. 39 pages. Free (ISBN 0-916584-29-1).

GOVERNMENT

A Workable Government?

The Constitution After 200 Years

The shortcomings of our government result from the intractability of problems, forces of history that supersede control by any nation and other factors not attributable to the structure of the Constitution, notes Kennedy Justice Department civil rights chief Burke Marshall, editor of these eight essays. They discuss whether the separation of powers hinders foreign policy, whether executive branch agencies such as the National Security Council have acquired too much power and whether the judicial branch has too much say on social issues. W.W. Norton & Co. Inc., 500 Fifth Ave., New York, N.Y., 10110. 262 pages. \$19.95 cloth (ISBN 0-393-02480-6); \$9.95 paper (ISBN 0-393-30431-0).

HEALTH

AIDS: Public Policy Dimensions

The overriding issue for health care policy makers, social workers, community leaders and AIDS victims is how authorities can be moved to honestly and fearlessly work to stem the AIDS epidemic, observes Timothy Westmoreland, assistant counsel to the House Energy and Commerce Subcommittee on Health and the Environment and a contributor to these proceedings of a January 1986 conference on AIDS held in New York. Included is a list of AIDS resource centers. United Hospital Fund, 55 Fifth Ave., New York, N.Y., 10003. 308 pages. \$30 (ISBN 0-934459-35-5).

INFORMATION SOURCES

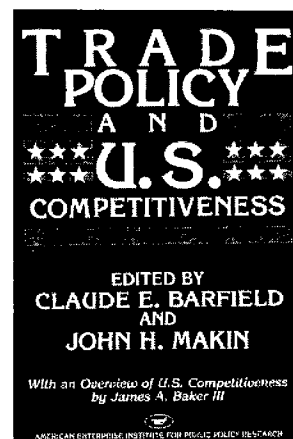
The Annual Register 1986: A Record of World Events

The failed superpower summit in Reykjavik and the scant progress on peace movements in areas such as Sri Lanka and Cyprus made 1986 a year of disappointments, notes the introduction to this reference work in its 228th year. Entries from around the world present a chronology of social, political and economic events through factual and evaluative summaries, data and an index. Gale Research Co., Book Tower, Detroit, Mich., 48226. 578 pages. \$100 (ISBN 0-8103-2053-3).

TRADE

Trade Policy and U.S. Competitiveness

The factors that determine U.S. success in world markets and competitiveness as a campaign issue are addressed in these essays by economists, legislators, Administration officials and business executives edited by Claude E. Barfield and John H. Makin. American Enterprise Institute for Public Policy Research, 1150 17th St. NW, Washington, D.C., 20036. 144 pages. \$22.50 cloth (ISBN 0-8447-3633-3); \$9.75 paper (ISBN 0-8447-3634-1).



TOKYO—"It is not easy to follow the proceedings of the leading politicians of Japan in regard to their own internal affairs." Quick, for \$200—or to avoid exchange rate risks, make it 28,000 yen—name the source of this insightful commentary. *The New York Times*? A scholar at Tokyo University? Guess again. It's the British ambassador to Japan, Sir Harry Parkes, writing in the 19th century.

Little has changed in more than 100 years, as was demonstrated by the recent selection of Noboru Takeshita as Japan's new prime minister. To western eyes, there were no apparent policy differences between the three candidates: Takeshita, Finance Minister Kiichi Miyazawa and former Foreign Minister Shintaro Abe—all leaders of factions in the dominant Liberal Democratic Party (LDP). Of particular interest to Washington, all three pledged to continue outgoing Prime Minister Yasuhiro Nakasone's policy of accommodation to U.S. economic concerns—further opening the Japanese market and assuming more of the burden of leading the international economy.

Yet Takeshita's victory and the reasons for it should tell Japan-watchers in Washington a great deal about the direction of U.S.-Japan relations over the next few years. Though Japan has emerged as the world's leading economic power, though U.S.-Japan trade problems dominate the headlines and though the average Japanese speaks earnestly of "internationalization," the government is still preoccupied with domestic concerns.

The next major policy debates in Tokyo will be over tax reform and land reform—essentially, land-tax reform. In the eyes of most Japanese, these are the big challenges facing the Takeshita government. And while the outcomes will have international implications, these issues will be resolved on purely domestic grounds.

With the United States also preoccupied with domestic politics, each nation might step back from its recent intense and acrimonious fixation on the other. But it seems more probable that American campaign rhetoric will engender high expectations of Japanese initiatives on the international front—initiatives that the Takeshita government is patently unlikely to deliver. If that is the case, the mismatch between Japan's domestic orientation and Washington's increasing need for Japan to be more active internationally could lead to dangerously deeper frustrations in their relationship.

Tax reform was Nakasone's major domestic initiative and his principal failure. Earlier this year, the prime minister pushed for an income tax reduction to spur entrepreneurship, with lost revenues to be made up by a new value-added tax. Stiff opposition, some from within the LDP, forced the plan to be temporarily withdrawn. Japan feels at a competitive disadvantage because of the enactment of tax reform in the United States, and so in Nakasone's final press conference on Nov. 4, he urged Takeshita to face up to the issue.

"Starting from next April, the Ministry of Finance would like to propose a value-added tax (VAT)," said Hiromitsu Ishi, pro-

fessor of economics at Hitotsubashi University in Tokyo and an adviser to the government. "Depending on the political situation, it will pass or not. But I'm pessimistic. One or two opposition parties must agree to the introduction. I think we may need another election to get an answer from the public." Another election does not have to be called until 1990.

Land reform—in the cities and the countryside—may be an even more pressing matter. Residential land prices in Tokyo shot up 93 per cent last year, and 3.3 square meters of land in the Ginza district in the heart of Tokyo now costs nearly \$750,000. Such prices thwart efforts to stimulate the economy with public works projects because up to 80 per cent of investment is soaked

up by land costs. And special tax treatment for agricultural land (now taxed at only 1-2 per cent of the rate for residential land) encourages costly rice production, angering American farmers and discouraging rural housing and industrial development in Japan.

Many economists urge removal or limitation of the preferential tax for farm land and, to penalize speculation, increased taxes for holding urban land. But there will be a long fight over the agricultural rate, and "even an increase in land taxes may be one to two years away," Ishi said.

The United States is not an indifferent observer of these debates. Tax reform could stimulate Japan's domestic spending and increase imports, including some from the United States. Land reform could cut domestic rice production and create a small market for American rice.

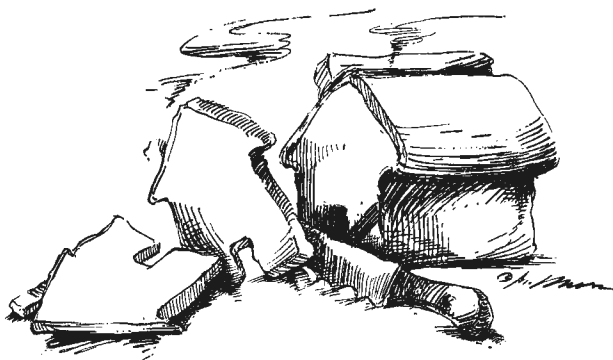
Effecting such changes will consume much of Takeshita's attention. As a result, he is likely to come under increasing criticism from Washington and from the LDP's internationalist wing for being too parochial and not spending more time building a new international order with the United States.

These concerns surfaced in the race for prime minister, when Abe and Miyazawa were characterized as having better relations with foreigners and more of an international vision than Takeshita had. Takeshita won because he was a better party politician, with plenty of IOUs.

But Takeshita's skills as a Mr. Fix-It will be sorely needed to accomplish tax and land reform, and he has long prepared for this role. In 1985, for example, at the height of the yen-dollar turmoil, Takeshita, then finance minister, was in Washington for negotiations, and an American economist went to see him at the Watergate Hotel. There sat Takeshita—not poring over the latest exchange rates, but studying an almanac of Japanese politics. The future prime minister was memorizing the constituent needs and legislative preferences of each member of the Diet.

"All politics is local," former House Speaker Thomas P. O'Neill Jr., D-Mass., loved to remind people. And it's so, even in internationalized, trade-dependent Japan. Sir Harry, Britain's 19th century ambassador, did not understand that simple truth. In the coming months, the question is whether Washington—and portions of Takeshita's own party—can accept that fact of life or whether they will soon clamor for a more cosmopolitan prime minister. □

Takeshita's Task



THIS WEEK, AMERICA DOES ITS HOMEWORK FOR NEXT TERM.



Candidates '88 with Marvin Kalb

A conversation with Richard Gephardt.

This week, Marvin Kalb will host an in-depth conversation with Richard Gephardt, Democratic candidate for President. This 60-minute program, another in a 12-part series, will be broadcast on your local PBS station.

Richard Gephardt will have the opportunity to share his views on a number of topics and respond to questions from a live audience.

Candidates '88 with Marvin Kalb is made possible by a grant from The New York Stock Exchange Foundation, Inc. as a public educational service.

NYSE Foundation, Inc.

The New York Stock Exchange Foundation, Inc.

This series is a co-production of WGBH Boston, The Joan Shorenstein Barone Center on the Press, Politics and Public Policy, The Institute of Politics, and The John F. Kennedy School of Government at Harvard University. Check your local listings for time, date and station.

Soviet leader Mikhail S. Gorbachev disappointed President Reagan by turning down a grand tour of America after the summit meeting slated for early December because of safety concerns, a Soviet official told *The New York Times*. "In your country, you have such privatization of weapons," he said. People "can get anything they want—Stinger missiles, anything."

Gorbachev probably would be best advised to pack a bullet-proof vest before touring a Commie-hating, pistol-packing state such as Florida. But a free-lance patriot wielding a \$42,000 Stinger is probably not a realistic worry. Stingers are, however, very much a worry for Gorbachev's troops in Afghanistan—and, some fear, a threat to air traffic everywhere.

The Reagan Administration began shipping the first of 800 of the 35-pound, shoulder-fired, heat-seeking anti-aircraft rockets to the Mujahedeen guerrillas in October 1986. Since then, defense analyst Aaron Karp estimates in the September issue of *Armed Forces Journal International*, the rockets have downed approximately 270 aircraft, mostly helicopters. Other estimates of Soviet losses run up to one warplane per day.

The Stingers were shipped only after long dispute over two key issues. One—whether the missiles are too complex for Afghani tribesmen—has been mooted by their apparently boffo performance. That very success, however, only sharpens the other point of debate: the danger of diversion.

Worries about Soviet acquisition of the missiles were rendered largely irrelevant by last month's revelation that Greek agents in 1984 sold Stinger design data to the Soviets, who perhaps used it to improve their SA-14 Gremlin missile. The Stingers thus far compromised, including those captured in Afghanistan, however, are older Stinger-Basics. General Dynamics Corp. began making more capable Stinger-POSTs in 1984.

Intense debate continues over the diversion of Stingers to anti-American terrorists. "We cannot afford to let these particular missiles, the ultimate terrorist weapon, slip into the wrong hands," Senate Select Committee on Intelligence member Dennis DeConcini, D-Ariz., warned in an April 1986 op-ed column in which he urged that the Stingers about to be given to Afghani and Angolan guerrillas be subject to the same strict security measures—steel storage vaults, 24-hour guards and so on—as those going to European allies. (A recent General Accounting Office investigation, it should be noted, found U.S.-deployed Stingers in West Germany stashed in flimsy sheds clearly stenciled "Stinger.") "It is quite possible, given the loose structure of rebels' operations, that they could not satisfy the conditions," DeConcini acknowledged. "In such cases, the missiles should not be provided."

His warnings were proven prescient by another revelation last month—that the Iranians had obtained as many as 30 Stingers from the Mujahedeen. The Afghan guerrillas contended that they were seized during a border clash, but the (London) *Sunday Times* has reported that two Afghani commanders had sold the Iranians 16 missiles for \$1 million.

Though Stinger parts were found on an Iranian gunboat

seized in the Persian Gulf on Oct. 8, they have not yet been used to attack U.S. or western military or civilian aircraft. But similar portable anti-aircraft weapons have afforded guerrilla groups a grisly bang for their buck. In the late 1970s, nationalist guerrillas took out two Air Rhodesia airliners with SA-7 Grails—Soviet clones of the U.S. Redeye missile, the Stinger's predecessor—killing 107 passengers. Another rebel-fired SA-7 downed a Sudan Airways plane last year, killing 60. And three Mujahedeen Stinger attacks against Afghani transport planes this year have killed more than 100.

The targets thus far have been relatively small aircraft. If a Stinger were fired at a fully loaded Boeing 747, however, 475 lives could be lost in one shot, a fearsome return for the expenditure of only 10 pounds of high explosive.

On Oct. 20, therefore, DeConcini took the floor to argue that "we must prevent future or further compromising of this state-of-the-art weaponry." Noting that the transfer of 24 Stingers to Chad was under way—"which also greatly concerns this Senator"—and that sales to Bahrain, Oman and the United Arab Emirates were also being considered, DeConcini introduced a bill (S 1793) forbidding the provision of Stingers to any Persian Gulf nations during fiscal 1988. Two days later, House Foreign Affairs Committee member Mel Levine, D-Calif., introduced an identical measure (HR 3540).

With the Administration having been forced to pull 600 Stingers from a proposed arms sale to Saudi Arabia last year and to put on hold a more recent plan to sell 70 missiles to Bahrain, a *de facto* congressional embargo on Stinger sales in the gulf seems already to be in place. But the issue "keeps coming back," Levine said in an interview. "I was a little surprised that in the context of the Saudi sale, the subject of Stingers even came up."

Levine has introduced another, more sweeping proposal (HR 3539) to ban the transfer of Stingers to any "foreign military or paramilitary force" outside of NATO or other major allies, unless specifically authorized by Congress. Strong congressional support for arming the Mujahedeen, however, means that that bill is unlikely to become law.

Because they have somewhat less range, speed, explosive power and accuracy than Stingers, the Redeyes going to the contras fighting the Nicaraguan government have excited less controversy. When a contra aid bill came to the floor two years ago, DeConcini was about to propose a ban on giving Stingers to the guerrillas when Reagan called with assurances that only Redeyes would be dispatched to Central America. But the success that the contras have enjoyed with the Redeye—some 25 Sandinista helicopters shot down so far this year—suggests that the differences in capability between Stingers and Redeyes may not be all that great.

"The issue right now that has taken center stage is transfers to the Middle East of Stingers," Levine said. "But I don't think we should be transferring Stingers, Redeyes or shoulder-fired missiles of this type to any place in the world where they could be used against civilian airliners." □

Fatal Sting



Defense Department

Once upon a time, society had to decide how much it would devote to defending itself and how much to caring for its own. The choice, in the popular metaphor, was guns versus butter.

But as our society ages and more of the nation's wealth goes to the elderly, the choices may be changing. Some have already toyed with the metaphor. Demographer Barbara Boyle Torrey has called the choice in our future "guns versus canes."

The roots of the problem, argues Rudolph G. Penner, the former director of the Congressional Budget Office who is now at the Urban Institute, can be found in the mid-1960s, when society drastically increased its commitments to the elderly by creating the medicare program and making social security a far more generous program than originally envisioned. The new commitments were financed without an increase in over-all taxation, he argues, but rather by "the peace dividend," the post-Vietnam war decline in defense spending. "We financed a long-term commitment to the elderly with a short-term decline in defense," Penner said.

But the decline in defense spending didn't last. Alarmed by such events as the Soviet invasion of Afghanistan and the taking of American hostages in Iran, the public clamored for a stronger defense and lawmakers obliged. As both defense and civilian entitlements grew, so did the tax burden, as inflation kicked individuals into higher tax brackets. Then came the taxpayers' revolt and an Administration that adopted that cause as its own.

The result, a worsening federal budget deficit, has forced a sharper confrontation between guns and canes. In recent years, lawmakers have found their budget cutting options narrowing. The two big-ticket items, defense and seniors' entitlements, have risen as a share of the gross national product (GNP): Defense has grown by nearly a third since 1980, to 6.6 per cent of GNP; medicare and social security, by nearly 14 per cent, to 6.5 per cent of GNP.

Meanwhile, other categories of spending offer slim pickings: Means-tested entitlements, including medicaid, have held steady at about 1.7 per cent of GNP, and discretionary spending other than defense has dropped by about 30 per cent, to 4.1 per cent of GNP. Interest on the federal debt has grown—by 65 per cent, up to 3.3 per cent of GNP—but Congress can hardly renege on the government's IOUs.

That leaves defense and seniors' entitlements as the two contenders. "They're like two heavyweights circling around in the ring," said Jack A. Meyer, a social policy expert who heads a consulting firm, New Directions for Policy. "They haven't yet hit each other, but you know the jabbing is going to start and eventually the punching."

In fact, the jabbing may have already begun. Earlier this year, the American Association of Retired Persons and a coalition of health care groups ran a full-page advertisement in major newspapers deploring proposed medicare cuts. The ad pictured a young man in uniform hugging his aged mother. "Isn't it time we started defending the home front?" the caption asked.

Defense contractors, for their part, may be looking for ways to call attention to spending on the elderly. A recent article in *Common Cause Magazine* noted that several large defense contractors contribute to Americans for Generational Equity, a group that has questioned the burden that ballooning seniors' entitlements place on the young and on future generations. The contractors, General Dynamics Corp., Rockwell International Corp. and TRW Inc., the article said, were "apparently eager to shift the deficit debate toward social security—and away from issues like defense spending."

Congress, the referee in this battle, is in a tough position because cutting either category has unpleasant political consequences: Would you rather be known as a granny-basher or soft on defense?

Senate Republicans drew up a budget reduction package in 1985 that would have spread the pain by cutting defense spending and by imposing a one-year freeze on the social security cost-of-living adjustment, or COLA. But President Reagan abandoned the Senators, leaving them politically exposed on the volatile issue of a COLA freeze. The upshot was that defense took a drubbing and social security was untouched.

The way some see it, the 1985 negotiations showed that canes are stronger than guns. Defense

authorizations have been chopped approximately 2 per cent in real terms in the past two fiscal years, while social security has had only minor short-term cuts, which came in the early 1980s, and medicare—despite reductions in payments to health care providers—has kept growing rapidly.

Right now, the contenders are facing a rematch. Budget cutters may be loath to take more out of defense. But, remembering 1985, many are just as wary of touching seniors' entitlements. Some have again suggested socking both, but odds makers expect social security to emerge unscathed.

Maybe the triumph of canes over guns is as it should be. After all, that's what the public seems to want. An August poll by the Gallup Organization Inc. showed that the public's preferred option for reducing the deficit was cutting defense (58 per cent), followed by cutting social spending (21 per cent). Raising income taxes got a mere 16 per cent, and cutting entitlements ranked dead last, with a mere 9 per cent approving.

Behind the public's thumbs-down decision on defense is, no doubt, a reaction to the unprecedented peacetime buildup of the past decade and the waste and excess that accompanied it. But public opinion on defense tends to run in cycles, and the clamor for another buildup may not be too far off.

The real confrontation may be some years off: Piecemeal budget trimming may postpone it, as may a mounting surplus in the social security trust fund in the 1990s.

But, Penner said, "As a nation, we have never confronted the need to permanently finance the huge commitment made to the elderly while maintaining a defense establishment consistent with our foreign policy goals." Unless and until we do, he said, the battle of guns versus canes "is going to be with us as far as the eye can see." □

Guns v. Canes



Longtime observers of the Supreme Court must be thinking that they have seen this show before. The events that led President Reagan to choose Judge Anthony M. Kennedy of the U.S. Court of Appeals for the 9th Circuit as his third nominee for the seat left vacant last June by the retirement of Associate Justice Lewis F. Powell Jr. strongly echo those that led President Nixon to decide upon Harry A. Blackmun as his third choice to replace Associate Justice Abe Fortas.

In remarkably similar fashion, but more than 17 years apart, both Presidents failed to win confirmation for two successive nominees. Both Presidents attributed their defeats to an overly politicized confirmation process, but they also made their third choice someone who appeared to be more moderate—and more acceptable to the Senate—than their first two choices.

Nixon's first two nominees had met the three criteria that the President said he had established for filling the seat. They shared his philosophy favoring "strict construction of the Constitution," they were federal appellate court judges and they were from the South. His first choice, Clement F. Haynsworth Jr., a conservative jurist from South Carolina who was chief judge of the U.S. Court of Appeals for the 4th Circuit, was rejected by the Senate in November 1969. That rejection stemmed largely from Haynsworth's failure to recuse himself from a case indirectly involving a company in which he had a small financial interest and from a perception among some that he was "antilabor" and against school desegregation. But Nixon lambasted the tactics of Haynsworth's critics and promised to find another nominee who shared his judicial philosophy.

"Especially I deplore the nature of the attacks that have been made upon this distinguished man," Nixon declared. "His integrity is unimpeachable, his ability unquestioned." Upon the advice of John N. Mitchell, his Attorney General, Nixon next turned to Judge G. Harrold Carswell of the U.S. Court of Appeals for the 5th Circuit. Mitchell reportedly said of Carswell that "he is almost too good to be true." But when the Senate rejected Carswell in April 1970 because of a perception that he was a mediocre judge—as shown by the large percentage of his cases that had been reversed during his tenure on the federal district court—and because of doubts about his sensitivity on racial issues, Nixon was livid.

"Judges Carswell and Haynsworth have endured with admirable dignity vicious assaults on their intelligence, their honesty and their character," Nixon said. "They have been falsely charged with being racist, but when all the hypocrisy is stripped away, the real issue was their philosophy of strict construction of the Constitution—a philosophy that I share—and the fact that they had the misfortune of being born in the South."

Ultimately, Nixon turned to Blackmun, a Minnesotan who had served on the U.S. Court of Appeals for the 8th Circuit for 11 years. He was confirmed, 74-0. The acrimony was finally over.

Reagan's choice of Kennedy, like Nixon's nomination of Blackmun, came only after he had chosen two other nominees

who were thought to be far more solidly and predictably conservative. His bitterness at the Senate's rejection of his first nominee for the seat, Judge Robert H. Bork of the U.S. Court of Appeals for the District of Columbia Circuit, was eerily reminiscent of Nixon's. Despite Reagan's praise for Bork as a jurist "widely regarded as the most prominent and intellectually powerful advocate of judicial restraint," liberal critics focused on the nominee's controversial writings and speeches that included harsh criticisms of a number of Supreme Court decisions. When 58 Senators voted against confirmation on Oct. 23—producing the widest margin in history against a Court nominee—Reagan responded as Nixon had 17 years before. Despite the bipartisan

vote, he complained that the Senate had "bowed to a campaign of political pressure," and he vowed to find a nominee who would upset Bork's critics "just as much" as Bork had.

Following the advice of Edwin Meese III, his Attorney General, Reagan next chose Douglas H. Ginsburg, a 41-year-old colleague of Bork's on the D.C. federal appeals court who would have been the youngest Justice in nearly 50 years. Although little was known of his views on the controversial social issues that had been decisive in Bork's defeat, a Justice Department official, echoing Mitchell's pleasure 17 years be-

fore at the Carswell nomination, said that Ginsburg "is one of us." Before that assertion could be tested, however, Ginsburg withdrew after admitting that he had smoked marijuana when he was a professor at Harvard University Law School.

Commenting on the similarities between the Nixon and Reagan experiences, law professor Herman Schwartz of the American University said, "The parallel is absolutely remarkable, including the startling quality of the second nominee—not taking someone who on the face of it had a very good chance of confirmation."

Reagan has now turned to Kennedy—who, at first blush, appears to be more in the mainstream of conservative thought than the previous two nominees. Whether that is true will be tested by liberal and conservative groups alike as they scour his 12-year record as a judge and his work as a practicing lawyer and lobbyist before that.

Conservative activists must now hope that the analogy with Nixon ends here. For when Nixon chose Blackmun, it was generally believed that Blackmun would provide a consistent vote for the conservative wing of the Court. But any notion that he and his longtime friend, Chief Justice Warren E. Burger, would be ideological soul mates, or "Minnesota Twins," as they were called at one time, was dashed when Blackmun, in 1973, authored the stunning *Roe v. Wade* decision, which recognized a fundamental right of privacy that included the right to abortion. Since that time, Blackmun has aligned himself increasingly with the liberal wing of the Court.

With that in mind, conservatives, who for the most part seem resigned to Kennedy's confirmation, may hope that he will not forget his conservative roots on the appeals court when he dons the robes of a Supreme Court Justice. □

Court Replay



Nixon with John N. Mitchell

White House

Correction

In a map depicting the popular vote for President from 1960-84 (*NJ*, 11/14/87, p. 2854), the number of times the Democratic candidate carried each state during those years should have been shown as 1 for Indiana and 2 for Florida, Kentucky and Ohio. In a House roster (*pp.* 2898-2917), the Members for the 3rd and 8th Districts in Maryland should have been listed as freshmen Benjamin Cardin, D, and Constance A. Morella, R; the Member for the 4th District of Michigan should have been listed as freshman Fred Upton, R; Rep. Andy Ireland of Florida should have been listed as a Republican; Rep. Kweisi Mfume, D-Md., was first elected in 1986; Rep. George (Buddy) Darden, D-Ga., was first elected in 1983; and Rep. Martin Olav Sabo, D-Minn., was first elected in 1978. And, in a regional breakdown of Senators, House Members and governors (*pp.* 2924-25), each left-hand column of figures should have been labeled D (for Democrats), and each right-hand column, R (for Republicans).

Weekly Index

(p) indicates a reference in the *People* section

Abe, Shintaro—3002
 Abrahamson, James A.—2949
 Addiction Research and Treatment Corp.—2993 (p)
 Agriculture Department—3001
 Agriculture, Nutrition and Forestry Committee, Senate—2998, 3000
 Alabama Democratic Caucus—2975
 Alcohol and Drug Problems Assn.—2955-57, 2959
 Alliance Capital Management Corp.—2974
 American Assn. of Retired Persons—2962, 3005
 American Civil Liberties Union—2990
 American College of Physicians—2964
 American College of Surgeons—2962
 American Enterprise Institute for Public Policy Research—2985, 2993 (p), 3001
 American Israel Public Affairs Committee—2988
 American Meat Institute—3000
 American Medical Assn.—2961, 2964
 American Society of Internal Medicine—2963
 Americans for Generational Equity—3005
 Appropriations Committee, House—2949, 2998
 Appropriations Committee, Senate—2998
Armed Forces Journal Intl.—3004
 Assn. of American Railroads—2971-72
 Austin, J. Gerald—2992 (p)
 Babbitt, Bruce E.—2966-68
 Bailey, Douglas—2967
 Baker, James A., III—2985, 2988
 Balanced Budget Act (1985)—2974
 Barbour, Haley R.—2975
 Barfield, Claude E.—3001
 Barnhardt, Jo Anne—2994 (p)
 Baun, Peter—2962
 Bendixen, Sergio—2967
 Bensinger, Peter B.—2959
 Bentsen, Lloyd—2981
 Bertini, Catherine Ann—2994 (p)
 Besteman, Karst J.—2955, 2959
 Biaggi, Mario—2994 (p)
 Bias, Len—2957

Biden, Joseph R., Jr.—2949, 2955, 2966
 Blackmun, Harry A.—3006
 Blakley, Marion C.—2993 (p)
 Blue Cross and Blue Shield Assns.—2964
 Bonner & Associates—2993 (p)
 Bork, Robert H.—2975, 3006
 Boucher, Frederick C.—2972-73
 Bowen, Otis R.—2958
 Boyle, Katie—2968-69
 Bradley, Bill—2949
 Braun, Peter—2962
 Breglio, Vincent J.—2988
 Brock, Bill—2992 (p)
 Brown, Chuck—2975
 Brown, Willie, Jr.—2992 (p)
 Bryany, Jay—2988
 Buckley, John—2965, 2968-69
 Bunton, T. Scott—2993 (p)
 Burger, Warren E.—3006
 Burlington Northern Inc.—2971
 Burson-Marsteller—2993 (p)
 Bush, George—2949, 2966-67, 2988-89, 2990, 2999
 Cable News Network Inc.
 Cable News Network—2969
 Cambridge Reports Inc.—2996
 Campaign for America—2988
 Canterbury, Janet—2961
 Capra, James R.—2974
 Cardin, Benjamin—3007
 Carter, Jimmy—2969, 2993 (p), 3001
 Carwell, G. Harold—3006
 Casey, William J.—2982
 Central Intelligence Agency—2958, 2982
 Chafee, John H.—2993 (p)
 Chesser, Judy—2959
 Circuit (District of Columbia) Court of Appeals—3006
 Circuit (4th) Court of Appeals—3006
 Circuit (5th) Court of Appeals—3006
 Circuit (8th) Court of Appeals—3006
 Circuit (9th) Court of Appeals—3006
 Citizens Assn. of Georgetown—2975
 Cochran, Thomas J.—2955
 Coca-Cola Co.—3005
 Cohen, William S.—2983
 Columbia Broadcasting System Inc.
 CBS News—2989
 Commerce Department—2985
 Natl. Marine Fisheries Service—3000
 Commerce, Science and Transportation Committee, Senate—2999
 Surface Transportation Subcommittee—2971-72
 Committee Against Revising Stagers—2970-73
 Common Cause
 Common Cause Magazine—3005
 Congressional Black Caucus—2975
 Congressional Budget Office—2964, 2985, 3005
 Consolidated Natural Gas Co.—2993 (p)
 Consolidated Rail Corp.—2972
 Consumer Federation of America—2972
 Consumers United for Rail Equity—2970-73
 Cooper, Mark N.—2972
 Corlett, Cleve E.—2993 (p)
 Corry, Martin—2962
 Craver, Roger—2967
 Crosby, G. F.—2954
 Cuomo, Mario M.—2975
 Darden, George (Buddy)—3007
 Daub, Hal—2993 (p)
 de Cuellar, Javier Perez—3001
 Defense Department—2957, 2993 (p)
 Air Force Department—2955, 2999
 Navy Department—2955
 Democratic Caucus, House—2975
 Democratic Natl. Committee—2992 (p)
 Dempsey, William H.—2971, 2973
 Dingell, John D.—2971, 2973
 Dodd, Christopher J.—2998
 Doherty, Robert B.—2963
 Dole, Elizabeth H.—2968
 Dole, Robert—2949, 2967, 2969, 2981, 2988-90, 2992 (p)
 Dorgan, Byron L.—2981

Dow Jones & Co. Inc.
 The Wall Street Journal—2949, 2974, 2988
 Dowdy, Wayne—2975
 du Pont, Pierre S. (Pete), IV—2966-68
 Dukakis, Michael S.—2966, 2968
 Durbin, Richard J.—2949
 Eastland, Hiram—2975
 Education Department—2955
 Eickhoff Economics Inc.—2994 (p)
 Eickhoff, M. Kathryn—2994 (p)
 El-Ashry, Mohamed T.—2992 (p)
 Eliason, Alan E.—2956
 Employee Benefit Research Institute—2998
 Energy and Commerce Committee, House—2971
 Health and Environment Subcommittee—2998, 3001
 Transportation, Tourism and Hazardous Materials Subcommittee—2972-73
 Energy Department—2955, 2994 (p)
 English, Glenn—2958
 Environmental Protection Agency—2998
 Erb, Guy F.—2999
 European Space Agency—2999
 Exon, J.J.—2971
 Federal Communications Commission—2994 (p), 2999
 Mass Media Bureau—2993 (p)
 Federal Election Commission—2988
 Finance Committee, Senate—2981, 2998
 Financial Accounting Standards Board—2998
 Fletcher, James C.—2994 (p)
 Fogarty, William J.—2971
 Foley, Donald J.—2965, 2993 (p)
 Ford Foundation—2987, 3001
 Ford, Gerald R.—2969
 Foreign Affairs Committee, House—3004
 Task Force on Intl. Narcotics Control—2955, 2957
 Fortas, Abe—3006
 Fowler, Mark S.—2993 (p)
 Fox Broadcasting Corp.—2989
 Farm Credit Administration
 Farm Credit System—2998
 Gallup Organization Inc.—2996, 3005
 Gantt, Harvey—2975
 Gebbie, Kristine M.—2993 (p)
 General Accounting Office—2955, 2958, 2993-94 (p), 3004
 General Agreement on Tariffs and Trade—2999, 3001
 General Dynamics Corp.—3004-05
 Gephardt, Richard A.—2965, 2969, 2975, 2993 (p)
 Gibson, Thomas F., III—2993 (p)
 Ginsburg, Douglas H.—3006
 Ginsburg, Paul B.—2964
 Gonzalez, Felipe—2999
 Gonzalez Fernandez, Jose A.—2957
 Goode, W. Wilson—2975
 Gorbachev, Mikhail S.—2988, 3004
 Gore, Albert, Jr.—2966, 2994 (p)
 Government Operations Committee, House—2955, 2958
 Governmental Affairs Committee, Senate—2994 (p)
 Gradison, Heather J.—2971
 Gray, Jerome A.—2975
 Gray, William H., III—2975
 Gregor, Janet—2992 (p)
 Griffin Diversion Center—2987
 Haig, Alex P.—2988
 Haig, Alexander M., Jr.—2966, 2988-89
 Harrington, Winston—3001
 Hart, Gary—2949, 2965
 Harvard University—2985, 2993 (p), 3001
 Law School—3006
 School of Public Health—2962
 John F. Kennedy School of Government—2993 (p)
 Hatch, Orrin G.—2983
 Hathaway, Dale E.—3001
 Haynsworth, Clement F., Jr.—3006
 Health and Human Services Department—2994 (p)
 Centers for Disease Control—3000
 Health Care Financing Administration—2962
 Natl. Institute of Drug Abuse—2952

- Heisterberg, Robert G.—2974
Hertzberg, Hendrik (Rick)—2993 (p)
Hibbs, Douglas A., Jr.—3001
Hickman-Maslin Research Inc.—2975
Hobson, Richmond—2957
Holmes, Bradley P.—2993 (p)
Illinois Human Rights Commission—2994 (p)
IMC Inc.—2963
Inouye, Daniel K.—2982-83
Institute for Intl. Economics—3001
Institute for Policy Studies—3001
Intelligence Select Committee, Senate—3004
Intergovernmental Commission on Narcotics and Psychotropic Drugs—2956
Interstate Commerce Commission—2970-73
Investigate Covert Arms Transactions With Iran Select Committee, House—2982-83
Ireland, Andy—3007
Jackson, Jesse—2966-68, 2975, 2990, 2992 (p)
Johnson, David—2975
Johnson, Lyndon B.—2958
Johnson, Peter A.—2954
Johnston, Lloyd D.—2959
Jones, Beverly E.—2993 (p)
Judiciary Committee, Senate—2955
Justice Department—2955, 2957, 3006
Drug Enforcement Administration—2955, 2957
Federal Bureau of Investigation—2955
Karp, Aaron—3004
Kemp, Jack F.—2965, 2968-69, 2990
Kennedy, Anthony M.—2949, 3006
Kennedy, Edward M.—2990
Kennedy, John F.—2975
Keyes, Alan L.—2993 (p)
Keynes, Lord—2985
Kildee, Dale E.—2998
King, Larry—2968
Knobloch, Kevin T.—2993 (p)
Koch, Edward I.—2956
Kornbluh, Peter—3001
Labor Department—2993 (p)
Lacy, William B.—2993 (p)
Latham & Watkins—2994 (p)
Leach, Jim—2993 (p)
League of Women Voters of the U.S.—2992 (p)
Leahy, Patrick J.—3000
Ledeen, Michael—2983
Lent, Norman F.—2973
Levine, Mel—3004
Liberal Democratic Party (Japan)—3002
Lighthizer, Robert E.—2981
Lott, Trent—2975
Luken, Thomas A.—2973
Mabus, Ray—2975
Macdonald, Donald Ian—2958
Makin, John H.—2985, 3001
Management and Budget Office—2973, 2994 (p)
Mariaschin, Daniel S.—2988-89
Marshall, Burke—3001
Maruggi, Albert E.—2993 (p)
Maseng, Mari—2993 (p)
Mayberry, W. Eugene—2993 (p)
Mayer, Brown & Platt—2993 (p)
McClure, James A.—2983
McFarlane, Robert C. (Bud)—3001
McGinniss, Joe—2966
McGuire, Andrew—2992 (p)
McLoud, Andrew H.—2993 (p)
McNulty, James B.—2954
Meese, Edwin, III—2958, 2982, 3006
Meyer, Jack A.—3005
Mfume, Kweisi—3007
Michael, Terry—2965
Miller, James C., III—2973
Mitchell, John N.—3006
Miyazawa, Kiichi—3002
Molpus, Dick—2975
Mondale, Walter F.—2990
Montana Commerce Department—2971
Moran, Brennan D.—2992 (p)
Morella, Constance A.—3007
Morgan, Stanley & Co., Inc.—2984
Morton Thiokol Inc.—2994 (p)
Moynihan, Daniel Patrick—2981
Musto, David F.—2954, 2957
Myers, Woodrow A.—2993 (p)
Narcotics Abuse and Control Select Committee, House—2959
Natl. Aeronautics and Space Administration—2999
Natl. Assn. of Broadcasters—2999
Natl. Basketball Assn.—2955
Natl. Broadcasting Co. Inc.—2967
NBC News—2988
Saturday Night Live—2967
Natl. Clean Air Coalition—2998
Natl. Conference of Democratic Mayors—2954
Natl. Council of Senior Citizens—2961
Natl. Drug Enforcement Policy Board—2956, 2958
Natl. Education Assn.—2990
Natl. Industrial Transportation League—2973
Natl. Institute on Drug Abuse—2955
Natl. League of Cities—2998
Natl. Narcotics Intelligence Consumers Committee—2955
Natl. Security Council—3001
Nelson, Van Kille—2961
New Directions for Policy—3005
The New Republic—2993 (p)
The New York Times Co.
The New York Times—2989, 3002, 3004
Nixon, Richard M.—2958, 2966, 3006
Nofziger, Lyn—2988
Norfolk Southern Railroad—2972
North American Securities Administrators Assn.—2992 (p)
North, Oliver L.—2982
Oakar, Mary Rose—2975
Obando y Bravo, Miguel—2999
O'Brien, Patricia—2968
O'Brien, William—2955
Ochi, Rose M.—2959
Oregon State Health Division—2994 (p)
Ortega, Daniel—2999
Outlaw, Bill—2967
Paine Webber Inc.—2972
Parke, Harry—3002
Patterson, Steve—2975
Penner, Rudolph G.—3005
Physician Payment Review Commission—2961, 2964
Physicians for Social Responsibility—2992 (p)
Powell, Lewis F., Jr.—3006
President's Commission on Organized Crime—2958
President's Commission on the Human Immunodeficiency Virus Epidemic—2993 (p)
President's Special Review Board on the Iran-Contra Affair—2983
Pryor, Ben J.—2993 (p)
Prout, Deborah—2964
Public Voice For Food and Health Policy—3000
Rand Corp.—2955, 2957, 2956, 2959
Rangel, Charles B.—2956, 2959
Reagan, President
deficit cuts, Wall Street effects on—2974
drug control process in the U.S., struggle over—2954
Haig presidential campaign, hopeful signs for—2988
Iran-contra affair report, summary of—2982-83
Japan's new government, economic concerns over—3002
Kennedy Court nomination, outlook for—3006
medicare costs freeze, impact of—2960
northern ethnic politics, racism of—2975
presidential candidates' reliance on media—2965
railroad shipping rates, fight over—2970
Robert E. Lighthizer, profile of—2981
Robertson candidacy, GOP impact on—2990
trade deficit, permanence of—2984
Republican Governors Assn.—2988
Rietdorf, Ronald G.—2988-89
Roach, Stephen S.—2984-85
Robertson, Marion G. (Pat)—2949, 2966, 2969, 2990
Rockwell Intl. Corp.—3005
Roper, William L.—2962, 2964
Rosapepe, Powers & Spanos—2992 (p)
Rostenkowski, Dan—2981
Rudman, Warren—2983
Rumsfeld, Donald H.—2993 (p)
Sabo, Martin Olav—3007
Schmermund, Robert P.—2993 (p)
Schwartz, Herman—3006
Sears, John—2966-67
Sears, Roebuck and Co.—2972-73
Secret Military Assistance for Iran and the Nicaraguan Opposition Select Committee, Senate—2982-83
Securities and Exchange Commission—2949, 2992 (p)
Shafroth, Frank H.—2998
Shearson Lehman Brothers Inc.—2974
Simon, Paul—2965, 2969
Skadden, Arps, Slate, Meagher & Flom—2981
Smith, Larry—2955
Smith, Pam—2968
Special Action Office for Drug Enforcement Administration—2958
Squier, Robert D.—2966-67, 2969
Staggers, Harley O., Sr.—2971
Stapf, Scott—2992 (p)
Stark, Fortney H. (Pete)—2962
State Department—2956-57
Stennis John C.—2975
Stokes, Louis—2975
Strategic Defense Initiative Organization—2949
Strother, Raymond D.—2965, 2967
Summers, Lawrence H.—2985
Supreme Court—2949, 2975, 3006
Szabo, Robert G.—2972
Takeshita, Noboru—3002
Technology Assessment Office—2954, 2964
Teeley, Peter B.—2966, 2968
Thomas, Lee M.—2998
Thompson, Maureen A.—2992 (p)
Thornton, Maureen T.—2992 (p)
Thurmond, Strom—2958
Time Inc.
Time—2989
Tobacco Institute—2992 (p)
Todd, James S.—2961
Torry, Barbara Boyle—3005
Transportation Department—2972
Coast Guard—2955
Natl. Highway Traffic and Safety Administration—2993 (p)
Treanor, Margaret L.—2989
Treasury Department—2955, 2988
U.S. Customs Service—2955
Trible, Paul S., Jr.—2983
Trott, Stephen S.—2955, 2957, 2959
TRW Inc.—3005
U.S. Conference of Mayors—2955
Umansky, David J.—2993 (p)
Urban Institute—3005
Vanderbilt, Cornelius—2971
Vinnett, George—2969
Voytko, James M.—2972
W.W. Norton & Co. Inc.—3001
Wales, Jane—2992 (p)
Walker, Mary L.—2994 (p)
Walsh, Lawrence E.—2983
Walters, Barbara—2968
Watkins, James D.—2994 (p)
Watts, Norman (Skip)—2993 (p)
Ways and Means Committee, House—2981
Health Subcommittee—2962, 2964
Weicher, John C.—2994 (p)
Weinstein, Jack B.—2994 (p)
Westmoreland, Timothy—3001
Westrate, David L.—2956
White, Vanna—2959
Wickwire, Gavin & Pibbs P.C.—2993 (p)
Williamson, Richard S.—2993 (p)
Windon, Bernard—2993 (p)
Winkler, Kelly—2999
Wirth, Timothy E.—2993 (p)
Wirthlin, Richard B.—2988
Wittgraf, George—2949
World Resources Institute—2992 (p)
Wright, Jim—2999
Wroblewski, Ann B.—2956-57
Yeutter, Clayton K.—2999



How to reach 40,000 screaming, adoring fans of the American political process.

They're there to make history. Th of delegates, elected officials, reporters corporate and union leaders who select our Presidential candidates. You can send a message to every one of them in the *National Journal Convention Daily*, the only publication written exclusively for both 1988 conventions.

Published for six days at the Democratic National Convention in Atlanta (July 17-22), and six days at the Republican National Convention in New Orleans (Aug. 14-19), the *National Journal Convention Daily* provides complete, non-partisan coverage of the candidates, staffs, platforms, caucuses, media and personalities, as well as inside political news.

For the 20,000+ participants at each convention, it's the most useful, most talked-about publication on the conven-

tion floor. For advertisers, it's a unique opportunity to reach the most concentrated gathering of policy-makers and opinion leaders in the nation.

For a rate card and a sample copy of the 1988 *National Journal Convention Daily*, call Roger Kranz, Ed Erhardt or Robin Fray at 202/857-1400.

**National
Journal**
CONVENTION DAILY
1988
ATLANTA • JULY 17-22
NEW ORLEANS • AUGUST 14-19

Recent Articles

Articles appearing in *National Journal* during the six weeks from Oct. 10 to Nov. 14 are listed below.
Page numbers of major articles are in **boldface**; page numbers of focuses and updates are in lightface.

BUDGET

- budget cutting, new tricks for 10/24—2681
- budget freeze, effects of 11/ 7—2807
- capital gains tax, proposed cuts for 11/ 7—**2799**
- Chiles's budget role, evaluation of 10/24—**2666**
- deficit reduction, obstacles to 10/31—2740
- economic studies, increasing reliance on 11/ 7—2828
- federal budget, interest rates' effect on 10/10—**2543**

CAMPAIGNS

- Democratic candidates, personal attack on 10/10—2577
- Democratic candidates' strategies, divided messages in 10/24—2676
- Democratic nomination, industrial states' role in 10/10—**2538**
- Dukakis's apology for Biden candidacy, impact of... 10/10—2563
- Gephardt's campaign strategy, analysis of 10/31—2720
- Iowa caucuses, Simon's prospects in 10/17—2622
- Iowa GOP caucuses, impact on N.H. primary 10/24—2690
- Michigan delegate selection, Bush's scenario for 10/31—2747
- polling and media consultants in '88 campaigns 11/14—**2877**
- presidential candidates, voters thirst for 10/10—2557
- presidential candidates with Capitol connections 11/ 7—**2794**
- presidential candidates' nomination strategy 11/14—**2842**

COMMUNICATIONS

- regional telephone companies' new services 10/10—**2532**

CONGRESS

- character issue, importance of in campaigns 11/14—2940
- Hollings's criticism of Senate Democrats 10/31—2769
- 1988 congressional races, strategies for 11/14—**2884**
- radioactive waste disposal, dispute over 10/17—2610
- state and gubernatorial races, outlook for 11/14—**2918**
- Wright's status in office, strategy of 10/17—2633
- Wright's tactics, GOP's criticism of 11/ 7—2825

DEFENSE

- Colin L. Powell, profile of 11/ 7—2808
- defense budget gap, Congress's plan for 10/10—2576
- Defense Mapping Agency, role of 10/31—**2735**
- military contractor liability, courts' impact on 10/24—2686
- military service, death rate for 10/31—2754
- nuclear testing, GAO's investigative reporting on... 10/24—2705
- Pentagon's excessive supplies, criticism of 11/ 7—2827
- secret defense programs, Congress's review of 10/10—2552
- services associations' role in defense policy 10/17—**2597**

ECONOMY, DOMESTIC

- economy's role in election year 10/24—**2658**
- service-sector productivity, measures of 10/10—**2578**
- stock market crisis, reasons for 10/31—2767

ECONOMY, INTERNATIONAL

- world monetary system, challenges for 11/ 7—**2789**

EDUCATION

- college education, increasing costs of 10/24—2706

EMPLOYMENT AND LABOR

- Edward Cohen, profile of 10/31—2752
- government control over LTV Steel, impact of 10/10—2565
- organized labor endorsement and the economy 11/14—2938
- Teamsters' problems with Justice Department 11/ 7—**2782**

ENERGY AND ENVIRONMENT

- asbestos hazards in schools, impact of 10/24—2704
- hazardous wastes, permanent disposal of 10/17—**2603**

FOREIGN POLICY

- C. Richard D'Amato, profile of 10/10—2564
- Democrats' foreign policy campaign issues 11/14—2936
- Dennis T. Avery, profile of 11/ 7—2810
- foreign policy debate, changes in 10/17—2632
- foreign policy, Democrats' views on 10/31—**2731**
- Saudi arms sale, prospects for 10/17—**2606**

HEALTH

- AIDS Commission, problems of 10/17—2634
- AIDS policies, Congress's struggle for 11/ 7—2814
- health insurance, states' adoption of 11/ 7—2812
- Project Hope's William Walsh, profile of 10/24—2684

INCOME SECURITY

- American Assn. of Retired Persons, profile of 10/24—**2652**

LEGAL AFFAIRS

- Bork confirmation vote, Reagan strategy for 10/10—2560
- Ginsburg Court nomination, outlook for 11/ 7—2802
- Griffin Bell's rewarding legal career 10/17—2617
- judicial activism, public's views on 10/17—2612
- Teamsters' problems with Justice Department 11/ 7—**2782**

LOBBYING

- AHA's Scott D. Ballin, profile of 10/17—2621
- religious groups' role in politics 10/10—**2546**
- small business community, political clout of 10/17—**2592**
- Washington lobbying scene, new look to 10/31—**2726**

POLITICS

- Bork nomination, impact on '88 campaign 10/24—2672
- Democratic presidential debates, usefulness of 11/ 7—2815
- Democrats' fund-raising success 10/10—2558
- economic crisis, importance in campaign 11/ 7—2811
- Jackson-Jews relationship, examination of 10/31—2742
- 1988 presidential election, ideology of 11/14—**2860**
- party conventions, nominating process impact on... 11/14—**2868**
- primaries/caucuses, hopeful signs for 11/14—**2882**
- public-works repair, corruption's impact on 10/24—2689
- states' political shift, conservatives' fear of 10/10—2559

PRESIDENCY

- Bork rejection, Reagan's blame for 10/17—2618
- chief of staff, Reagan's problems with 10/24—2674
- GOP candidates, independence from Reagan 10/31—2748
- GOP presidential race, Reagan neutrality in 10/24—2675
- Reagan's impact on '88 election 11/14—**2864**

PRESS

- presidential news conferences, evaluation of 10/31—2770

REGULATION

- Consumer Product Safety Commission, criticism of.. 10/24—**2663**
- federal grants, exclusions from 11/ 7—2826

TRADE

- Japanese labor practices, U.S. imitation of 10/31—2768



You can help put someone in the nation's highest office.

Once **again** it's time to choose the person **who will** be Air Force One's most **important** passenger.

And we **at the** American International **Group of** insurance companies **would** like you to get involved as **soon as** the campaign gets off the **ground**.

That's why **we're** bringing you

"The Next President," a historic 13-part series of television interviews with the leading presidential candidates, conducted by David Frost and presented by U. S. News & World Report.

Beginning in late November, the series will help you get to know some of the people seeking our

nation's most exalted office.

Because at AIG, we believe there's no more important decision that we make as Americans than who will captain our ship of state.

An AIG Corporate
Citizen Sponsorship

AIG

Watch "The Next President." See your local TV listings for day, time and channel.



We let you call the shots.

Atlas/Centaur has a new thrust that provides commercial customers with a complete package of manufacturing, satellite integration and launch services.

Each launch vehicle is dedicated to just one payload. We offer a new 4-meter fairing to accommodate today's larger payloads. And scheduling is totally flexible to meet your needs.

General Dynamics has 18 new Atlas/Centaur launch vehicles on the line, many of which are still open for reservations. So tell us when you want to go.

And we'll do the rest.

Atlas/Centaur has a new thrust.

GENERAL DYNAMICS
Space Systems Division