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ary 23] and if I exceed expectations in New Hampshire—second or first—this campaign will be in orbit,” he says. All that is possible, though hardly likely.

The assumption about Robertson and Haig is that neither has anything going. In truth, Robertson may have, but nobody can tell. Whatever strength he has is entirely outside normal political channels. In Iowa his aides talk about turning out 70,000 people at the caucuses. If he pulled this off, he'd win in a landslide. “If he comes in with 30,000, he'll flood the process,” says Laxalt. Unlike Robertson, Haig has no organization to speak of. The distinctive thing about him is the absence of right-wing buzzwords. He sounds like an internationalist, Eastern Establishment Republican of a generation ago. His time has passed.

A good measure of how little has occurred in the Republican race in 1987 is the attention that's been lavished on petty power struggles. When there's no movement, reporters write about friction. In the Bush campaign, it's the “adults” (older advisers such as Dean Burch and Nicholas Brady) against the “kids” (younger operatives such as

Atwater and Rich Bond). Friction between the two camps continues. In the Kemp campaign, it was the ideologues versus the professionals. The victim of this fight was John Maxwell, who was associated with the ideologues. He was ousted as Kemp's Iowa coordinator and now works for Dole. The Dole operation has feuds of its own. First Sears battled for a dominant role in the campaign, and lost. “Sears has no role,” says Dole. Then consultant Keene fought with Robert Ellsworth, the campaign's chief executive. In April Ellsworth told Keene to quit referring to the campaign as “we.” Keene says Ellsworth told him the campaign was “me,” meaning Ellsworth, and that he, Keene, had “no role” and “won't have.” Should I tell the press this? Keene asked. “Absolutely,” Ellsworth said, according to Keene. Moments later a reporter called, Keene blabbed, and stories appeared. Why not? The mini-flap was more interesting than anything the candidates have produced.

FRED BARNES

1988 election

Republican ideas, stale or raw?

WHERE'S THE BEEF?

BY MORTON KONDRACKE

IF THE PRESS and party faithful will cooperate, there could be a lively philosophical debate in the Republican Party this election—far more so than in the Democratic Party, where a consensus seems to be developing among the presidential candidates around higher taxes to close the deficit, increased spending for education and job training, production quotas on the farm, lower defense budgets, arms control with the Soviets, tough talk with the Japanese, and military disengagement from Central America and the Persian Gulf. The Democrats sorely need a Sam Nunn or a Bill Bradley to prevent the candidates from being all for the same things, some just a little more and others a little less.

Among the Republican candidates, there is also a muting of differences. They all call themselves conservatives and Reaganites. They all profess to support the *contras* and SDI, and to oppose tax increases and protectionism. Sometimes it looks as if the nominating process will hinge solely on the questions of experience, leadership ability, and electability. But as the era of *pax Reaganensis* comes to an end, the party could well revert to its 1980 condition, when major differences existed on domestic, social, and foreign policy.

Label it as you will, the familiar Republican split still

exists: moderates vs. radicals, elitists vs. populists, traditionalists vs. visionaries, Wall Street vs. Main Street, Fords vs. Reagans. George Bush and Bob Dole are back in 1980 form, representing the forces of realism and responsibility. Competing for Ronald Reagan's old role on the radical right are Jack Kemp, Pete du Pont, and Pat Robertson. Paul Laxalt, the president's best friend, would like to be his heir as the bridge between the factions but has yet to define any clear stand on issues. Alexander Haig also says he is working on a comprehensive program, but no one can figure out why he is bothering.

Whether the Republicans actually have a full and fiery issues debate depends upon how comprehensive and forthright front-runners Bush and Dole become about what they really stand for, and whether Kemp and du Pont emerge as strong enough threats to get their novel ideas taken seriously. At the moment, Bush is either in hiding, as his detractors charge, or moving ever so methodically in developing his program for the future.

Months ago, Bush aides said he would use a series of commencement addresses this spring to begin to define himself and show where he differs from President Reagan. The speeches were careful, to say the least, but they did indicate that Bush remains a sturdy establishmentarian

despite eight years as partner to the Reagan revolutionist. For example, he pledged faithfulness to the Atlantic alliance, which demonstrates a dedication to postwar orthodoxy at a time when some commentators (such as Jack Kemp guru Irving Kristol and Democrat Zbigniew Brzezinski) are calling for de-emphasis of the European commitment. And his speech contained no complaints that the Europeans are failing to bear their fair share of Western defense burdens.

Bush endorsed SDI, as might be expected from Reagan's veep, but said the system might be deployable "not in the short term, but in the long term," thereby differentiating himself from Kemp and other hawks. In the meantime, he's for making the MX missile mobile (as the Carter administration advocated and Nevada's Laxalt prevented from happening in 1981) and for deployment of the single-warhead Midgetman missile, the Democrats' favorite nuke. Bush aides say he intends to be "aggressive" about arms control, which may mean that he's willing to postpone SDI deployment in return for Soviet missile reductions. Kemp wants to make early deployment a Republican litmus test in 1988.

As opposed to Kemp, who calls for "a strategy for victory that says we must go beyond containing communism to the ultimate triumph of freedom and democracy," Bush represents a gradualist policy of winning only "in the long run" through peaceful competition. "Sometimes we hear a shrill call for military superiority," Bush said at the Naval Academy commencement. "At other times we hear the sirens call for unilateral concession. This oscillation is itself part of our difficulty. We need a steady course—a realistic course that advances our purposes and offers long-term hope for a more secure world."

On domestic policy, Bush's major departure from Reaganism was to call for significant increases (amount unspecified) in spending on education. He indicated the school year should be extended, called for upgraded math and science teaching, and said "one of our highest priorities in the 1990s should be to help families finance a college education." At the same time, he called for strict adherence to Gramm-Rudman budget targets without saying where compensating funds might come from. Bush declared in one speech, "We will fight a tax increase every step of the way," but some of his top advisers say he might well go for a "grand compromise" that includes new revenues if Democrats agree to spending cuts. Staff aides readily identify former Reagan economic adviser Martin Feldstein and Fed Chairman-designate Alan Greenspan as Bush soulmates on economics, indicating that tax increases are not out of the question.

LAXALT, the presumptive guardian of Reaganite orthodoxy, said in an interview that "it will be almost suicidal if you distance yourself from the president on tax policy," but Dole is showing the temerity at least to approach the subject. For him, "the biggest single problem in America is the federal deficit," and he tells audiences that one of the major moments of his career was engineering the 1985 Sen-

ate vote to eliminate 14 federal programs and freeze every cost-of-living adjustment, including Social Security.

But he indicated that he wouldn't stop with spending cuts to get the deficit down. "If you're closing loopholes," he said, "you are not increasing taxes. 'Raising taxes' means raising rates or enacting new taxes, and nobody is for that except Jim Wright. Even the president put revenues in his budget, though. I don't think you can be a responsible candidate and say that revenues are off the table. I am not advocating this, but we could end up with an oil import fee and that wouldn't be all bad. Or paying more at the pump."

Dole clearly hopes the grand compromise will occur this year. "I could get hit over the head," he said, "but I think you have to be responsible around this place sometimes. I'm not advocating taxes, but if you're in the room with the Democrats and the president, you shouldn't not act because you're running for president."

BEING IN THE room with the president—or as the president—seems to be the fulfillment of Dole's life. He is no ideologist, but a natural deal-maker, the ultimate tactician and transactional politician. If you talk to him about issues as such—say, about European security or deterrence—he practically wilts with boredom. But bring up an issue about which there's a current fight or that will be crucial politically—say, farm policy or trade legislation—and then he engages.

It is his acumen as a bargainer, not a strategist, that Dole is selling on the stump. "You need to ask yourself," he says, "Who do I want seated across from Mr. Gorbachev when Ronald Reagan is gone? Who do I want making the hard decisions when it comes to spending restraint? Who do I want dealing with the Congress? Who has been dealing with the Congress?" His campaign manager, Robert Ellsworth, says that "of all the candidates, Dole will be the toughest, the smartest, and the fastest. He will be able to pick Gorbachev's pocket." Like Bush, Dole favors SDI research funding, but no swift deployment decision. "I'm not sure what's there to deploy," he said. Asked to name his foreign policy advisers, he lists Henry Kissinger and other worthies of the Ford era, including Brent Scowcroft and William Hyland.

Ellsworth thinks Dole's toughness would also enable him to get Japan to pay the United States for Persian Gulf protection, and to stimulate its economy in return for U.S. efforts to stop the plunge of the dollar. Dole is no free trade ideologue like Kemp or du Pont; he backs Democrat Lloyd Bentsen's bill to force the administration to get tougher on Japan. Even though the deficit is his major preoccupation, he's also been the sponsor of legislation that has catapulted the cost of the farm program from \$4 billion to \$26 billion since 1981. He claims this was a "transitional" program. "I don't disagree that we should phase out farm subsidies if other countries do," but "on ag, the question is, are the farmers going to make it?"

From his own life's experience with a war-shattered arm, and from political sensitivity, Dole has a record of

compassion for the handicapped, the poor, and other unfortunates. He was a major sponsor of food stamps for the poor, which also helped farmers. While other Republicans are calling for mandatory AIDS testing, Dole voted against an amendment sponsored by Senator Jesse Helms that would have required tests for couples seeking marriage licenses. "What happens when a young couple registers a false positive?" Dole asked. On the other hand, Dole joined other candidates in dropping out as sponsor of a testimonial dinner for Surgeon General C. Everett Koop, who's under attack from the rabid right for opposing mandatory testing and advocating sex education. Bush was the lone candidate with the courage to stand with Koop.

When Dole seeks to distinguish himself from Bush, it's on the question of "being on the firing line" in Congress, making decisions on how to vote, as opposed to Bush's making speeches. Bush rarely deigns to talk about other candidates. Instead, he emphasizes his own breadth of executive experience. These two may be able to find issues to fight about when they formally announce their candidacies and come out with detailed agendas this fall, but neither is advocating a major departure from classic Republicanism.

KEMP, du Pont, and Robertson are different. Robertson is the one candidate openly defending President Reagan's Iranamok actions. "The scandal," he said, "is that the Democratic Congress and the press do not want to lift one finger to lift the yoke of tyranny from a country in our hemisphere." On other issues, Robertson is predictably hard right, advocating as a "long-range policy" the "elimination of Communist tyranny from every nation on earth, including the Soviet Union," further weakening of the role of government, controls on "profligate spending" without raising taxes, making abortion illegal, and (he's a little late on this) getting phonics back into first grade. Robertson is having difficulty keeping his Christian Broadcast Network solvent since the PTL scandal, so it's difficult to see him prospering as a candidate.

Nor has Kemp or du Pont yet achieved lift-off, and that's unfortunate, because each is advocating proposals that merit attention and debate. Du Pont says that he and Kemp represent the generational transition that the Democrats have already passed through. Kemp says that what separates him from the others is that he is a supply-sider and they are "fiscalists."

Kemp is the exuberant advocate of free enterprise and growth for everyone all over the world—full employment without inflation to be accomplished by replacing the current monetary system of floating currency values with a system that stabilizes the value of the dollar by pegging it to either gold or to a collection of other commodities. If currency values do not fluctuate wildly, he says, neither will interest rates, and low interest rates will mean employment, prosperity, and a better life for everyone, including the poor. Kemp claims his program can make the Republicans the nation's majority party by attracting blacks,

working families, and young people to its promise of opportunity, jobs, and upward mobility.

According to Kemp, all of the world's current economic problems—the budget deficit, Third World debt, recession in foreign economies, and the U.S. farm crisis—are traceable to unstable currency values, high interest rates, and low growth. So he is for a lid on federal spending to help close the deficit, but not for deep cuts (especially not in Social Security), and is absolutely against any increase in taxes. "We must assist farm families whipsawed by the inflation/deflation cycles of the last decade," he says. "We must give our farms and factories a stable dollar, low long-term interest rates, a chance to work out from under their debts, and new markets for their products." If interest rates fall, he says, foreign economies can grow and buy U.S. products, lowering the trade deficit. He is dead against protectionist trade legislation. If interest rates on houses can fall from ten percent to five percent, the U.S. economy can achieve full capacity and young people will vote Republican.

EVEN THOUGH Kemp managed to convince Republicans and finally Congress to adopt his two other big supply-side ideas—deep cuts in marginal tax rates and tax reforms that closed loopholes and dropped millions of poorer families from the tax rolls—he is somehow unable to get this one over. When Kemp is asked "Where's the beef?" the answer comes out sounding like mystery meat. That's partly because the conventional wisdom among mainstream economists, the press, and the political community is that America's economic problems are fiscal, not monetary, and that what ails the world is America's budget deficit. To get his vision across, Kemp needs to turn his campaign into an economics class, but every time he tries, he gets press notices that say he's boring people and his staff orders him to get back to fiery generalities.

It's a no-win situation for Kemp, and the body politic is missing out on one satisfaction or another. If monetary reform can truly unleash the world economy, it would be crazy not to adopt it as national policy. On the other hand, if supply-sidism is merely a new recipe for a free lunch, people ought to have the intellectual satisfaction of seeing it exploded once and for all in debate, and laid to rest. Kemp claims, for example, that in all the years that the dollar was pegged to gold, interest rates stayed below three percent. Yet in all those years the United States experienced repeated panics and depressions. Furthermore, farmers, other debtors, and political populists always regarded hard money as the rich creditors' device to keep them poor. Kemp needs to respond to those objections, and to the practical question of how one gets other nations to agree to return to a system of fixed exchange rates and how one would enforce it.

In contrast to Kemp's theoretical notions, du Pont has a more accessible set of concrete radical proposals that also deserve more attention than they are getting. "Dole and Bush talk about fixing things at the margins," du Pont says. "I'm talking about big changes." For example, he

calls for eliminating welfare for the able-bodied poor, and seeing to it that everyone works and gets day-care assistance, if necessary, to enable them to get a job. He favors phasing out farm subsidies completely in five years, establishing a voucher system to let parents choose which school their children will attend, and setting up a voluntary alternative to Social Security. He claims that all these programs will save enough money in the long run to cut the deficit—he'd also eliminate the MX missile, but build SDI and Midgetman—and he's pledged not to raise taxes. He favors drug testing for all teenagers, and denying driver's licenses to those who don't pass. The idea is popular with parents, he says.

Unless Kemp or du Pont begins to rise in the polls or the press finds some other reason to get interested in their ideas, it looks as though the Republican Party will switch back to pre-Reagan policies centered on the principles of fiscal restraint at home and containment of communism

abroad. That could produce a victory in 1988 if the country is tired of policy adventurism and is merely looking for competence and steadiness, but it's hard to see that it will give the Republicans majority status. The great Reagan opportunity was to throw away the old suit and come out for growth and opportunity domestically and the spread of democracy overseas. It was an inspiring message and it won two landslide elections, but it did not make the Republicans the permanent majority party either, and now it has raised doubts about whether it was wise.

Everyone in the Republican field claims to be a Reaganite, but everyone has a line in his speech about how "the revolution is unfinished," "we've come a long way, but we have a long way to go," or "to enter the future, you have to leave some things behind." If the Republicans look for their future in the past or in tinkering with the status quo, that will give Democrats the opportunity to be the party of hope and inspiration.

Can Congress reform the White House?

THE WELFARE STRAIT

BY ROBERT KUTTNER

AFTER TWO DECADES of ideological wrangling, a remarkable consensus on welfare reform is said to be emerging. Most liberals and conservatives now agree that the welfare system encourages dependency, promotes the breakup of families, legitimizes a culture of illegitimacy, and offers too few opportunities to escape from poverty. Virtually all liberals now concur that many, perhaps most, welfare recipients can and should—and often want to—work. Liberals, abetted by their feminist allies, are also willing to have the State fiercely pursue absent fathers for child support.

Many conservatives, for their part, concede that benefits for those "truly needy" are indecently low; that some entitlements must be broadened, paradoxically, to reduce dependency (for example, allowing benefits when the father is in the home); and that although the welfare-to-work shift can save public money in the long run, it will necessarily increase transitional costs in the short run, for day care, health insurance, and compensatory education, to mention just three. Both liberals and conservatives want to modify tax credit and "disregard" formulas so that an additional dollar earned does not mean a dollar of benefits lost. Both want work requirements to be targeted on "recidivists"—the relatively small fraction of AFDC recipients who stay on welfare for the long term and cost the most. Both acknowledge the perversity of a system that

can give some people more money for staying on welfare than working while leaving those who go off welfare with less money.

One can find variations on these common themes in a small library of recent reports representing diverse points on the political spectrum: "One Child in Four" by the American Public Welfare Association; "Ladders Out of Poverty" by the project on the Welfare of Families (co-chaired by Bruce Babbitt); "A New Social Contract" by a task force appointed by Mario Cuomo; "A Community of Self-Reliance" by the American Enterprise Institute; and the forthcoming "Beyond Welfarism" by the Heritage Foundation. Indeed, in these works liberals often make conservative arguments and conservatives voice liberal ones. "Increase the federal and state resources spent on locating absentee parents," declares the report to Governor Cuomo. "Work requirements will not provide a panacea for dependency," cautions Heritage. "A powerful new consensus has taken shape," concludes AEI's Working Seminar on Family and American Welfare Policy, whose members ranged from Charles Murray on the right to Barbara Blum, former president of the American Public Welfare Association, on the center-left.

So we ought to be on the verge of a historic bipartisan breakthrough. But it is very likely that 1987 and '88 will pass with no welfare reform, thanks to the Reagan White

DES MOINES SUNDAY REGISTER February 7, 1988: 7A

Candidates express views on Israeli-Palestinian violence

Candidates' views on the Israel dispute

front page

*1988
Politics*

Israeli troops have shot and killed at least 40 rioting Palestinians since demonstrations in the occupied West Bank and Gaza Strip began in December. The bloody crackdown has provoked criticism from the United States.

The Des Moines Sunday Register asked each of the 13 presidential candidates for their views on the latest developments in the troubled regions, which Israel captured from Jordan and Egypt in the 1967 war.

The Register asked:

1. What do you think of the way Israel is handling Palestinian demonstrations in the Israeli-occupied West Bank and Gaza Strip?

2. Should there be an autonomous homeland for the Palestinians? If so, where?

Here are excerpts of the responses:

DEMOCRATS

Bruce Babbitt

1. Israel is and must remain our most important friend in the Middle East. Israel is, in fact, our only Democratic ally in the region. We do no honor to that alliance by standing silent when the Israeli government permits the use of live ammunition against teenagers throwing rocks. We do no justice to our friendship when we fail to protest the breaking of bones and the administration of beatings as a deliberate method of civic control. Arab governments have done far worse. But that is no answer for Israel because Israel is not like them; Israel is a democracy, and we can hold it to no other standard.

2. Palestinians deserve to have their legitimate rights respected, and autonomy for those living in the West Bank and Gaza would be an important step in the right direction. I do not support the creation of an independent Palestinian state.

Michael Dukakis

1. The recent unrest in Gaza and the West Bank is the tragic result of the failure to follow through on the peace process established by the Camp David accords to resolve the status of the territories. The Israeli authorities have a legitimate right to restore order in response to violent demonstrations and attacks on Israeli security forces. But it is clear that in several instances military personnel have used excessive force. The Israeli government acknowledges some of its policies were inappropriate to responding to the civil disorder. There is an urgent need to get the peace process moving again...

2. The fundamental principles laid down in the Camp David accords set forth the basis for establishing self-government for the territories, and resolving the question of their ultimate status...

The administration's recent peace initiative, while differing in procedural details from Camp David, embraces this principle of establishing a self-governing authority in the territories.

Direct negotiations between the parties are necessary to determine the ultimate status of the territories; a solution cannot be imposed on the region. The negotiations must be based on the principles of U.N. Resolutions 242 and 338, which include recognition of Israel's right to exist within secure borders, and must also, in the words of Camp David, recognize the "legitimate rights of the Palestinian people and their just requirements."

Richard Gephardt

1. We should not need the riots on the West Bank and Gaza to remind us, or energize us, to address the real problems in the Middle East. The problems of Palestinians on the West Bank and Gaza are not new, nor of Israel's making. The frustration and hatred, if unchecked, could start a new cycle of violence that endangers the fragile chances of peace...

I believe the responsibility for the current situation rests on many shoulders. The Palestinian refugee camps were established during the 19-year occupation of Gaza by Egypt and the Jordanian occupation of the West Bank during the same period. The PLO persists in its goals of the destruction of Israel. And the Reagan administration has failed to develop an energetic approach which places priority on the continuation of the Camp David process.

2. At Camp David, Prime Minister Begin, President Sadat and President Carter pursued some form of autonomy for the Palestinians to be negotiated between the parties in the region themselves. This should continue to be a goal of American policy, consistent with our belief that the solution be negotiated by the parties themselves and not imposed by the United States. Whatever solution the parties ultimately reach, our principal concern must continue to be the security of Israel.

Albert Gore

Gore did not respond to The Register's questions. But he said recently he would be "personally and instantly involved" in the peace process as president.

"The next logical step is to bring Israel and Jordan to deal with the status of the West Bank and Gaza in a formula that does not threaten Israel's security at all, but does give some measure of autonomy to the Palestinians, at least in local affairs," he said.

Gary Hart

1. The way Israel is handling Palestinian demonstrations is wrong, and a friend should tell a friend when they are wrong.

2. The issue of a Palestinian homeland can only be addressed once Israel's right to exist has been recognized.

Jesse Jackson

1. I regret the use of excessive force and the tragic loss of life. The situation calls for a more humane and enlightened response. It is past the time to end the violence and begin the dialogue.

2. I consistently support a homeland for Palestinians. Events of the last two months make clear a connection between justice for Palestinians

and security for Israel. The details should be worked out by the parties involved.

Paul Simon

1. Israel faces a tough situation with the recent rioting. Even so, restraint should be shown by all parties, including Israel. Had the Reagan administration truly supported and built on the Camp David process, we would not now be seeing these riots. Israel is actively looking for a group of Palestinian leaders with whom they can negotiate. The United States ought to be encouraging this far more than it has to date. What is needed now is a breathing spell, a break from the cycle of violence in order to give meaningful negotiations a chance to succeed.

2. I have been an active supporter of Camp David, and I believe the formula spelled out in that agreement can work. As President, I will seek to broaden the scope of negotiations, to bring in Palestinians genuinely committed to a fair settlement and dedicated to living in peace with Israel. I don't know what the final outcome of these talks will be with respect to a homeland, but I do know that without active Presidential leadership these talks will not bear fruit.

REPUBLICANS

George Bush

1. ... I recognize Israel's responsibility to restore law and order. I am saddened by the violence of these demonstrations and the loss of life. We have urged Israel to use non-lethal methods to deal with the demonstrations, and I am pleased Israel has decided to use non-lethal methods of riot control whenever possible. The Palestinians, on the other hand, have the responsibility not to engage in violence and disorderly conduct. We know there are moderate elements in the Palestinian community who want to work for peace...

Both sides should reflect upon the underlying causes of the current violence. We must now recognize the need for both sides to reconcile and seek a permanent peace on realistic terms, including the recognition of Israel's right to exist... There will not be lasting peace until the Palestinian question has been solved...

2. ... I do not support creation of an independent Palestinian state. I reject the possibility of dealing with the PLO until it renounces terrorism and violence and accepts U.N. resolutions 242 and 338. Peace treaties must be reached through bilateral negotiations and must never be imposed on unwilling participants.

The security of Israel must be assured by a permanent peace settlement. The United States should ex-

plore all feasible steps to move the peace process forward toward direct negotiations, including the option of direct negotiations under the auspices of an internally sponsored peace conference.

Robert Dole

1. Israel has been deliberately, and at times violently, provoked — no doubt about it. But as the U.S. position in the United Nations indicated, it initially overreacted to the situation. I know the Israelis are working hard to find a way to deal with this very difficult situation. In the final analysis, the prerequisite for a long term solution is dialogue between the two sides.

2. The key to solving the problem is finding a way to bring a glimmer of hope — hope for economic progress; hope for effective, non-violent means of political expression — for the Palestinians, without jeopardizing Israel's national security.

Pete du Pont

1. Israelis are doing what they have to do to maintain order in the face of provocations.

2. I feel the issue is a regional one, and should be solved on a regional basis with Israel and its neighbors. The United States cannot be a direct intermediary to solving the problem, but I would do what is necessary to bring the groups together to begin the process of trying to settle the disputes.

Alexander Haig

1. The recent tragic events in the West Bank and Gaza should not lead us to make the mistake of trying to micromanage events. At the same time, there is no excuse for such clashes when, since 1978, we have had in the Camp David accords a sound framework for negotiating these issues. Our priority now is to restart that political process without which this situation can only get worse.

2. Autonomy is a stage in the political process foreseen by the Camp David accords as leading to an eventual resolution of the Arab-Israeli conflict. I have always believed this was a pragmatic approach to the immediate pressing problem of relieving the burden of military occupation from both the Israelis and the Palestinians.

It is not for the United States to determine the ultimate shape of the solution — whether it be a "homeland," federation with Jordan or some other political device. We can be useful in advancing the diplomacy that brings the parties to negotiate an agreement, and we can support them in taking the necessary risks...

Jack Kemp

1. The Israelis need to restore law

and order in the face of violent demonstrations. We must remember it is in the best interests of the United States to have a free and independent Israel that is secure and stable. We must do all we can to encourage and expand the Camp David peace process as the basis of bilateral negotiations between Israel and the Arab states. However, I will continue to insist on the exclusion from any talks of the Soviet Union, the PLO, and any nations or groups which do not recognize Israel's right to exist.

2. If by a homeland you mean a state, I do not believe an independent Palestinian state can be the answer. We must work with Israel and the Palestinian people to provide human and civil rights for all people, while

rejecting the terrorist activities of the PLO.

Pat Robertson

1. It is unfortunate the Israelis are having to resort to such brutal force. It is raising a generation of Palestinians who know nothing but violence — violence in response to violence. It is unfortunate the United States is being drawn into having to judge the conduct of the Israelis. We as a nation don't understand the pressures of having to police an enemy within your own border.

2. There is an autonomous homeland already for Palestine, and it is called Jordan. If Jordan would just establish democracy, there would be a Palestinian state.

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The Eagle Scout as deal-maker.

GEPHARDT'S INSIDE MOVES

BY MORTON KONDRACK

ONE OF THE Democratic Party's best policy analysts says of Richard Gephardt, "His virtues are that he's a deal-maker, he's well liked, honest and clean, has a sense of the possible, he's patient and respectful. He measures up to the rest of the Boy Scout motto."

But?

"But, when ever has he gone against his constituency, the caucus voters of Iowa? Dick Gephardt is a politician at a time when this country needs something more than a politician. Being an insider, a blow-dried Walter Mondale, is not what's called for."

This issues expert is one of countless Democrats who are yearning for Senator Bill Bradley to enter the presidential race—"He's a man of conviction, which Dick Gephardt isn't," he says—and is demoralized with the field of candidates that is running. This expert also neatly encapsulates the current rap on Gephardt: a talented politician, but merely that.

Actually, at 46, Dick Gephardt is a very talented politician and may be more than that. Besides having a winning personality—he wasn't just a Boy Scout, but an Eagle Scout—Gephardt is shrewd and tireless, gifted in understanding where various political vectors are converging and getting there ahead of everyone else. After the 1980 Democratic debacle, he was a leader in various House efforts to develop post-New Deal "new ideas" for the party. After the 1984 debacle, he became the first chairman of the Democratic Leadership Council, a similar effort additionally designed to build party strength among moderates in the South and West.

Gephardt did not invent tax reform, but the man who did—Bill Bradley—selected Gephardt to co-sponsor it because he was on the House Ways and Means Committee, was receptive to the concept, and would work hard to help sell it around the country. And just as Bradley-Gephardt was the lead measure on taxes, it's Kennedy-Gephardt on health care cost containment and Harkin-Gephardt on farm legislation. And on trade, which figures to be one of the major issues of the 1988 election, the measure that everyone's wrangling about is the Gephardt amendment. No one can ask, as often happened with Gary Hart and does now with Joe Biden, "What legislation bears his name?"

Nor can it be said that Gephardt doesn't have the support of his colleagues in Congress. He got to be House Democratic caucus chairman by volunteering for time-consuming jobs—vote counting and deal brokering—and by consulting every one of his 253 fellow Democrats. Now

that he's running for president, 70 of them have formally endorsed him—a few in hopes he will be out of their way in the race for Speaker—and about 20 are paying him the highest compliment by lending him their fund-raising machinery. Some, including House Ways and Means Chairman Dan Rostenkowski, have campaigned for Gephardt in Iowa. About 80 percent of the Congress will be Democratic convention delegates. The race to get that bloc is sometimes called "the first primary." In that contest, Gephardt is clearly the front-runner.

He is also doing well in Iowa, where some 100,000 Democratic activists will caucus next February 8 and anoint a real front-runner. Gephardt's own polls—taken before Hart's withdrawal and tightly screened for likely caucus attendees—showed Hart's support in the mid-30s, those of Gephardt and former Arizona governor Bruce Babbitt in the mid-teens, and Jesse Jackson's at seven percent. Gephardt, who has been to Iowa about 30 times in the last two years, has the advantage of being able to make news, as he did with the Gephardt amendment and continuing action on farm legislation.

Gephardt used to be a boring speaker, as even his own supporters acknowledge. But, as with everything else in his life, he's worked to improve. At a recent candidate cattle show in Des Moines, Gephardt was at least as stirring as Biden, supposedly the Democrats' star speaker. Basically, he paints a picture of America in danger of decline, "faced with the toughest competition we have ever faced" from Japan, South Korea, and other trade rivals, but capable of meeting it by "having people who are productive and trained and skilled and strong and make the highest quality products at the lowest cost." In his announcement speech February 23, written by former Kennedy adviser Bob Shrum, Gephardt sounded the theme "Make America First Again," and he continues it on the stump, pledging that as John Kennedy set a goal of putting a man on the moon within a decade, his is to have "the best educated people on the face of the earth."

Besides education, Gephardt says that better management and worker-motivation practices (imported from Japan) will help make America productive again. He always refers to the General Motors-Toyota plant in Fremont, California, which went from being defect-ridden and GM's least efficient plant to being its best by giving workers more power and responsibility, and making managers more responsive and less perk-conscious.

He also links himself with the theme of upward mobility and opportunity, describing how his parents—a milk truck

driver and a legal secretary—had to quit school but “still saw hope, still saw opportunity” and “worked and saved so my brother and I could have the education they never had.” On the front porch of their bungalow in St. Louis, he says, “They talked to us about working hard, being honest, doing good, aiming high. The air was hot and muggy, but it was full of dreams. America was on the move.” And Gephardt says to inevitable cheers, “I want the next generation to dream those dreams. I want to see America on the move again.”

His parents' values of honesty and obeying laws also give him the opportunity to rap the Reagan administration for side-stepping restrictions on aid to the Nicaraguan *contras* that Congress enacted. “Those aren't my values and they aren't yours,” he says. Always a foe of *contra* policy, Gephardt recently took a lead role in trying to stop aid to the *contras*, a popular stand in Iowa.

Finally, among Gephardt's political strengths is an aura of clean Midwesternism. He went to Northwestern and the University of Michigan Law School, was neither a soldier in Vietnam nor an anti-war activist. He served in the Air National Guard and came up in politics through the St. Louis City Council. He has a moderate to conservative record on social issues (against abortion, busing, and new gun controls) and a stable family life. He introduces himself and his pretty, blond wife at campaign stops as “the Dick and Jane show,” and yet their pure sunniness is tempered by the experience of a long (apparently successful) battle that their son, Matt, waged against cancer. “Everybody in Iowa knows a Dick Gephardt,” one politician said. “He was president of their high school class.”

But?

But Gephardt, for all his virtues, is getting heavily criticized by columnists, editorial writers, and some fellow pols for being a raw opportunist and interest-group panderer, and by others (including some House colleagues) for being a pure tactician and pragmatist without a presidential-quality gyroscope. Their evidence is that whatever Gephardt needs to do to please constituent groups, he's done. As representative from a socially conservative St. Louis district, he was sponsor of a constitutional amendment to ban abortion. Now that he's running for the nomination of a party whose feminist interest group demands a pro-choice position, he's off the amendment, though he's still against federal funding of abortion. Gephardt says he

switched because the amendment was never going to pass and because the furor over it was preventing the building of coalitions to fight teenage pregnancy through birth control and sex education.

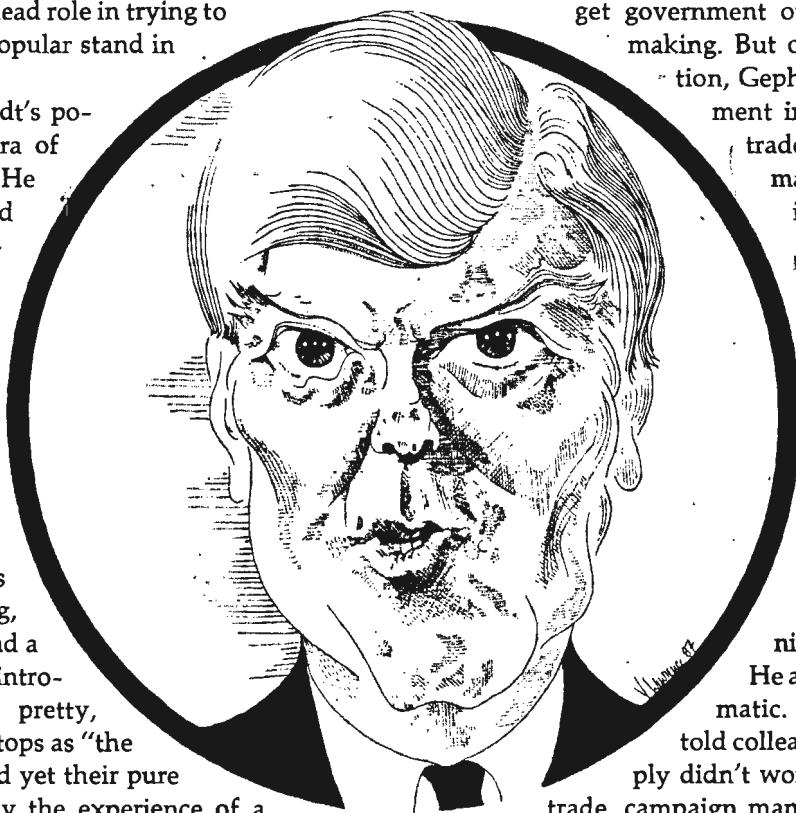
Similar charges arise over health, trade, and farm legislation. Gephardt first came to the attention of his colleagues in 1979, when along with David Stockman he beat the Carter administration on hospital cost containment by arguing that competition between providers was a better way to cut costs than heavy government regulation. In that case, Gephardt was allied with the AMA and hospital groups. Now, the Kennedy-Gephardt bill provides for heavy government regulation, and he is allied with more populous interest groups such as the aged and consumers.

Similarly, tax reform is a free market device designed to get government out of economic decision-making. But on trade and farm legislation, Gephardt wants to get government in—and in a big way. His trade bill would impose automatic restrictions on imports if countries accused of unfair trade practices maintained large trade surpluses with the United States. His farm bill, popular in hard-pressed Iowa and the South, would reschedule farm debt and impose mandatory quotas on farm production in order to raise prices.

Gephardt naturally denies charges of pandering. He argues that he is being pragmatic. On health, Gephardt has told colleagues that competition simply didn't work to hold down costs. On

trade, campaign manager Bill Carrick said that Gephardt and labor have different aims. “They wanted a much harsher bill with less discretion. They do not want to open up markets overseas, but protect American markets from competition.” Gephardt insists that the Japanese are culturally and politically “immature” and “corrupt,” prevented by farmers and industries from practicing free trade. Faced with the threat of losing American markets, he says, “they will open up.”

On farm legislation, Gephardt claims to combine compassion with pragmatism. On an airplane hop in South Dakota, he said, “These [family farmers in trouble] are the hardest working people in America. They are not in trouble because they're lazy, but because land values have collapsed and so have commodity prices through no fault of theirs.” He claims that his debt relief and production controls are temporary measures, though he acknowledges that it will take mercantilist agreements with other grain-producing countries to keep



the United States from being flooded with foreign grain and U.S. farmers from being priced out of international markets.

GEPHARDT IS far too subtle—and his record is too mixed—to be simply dismissed as a panderer. He has opposed labor in the past on the minimum wage (though he's for an increase now) and on taxing fringe benefits. He once favored cost-of-living freezes for Social Security recipients (he's now for getting Social Security out of the federal budget). His farm policy obviously risks offending consumer groups because of increased food prices. And he acknowledges that if his trade program doesn't blast open foreign markets, consumers will pay more for everything.

Although he does not talk about it too loudly, Gephardt's program also involves major tax increases to balance the federal budget within five years and pay for his "crusade" to improve American education. Over time, he says, he wants to raise taxes from 18.5 percent of GNP to 21 percent or 22 percent, a \$90 billion increase in today's economy. Gephardt's specific tax proposals do not seem adequate to the task. He favors a five-dollar-a-barrel oil import fee, excise taxes, increases in the minimum tax rate, further loophole closing, and unspecified new taxes on upper-income taxpayers.

Gephardt would make minor savings in domestic spending but vastly increase education expenses. He said in a New York speech that the federal government should "ensure that every American child has access to a first-rate education—from kindergarten through college." He wants to increase the school year, pay teachers more, reduce class size, "inundate our schools with the most advanced technologies," and eliminate disparities in per-pupil expenditure. There is not an item in the program that will displease the National Education Association—no merit pay, deregulation of teacher-certification procedures, voucher plans, or requirements for post-certification testing. Gephardt says the plan won't work unless teachers are fully involved.

Besides tax increases to pay for his program, Gephardt favors defense cuts of \$40 billion over three years. Even though he claims that "tough negotiations" will have to be conducted with the Soviets, he lists the strategic weapons he wants to get rid of or slow down, including the Stealth bomber, the MX missile, possibly the Trident II missile (which peace groups are trying to make a Democratic litmus test in Iowa)—and, of course, Star Wars, which Gephardt favors confining to research at about half its present cost. As opposed to Ronald Reagan's evil empire strategy toward the Soviets—"we should bleed them to death"—Gephardt favors "bringing them into the Western world, moderating the more objectionable features of their police state, and getting them interested in economics in place of military competition."

He believes that Americans have given foreign affairs too much mystique. He said, "We should think about

other countries as we do of local politics. The people running these other countries are just like us—politicians. When I met [Egypt's president] Mubarak, he reminded me of a ward leader in St. Louis." Is Gorbachev similarly motivated? "Absolutely," he said, indicating he thinks that development is Gorbachev's highest priority. Clearly, Gephardt knows nothing about Leninist ideology, which makes hegemony the holy grail.

In general, Gephardt's foreign policy views track those of most post-Vietnam era House Democrats. He opposed military aid to El Salvador even after Napoleón Duarte became president, but favors it now. He favors negotiations as the first means of keeping Nicaragua from spreading its revolution, then economic sanctions, and lastly military force. He ended up supporting both the Grenada invasion and the Libyan bombing. Asked whom he listens to for foreign policy advice, he named such "Cyrus Vance alumni" as Richard Holbrooke, Anthony Lake, Marshall Shulman, and Robert Hunter, plus House colleagues Stephen Solarz, Lee Hamilton, and former Defense Secretary James Schlesinger. He is clearly fascinated with the Japanese, simultaneously afraid and admiring. That's good, if he keeps insisting that America has to improve to keep up. The danger is that fear, or political pragmatism, will lead him to make Japan into an enemy, transferring the hostility that Americans formerly have felt toward the imperialist Soviet Union onto a democratic ally.

So far, this isn't a problem. Gephardt says in his speeches that "the United States is the only country in the world that is trying to be first in economic competition and first in military power." He does not say we should stop trying to do both, but that doing so will require that the United States be "excellent." In an interview he said that "in my heart of hearts, I don't know if we can pull this off, working against people who are making 75 cents an hour. The challenge is very great and we are up against people who are fascinated with the manufacturing process, and we no longer are. We've got to try to get back again, though, or church is out. If we aren't economically strong, we can't be militarily strong, either."

GEPHARDT CLEARLY is a man who has thought about president-sized issues even as he has been tending to horse trades in the House. A former Reagan administration official who has negotiated with him says, too, that beneath the Eagle Scout exterior is "a steely character." He explained that, in comparison to Bill Bradley, "Gephardt is exceedingly realistic about tactics and strategy, has a better political network, and is a better coalition-builder. Who would I rather have be my kid's godparent? Bradley. But, as president, negotiating with Gorbachev? Dick Gephardt."

The best thing for the Democratic Party would be for Bradley to run and let us find out who's better and tougher. Unfortunately, of the two, Gephardt is all we've got. □

Paul Simon, your fifteen minutes have arrived.

PEE-WEE'S BIG ADVENTURE

BY FRED BARNES

SENATOR PAUL SIMON of Illinois is America's next political phenomenon. Over the summer he did by far the most impressive image-building job of the seven Democratic presidential candidates. He marketed himself as the candidate of deep liberal convictions who doesn't worry about image and doesn't sell out. He was the best performer in two televised debates. His four-minute segment on the AFL-CIO's videotape of statements by presidential candidates stirred significant labor support. He jumped in the polls, moving almost neck-and-neck with front-runners Richard Gephardt and Michael Dukakis in Iowa, where the first delegates will be picked on February 8. The only thing Simon missed out on was a burst of media hype. That will come.

By no means is Simon the odds-on favorite now for the Democratic nomination. But he has a shot, and this wasn't deemed even remotely possible when he announced his candidacy last May. Then he seemed like a nice guy in over his head, an old-fashioned liberal singularly lacking in zip and TV presence. And there were his looks. In Hunter Thompson's cruel description, "Simon is small and ugly and weird and he almost never smiles. He has lips like Mick Jagger and the ears of a young baboon." That overstates it, but Simon is no Gary Hart in sex appeal. He is 58 but, with two hearing aids and the mien of a retired CPA, appears older.

Simon has turned his appearance into an asset. He has skillfully exploited his looks to drive home two overarching points about himself: he is trustworthy and he is authentic (an authentic liberal Democrat, in this case). His looks—he wears drab blue suits, bow ties, and horn-rimmed glasses—are a metaphor, one he invokes relentlessly. In his announcement speech on May 22, Simon said he has been urged "to get rid of my bow tie and my horn-rimmed glasses, and most of all, to change my views." No way, he said. He won't be "a candidate slickly packaged like some new soft drink. I am not neo-anything. I am a Democrat." In the first debate in Houston on July 1, Simon twiddled his bow tie during his closing statement. "If you want a slick, packaged product, I'm not your candidate," he said. "If you want someone who levels with you and whom you can trust, I'm your candidate." In speech after speech, he mentions the bow tie and glasses.

This tactic is gimmicky, but it works. "Subconsciously Simon's looks help convince people that he is indeed trustworthy," says Todd Domke, a Republican political strategist. "Lincoln once responded to a charge that he was deceitful by saying, 'If I were two-faced, would I be wearing

this one?' Simon says, in effect, 'If I were trying to con you, would I be wearing this stupid bow tie and these out-of-date glasses?' " Vic Fingerhut, a pollster and Simon adviser, says that "people figure a guy who looks like Simon must be telling the truth. The authenticity of him as a person and the idea that he's the real Democrat work together."

But the real reason the gimmick works is that it's reasonably truthful. Simon is a genuine square, and his politics—the traditional liberalism of procedural reform, polite class warfare, and big government—haven't changed since he first ran for office 33 years ago. He was active in the civil rights movement in the 1950s, a politically risky activity in southern Illinois. As a young state legislator he introduced a bill barring racial discrimination by morticians after a funeral parlor rejected a black corpse. Simon wrote to Martin Luther King Jr., whom he'd met, and told him of this. The kicker in his letter went something like this: if all men aren't created equal yet, at least they'll be cremated equal.

Nor has Simon gotten rich in office. Last year he listed a net worth of \$138,891 for himself and his wife. He has made only one pact with the devil in his career, running for governor in 1972 as the anointed candidate of Mayor Richard Daley of Chicago. He lost in the primary, and learned his lesson.

If the Democratic presidential candidates are the seven dwarfs, he's Doc—bespectacled, kind, avuncular, reassuring, and extraordinarily likable. He doesn't socialize heavily in Washington, play tennis or golf, or hang around with movie stars, though he once persuaded the singer Paul Simon to appear at one of his fund-raisers. His hobby is writing books. Introducing Simon in Charles City, Iowa, in August, Representative David Nagle said that "he's written 11 books, which is one more than President Reagan . . . [pause] has read." One book is the definitive work on Lincoln's four terms in the Illinois legislature. Another tells how Protestant-Catholic marriages, like his own, can succeed. In 1986 he published a book of advice to teenagers in which he sounds like Norman Vincent Peale. "Hardly anyone who works hard complains about bad luck," he wrote. On his list of 11 ways to overcome loneliness, No. 5 is "walk through three stores" and No. 8 is "take a shower." His latest book, *Let's Put America Back to Work*, outlines his plan for giving every American a job.

In his standard stump speech, Simon says there are three questions voters should ask about a presidential candidate. Is the candidate electable? Has he (or she, should Representative Patricia Schroeder get in the race) the courage to stand up to public pressure? Is he right on the issues?

Simon dwells on the courage question, and he makes a fetish out of his wrongheaded vote last year against tax reform. He tells how a Senate colleague warned him ominously that a no vote would kill his political career. In the Houston debate, he said that "840 organizations endorsed that bill—the AFL-CIO, the Chamber of Commerce, the Farm Bureau, the National Association of Manufacturers. I don't know of a single organization that was against it. I was one of three votes against that bill in the Senate, and that was one of the best votes I ever cast."

Given Simon's druthers, the top rate on individual income would have stayed at 70 percent, where it was before the Reagan tax bill of 1981, which he also voted against. His goal has been to eliminate loopholes without slashing tax rates, a feat that is not politically feasible. The genius of tax reform was compromise, lower rates in exchange for fewer loopholes. Simon says it made the tax code less progressive (actually, that's debatable) and failed to narrow the budget deficit. He also quibbles with the reduction from 25 percent to 20 percent in the business write-off for research. "Anybody who believes we can have a better and finer America by cutting back on research, you have a great imagination," he says. With his strong views, you might suspect that Simon favors a fast reversal of tax reform. Wrong. He may be courageous, but he's not dumb. "The horse is out of the barn," he told me. "I'm not promising anything on a massive restructuring of the tax code."

Simon has a simple strategy for winning the presidency, and criticism of the drop in the top tax rate for the wealthy fits perfectly. He concentrates on bread-and-butter Democratic issues that appeal to the lower middle class, the poor, and unreconstructed liberals—high tax rates for the upper middle class and rich, Social Security, Medicare, jobs. "Simon believes that when Democrats stand up for the same things they've always stood for, we win," says Fingerhut. "If we try to make-believe we're Republicans or neoliberals or other watered-down versions, we'll lose." The obvious flaw in this strategy is that Walter Mondale tried it in 1984 with famously bad results. Simon's rebuttal is to ask how the election would have turned out if Reagan had run on Mondale's issues and Mondale on Reagan's. "The reason Mondale lost was not the positions he took," Simon told a gathering of Democrats in a back yard in Waverly, Iowa, in August. "It was a personality thing."

Alone among the candidates, Simon recognized the importance of the AFL-CIO videotape, which is being shown at thousands of union meetings. He and Fingerhut labored over the script to make sure he touched every base. He talked about protecting jobs and preserving smokestack industries and representing the interests of working people. He ran down the list of Democratic programs popular with labor. The impact has been dramatic. At meeting after meeting, Simon's support has risen 30 to 40 percent after the tape is shown. Fingerhut says that labor officials such as Sam Dawson, the political director of the United Steelworkers, suddenly began to take Simon's candidacy seriously. "The perception was changed," Fingerhut says. "It showed he could appeal to working folks, not just to

Washington insiders and intellectuals."

Simon says he's been "variously described as a traditional Democrat, a Harry Truman Democrat, a Hubert Humphrey Democrat. I don't run away from any of those." Indeed, Simon has an almost childlike faith in the sort of social programs that flourished from the 1930s to the 1960s. He talks wonderingly about what activist government can achieve. If a program of providing free telephones to the poor were created, he wrote in his book on jobs, "we could reduce crime, provide safety for a health or fire emergency, enrich the lives of many of our citizens—and provide jobs to tens of thousands of people." In the second debate among the seven Democratic candidates in Des Moines on August 23, Simon said the federal government "ought to encourage creativity in small-business America. We need some specific programs to do that." Perhaps he envisions a new Department of Creativity. He didn't say.

TWO NEW PROGRAMS are at the top of his agenda. One would guarantee a job to every American, eight hours a day for four days each week at the minimum wage. On the fifth day the worker would be free to look for a higher-paying private-sector job. Initially, at least, the program would be voluntary. Simon says it would cost only \$8 billion a year, while at the same time eliminating the deficit. How? In the Iowa debate he said that \$30 billion is saved (\$28 billion is the figure he uses in his book) from each drop of one percent in the unemployment rate. If five million people were taken off the jobless rolls, he said, the deficit would vanish because of taxes paid by the new jobholders and the reduction in welfare and other benefits for the unemployed.

Unfortunately, Simon is dreaming about this. The \$30 billion is a wild estimate. Simon attributes it to President Reagan, who's hardly an authority on the relationship between the deficit and the job market. Moreover, public jobs programs are always touted as costing little and achieving much. As conservative columnist Warren Brookes has pointed out, the most recent example, the Emergency Jobs Act of 1983, was found by the Government Accounting Office to have cost \$4.5 billion and produced 35,000 net jobs. That comes to \$128,000 per job.

The other program Simon champions is long-term nursing care for the elderly. Since Social Security was enacted, the life expectancy in the United States has risen from 58 to 75, he says. Thus there are more elderly and they live longer and longer. The lack of nursing care under Medicare is a "huge unmet" need. Simon says he would propose "a comprehensive, long-term social insurance program" in the first 60 days of his presidency. He says the program would be "self-financing," but he hasn't said how.

Simon is lucky that the first contest of the campaign is in Iowa, which has economic troubles and a relatively aged population. He's luckier still that Democratic caucus attenders are even older (average age 53), disproportionately left-liberal, and obsessively issue-oriented. He has a receptive audience. At the backyard gathering in Waverly, one of the first questions to Simon was about Namibia. He

handled it nicely. Another questioner said he was tired of talk about America's enemies. The country has no enemies, he insisted. Simon was not above pandering to this fellow with platitudes. "OK, OK," he said. "We have to say there is the possibility of the Soviet Union being the enemy. . . . There is some paranoia on our side. There is some paranoia on the other side. What we have to do is understand each other better." If Ronald Reagan had once been an exchange student in Moscow, "my guess is we would be living in a different world today."

Simon may be trying too hard to woo Iowa Democrats. "Right now he's presenting himself as more liberal than he is," says Ray Strother, a Democratic media consultant (he did Hart's media in 1984) who likes Simon and may produce his TV spots. "I'm not sure that's the right thing to do. He's running a good Iowa race." Simon's foreign policy views, for instance, thrill Iowa's peace activists, an important bloc in the caucuses. Simon wants a big cut in military spending, favors sending Peace Corps volunteers and doctors to Central America but no aid to the *contras*, would scrap Star Wars and the MX missile, is eager for an immediate ban on nuclear testing, and would let the United Nations handle the trouble in the Persian Gulf. The chief Soviet threat, he says, is that Mikhail Gorbachev might be ousted by "military adventurers" who would attack Iran. Simon is a strong supporter of Israel and opposes U.S. military aid to any Arab country that won't join the peace process.

Will all this sell outside Iowa? Maybe, maybe not. Simon doesn't want a repeat of the George McGovern candidacy of 1968. McGovern made a splash in Iowa with a surprising third-place showing, then faltered and dropped out of the race. Simon's task is to come off as a man of compassion and conviction, but not as a hardened ideologue. He managed this in 1984 in his upset victory over Republican Senator Charles Percy. In his most effective TV ad in that race, Simon declared that "there's a lot of pressure to sell out. You have to know what you believe in. My opponent says this makes me old-fashioned. But I'd rather lose with principles than win by standing for nothing." David Axelrod, who managed Simon's campaign against Percy, says the senator is like Reagan in one sense. People are willing to vote for him because he stands for something, even if they disagree with what he stands for. "Simon's greatest strength has nothing to do with issues. People respond to something in him that says, 'This isn't your normal bullshit politician.'"

SIMON'S CHALLENGE is to survive long enough after Iowa to get a second wind in the industrial state primaries that begin in Illinois on March 15. Three things may help, especially in the Super Tuesday primaries in the South on March 8. One is that Simon is a fiscal conservative of sorts. True, he's a big spender, but he says he's willing to find the money to pay for programs. He promises to issue a proposal on taxes this fall. Simon voted for Gramm-Rudman and worked closely with the White House last year to get a balanced budget amendment to the Constitution through the Senate. It failed by one vote.

The second is that he has a great story to tell about

himself. Simon dropped out of Dana College in Nebraska at 19, bought a small weekly newspaper in Troy, Illinois, and crusaded against organized crime. He urged others to take on a mob-supported candidate for the Illinois legislature. When no one stepped forward, he ran and won at age 25. He soon advanced to the state Senate, and was elected lieutenant governor in 1968. After losing the governorship, he moved to a congressional district in southern Illinois in 1974, brushed aside accusations of carpetbagging, and won a House seat. In 1984 he beat the party organization's candidate in the Senate primary, and then was ardently supported by both of the bitterly antagonistic Democratic factions in Chicago, Mayor Harold Washington's and Edward Vrdolyak's, against Percy. He achieved this while making it clear to each side that he was dealing with the other.

The third is that he seems conservative. Instead of new ideas, he talks about old ideas (the WPA is the model for his jobs program) and old politicians (FDR, Truman, Kennedy, Illinois Senator Paul Douglas). He sometimes sounds goody-goody when he plays the courage theme. He says he told the unnamed senator who advised a vote for tax reform, "This is not in the national interest." He's also vague about who exactly recommended he get rid of the bow tie and glasses. I talked to his last two campaign consultants, and they pleaded not guilty. Anyway, I'm convinced Simon is one of the most honest people in politics. His fuddy-duddy integrity is appealing.

Simon should not be underestimated. His friendliness is contagious. When he came to the Senate, he learned that Republican Senator Barry Goldwater's mother was from Illinois. He had a plaque noting that erected in her hometown, took a picture of it, and gave the picture to Goldwater. Later Goldwater joined Simon for a parade in the town. And Simon has a sense of humor. In the legislature, he sat near Alan Dixon, now the other Illinois senator. Once Dixon showed Simon a death threat he'd gotten from a man who said he would be in the public galleries every day. "Well," said Simon, "I hope he's a good shot." Simon also loves the confusion caused by his name. No, he's not Jewish. He's the son of Lutheran minister. Not long ago he was asked if he was Albanian. "What the heck," Simon told me, "I said yes."

Simon even comes across well on TV. He sticks out from the crowd of candidates precisely because he is so different-looking. And he is shrewd and resourceful in making the most of other opportunities as well. In Washington he's been known to show up for a State of the Union address hours early so he can get a seat on the aisle and be seen on national TV shaking hands with the president. He is not above packaging. It's just that his package is more honest than others. Hunter Thompson reacted to Simon like a vampire to a cross. He went limp, and his cynicism disappeared. "Simon could be as ugly as the Elephant Man . . . and he would still stand alone among the Democratic hopefuls," Thompson wrote in the *San Francisco Examiner*. He said Simon has "an awesome sense of integrity and commitment and utter conviction. That is pure magic in politics." And Simon is playing it for all it's worth. □

How a serious young man became a serious candidate.

THE SOUTHERN STRATEGIST

BY MORTON M. KONDRACKE

YOUNG ALBERT GORE pounds away at two principal themes as he makes his tireless way along the presidential campaign trail. One is that the post-World War II era of American dominance is over and the country needs new leadership for the era that is dawning. The other is that the Democratic Party needs a nominee who can carry the South next November and get elected. Even though he is only 39 years old and just a freshman senator, Gore claims to fill both bills. He says he knows exactly where he wants to lead—to a new understanding with the Soviets and economic agreements with U.S. allies that could lead to global economic growth—and that he alone among the six Democratic contenders is sufficiently independent of liberal pressure groups to reach outside the Northeast and amass 270 electoral votes.

It's a plausible case. Gore has demonstrated an ability to master large and complicated problems—nuclear arms control being the foremost example—and in this campaign he has shown a daring strategic sense in deciding to run *against* the Iowa caucus process that drives Democratic candidates inexorably to the left. He does have growing support in the South, where Democratic leaders are tired of seeing state and local candidates dragged to defeat in Republican presidential landslides. Although he is as much a product of St. Alban's School in Washington as of Carthage, Tennessee, he demonstrated on a recent trip to North Carolina and New Orleans a real rapport with Southerners, both black and white. News that he used marijuana as a Harvard student and as a soldier in Vietnam seems to be causing little damage.

And yet, Gore has problems. He is young, and at the back of the audiences listening appreciatively to his earnest speeches there is always somebody to be heard muttering, "He'd make a good vice president." On the leadership front, he does seem to have thought through a negotiating agenda with the Soviets, but on economic and domestic policy an opponent might well ask, "Where's the beef?" And politically, he has got to show strength during the first month of the presidential primaries—if not in Iowa, then in New Hampshire, South Dakota, and Wyoming—or his candidacy may be dead before the Southern events on Super Tuesday.

"Strategically brilliant" is the way former Democratic Party executive director Mark Siegel describes Gore's moves this fall in distinguishing himself from his rivals and in turning his probable last-place finish in Iowa into an asset. Gore is hardly a right-winger on defense—he supported the nuclear freeze and he opposes military aid

to the *contras*—but in five events in late September and early October he used his differences on a few issues such as support for the Grenada invasion, the reflagging of tankers in the Persian Gulf, and ~~fight testing~~ of nuclear missiles to make himself out to be a believer in "bargaining from strength." He portrayed his opponents, by contrast, as advocates of "retreat, complacency, and doubt."

In Iowa Gore originally set out to wage a full-scale campaign and built up a paid staff of 21. He says he hoped to attract support from moderate liberals but discovered that the dynamic of the caucus process made that impossible. So on November 7, at the Iowa Democratic Party's big Jefferson-Jackson Day dinner, Gore denounced the process, which he says forces candidates to spend too much time and money courting activists and pandering to their political demands. As he noted in an interview, it's a process Iowa Democrats do not use to pick any of their statewide candidates, and it's helped produce presidential candidates who haven't carried Iowa in a general election in 24 years. Then he disclosed that he is cutting his campaign staff down to four and basically will show up in the state only to appear on televised debates. "I expect to finish a strong sixth," he jokes.

Elsewhere in the country, though, opposing the Iowa process is popular with Democratic activists. In Wyoming, which holds a caucus on March 5, state chair Muffy Moore said that Iowa results "impress nobody because Iowa won't support its candidates in the general." Similarly, Florida state chairman Charles Whitehead said, "The Iowa caucuses are the most useless, non-essential thing you can do" and that "what Gore said is absolutely on target."

Ironically, Iowa just may be working in Gore's favor. His main rival for the support of Southern moderates is Representative Richard Gephardt, and in Iowa Gephardt is in danger of finishing third to two liberals, Senator Paul Simon and Governor Michael Dukakis, and of going broke in the process. Gephardt has borrowed \$300,000 against federal matching funds due him in January and is likely to go deeper into hock before the February 8 caucuses, limiting his ability to fight in the South. Simon too is borrowing and putting most of his chips into Iowa. Only Dukakis and Gore have money in the bank—\$4 million for Dukakis and \$1 million for Gore.

Gore and Gephardt are battling over the position of champion of the moderates, who will meet the champion of the liberals, plus Jesse Jackson, in the South on Super Tuesday. The Gore forces brand Gephardt's trade propos-

al "Smoot-Hawley-Gephardt" and accuse him of pandering to labor, farmers, and other interest groups. They take joy in polls like the CBS-*New York Times* survey that showed Simon ahead in Iowa with 24 percent, Dukakis next with 18, and Gephardt third with 14. The Gore camp also is pleased that Gephardt is being boxed from the left in Iowa even as he is being challenged from the right by Gore in the South.

The Gephardt campaign, meanwhile, is calling Gore a phony hawk whose voting record is practically identical to Gephardt's. Gephardt aides also claim that Gore has no support outside the South, is therefore a "regional candidate," and can't survive until Super Tuesday.

Indeed, says Siegel, "this is Gore's major test. The South won't support a regional candidate. He has to prove before March 8 that he's a national candidate. If he flops during the month before Super Tuesday, he'll be just like Reubin Askew, Fritz Hollings, and John Glenn," who bombed in the South in 1984.

GORE AND his aides concur that he has to "exceed expectations" in New Hampshire and perform creditably in South Dakota or Wyoming. Gore tells audiences, "I am not a Southern candidate. I am a national candidate who happens to come from the South." In New Hampshire a poll by TV station WMUR last week showed Gore with just three percent support, tied for last with Governor Bruce Babbitt. The good news for Gore was that except for Dukakis, with 52 percent, none of the other candidates was out of single digits. Gore just picked up the endorsement of former Senator Thomas McIntyre, an old friend of Gore's father, a former senator, and some leading former supporters of Gary Hart. Gore is hoping that moderates—the voters who made it possible for Jimmy Carter to beat Edward Kennedy in the 1980 primary—will give him at least a third-place finish.

Simon and Gephardt are thought to be strongest now in South Dakota, but in Wyoming Gore has won the endorsement of former Governor Ed Herschler and the chairman of Laramie County, Al Minier. Moore says that "Wyoming is more conservative than Iowa, and Gore has a good chance to win."

If he does make it that far, Gore can score strongly in the South on Super Tuesday, especially if he faces one white liberal, either Simon or Dukakis, plus Jackson. A Harris poll in October showed him running just one point behind Jackson region-wide, 19 percent to 18 percent, with Dukakis and Gephardt trailing at nine percent and six percent. As a University of North Carolina poll showed, however, Gore is the least known of all the candidates, with a name recognition of 36 percent to Jackson's 97 percent.

Right now Gore is gaining fastest among politicians. Gephardt moved out first by winning endorsements from fellow members of the House, but Gore has answered by signing up state legislators and other local pols. In Florida he has been endorsed by 25 state legislators close to House Speaker Jon Mills. In Alabama he has Lieutenant Governor Jim Folsom, House Speaker Jimmy Clark, and 25 state

legislators. In North Carolina Gore has 28 legislators, plus top Democratic fund-raisers Wallace and Jeanette Hyde. Former Attorney General and gubernatorial candidate Rufus Edmisten thinks that Gore "is about to break out of the pack," which could happen if he wins support from former Governor Jim Hunt, Senator Terry Sanford, and Lieutenant Governor Robert Jordan. In Texas state party officials say that Gore's progress is all at Gephardt's expense.

On a two-day trip through North Carolina, Gore exhibited an easy rapport with his fellow Southerners, telling gentle jokes about his family's Tennessee roots, showing familiarity and affection for country music, and speaking urgently in a rich accent about the need for a strong defense and the nomination of a presidential candidate who can carry the South. Gore audiences aren't moved to ecstasy, but they respond to him cordially. In New Orleans to address black elected officials from the South, Gore attacked the Reagan record in Baptist pulpit cadence and clearly outperformed Paul Simon, who preceded him and recited a litany of the civil rights bills he'd supported. The officials applauded Simon, but Gore moved them to shouts of "Tell it, brother" and "That's it." Gore has accumulated a small list of endorsements among Southern blacks who say they regard Jesse Jackson as having no chance to win. In states beyond March 8, Gore has collected some key Hart workers in Illinois and Representative Tom Downey in New York.

GORE'S CLAIM to electability is going to have to be augmented by a more detailed spelling-out of his program and vision. In his 20-minute stump speech, Gore will use the word "leadership" as many as 19 times, as in "the challenge we face is to create a new era, but we do not have leadership today. We have a leadership crisis, a vacuum of leadership. . . . We need leadership in education . . . in health care . . . on the great moral challenges of our time."

When asked why he is running for president, and if he isn't daunted by the prospect of being president at age 40, he says: "I know exactly what needs to be done and I am impatient to do it. The key to it is restructuring the U.S.-Soviet relationship and refashioning the economy in a global context. The idea is to redirect money now going into ways of killing people to address the human agenda—fighting diseases, providing education, and protecting the global environment. I think I know how to do that and can lead to that future."

In an interview, he said that he has felt "for a few years" that he was ready to become president in 1989 but doubted he would have a chance. When potential candidates Sam Nunn, Dale Bumpers, and Mario Cuomo declined, he said, and when Southern politicians and moderate national fund-raisers agreed to back him, he decided to go. Youth, he said, is not a factor. In debates with other Democrats, he says, he comes off as their equal, and if nominated he will have equal stature with the Republican nominee. He claims to be absolutely convinced he can beat George Bush on the basis of weakness in the Reagan record and Bush's

leadership potential. Bob Dole, he says, would be harder. And he professes not to be frightened of Mikhail Gorbachev either: "I would be appropriately cautious and respectful of his abilities, but confident of my own." He says that a young American president just might be able to capture the admiration of young people around the world.

Gore has a long agenda of items to be taken up in negotiation with Gorbachev, starting with elimination of a first-strike nuclear threat by deploying mobile, single-warhead missiles on each side, and reducing tank concentrations in Central Europe. He claims not to be overeager to reach agreements with the Soviets, though he would clearly be disappointed if he failed to do so. "If it's not possible," he said, "I would still be able to go ahead with the rest of my agenda" of economic restructuring.

The candidate's aides promise that he will make a major economic speech on December 3 and in it is likely to blast away at his rivals for more "retreat, complacency, and doubt"—specifically, accusing Gephardt of economic isolationism in the form of protection, Simon of "déjàvoo-

doo" economics in the form of government jobs programs, and Dukakis of relying on Massachusetts's economic success as a model for the nation. Aides say he has already assailed Jackson for proposing deep cuts in the defense budget to finance domestic welfare programs.

However, Gore is setting a higher standard for himself than merely distinguishing himself from his rivals. He claims to be trying to think through the issues confronting the world economy as thoroughly as he did nuclear weaponry beginning in 1980—a process that led him to be one of the first advocates of the Midgetman single-warhead missile idea.

Right now Gore can furnish an interesting list of six objectives for international cooperation on economic policy, but it still falls short of a detailed program that would fulfill his promise of "leadership." The list includes agreements to reduce the U.S. budget deficit and expand those of Germany and Japan, stabilize exchange rates and lower interest rates, regulate world commodity trade to lower surpluses and subsidies, and get Japan, Germany, and oth-

TIPPER DE DOO DAH

When Albert Gore Jr. addresses a campus audience, he starts out by recalling that in 1960 the American people chose as their president the youngest man ever to be elected to succeed the oldest. "In 1988, by sheer coincidence," comes the kicker, delivered with a smile both open and conspiratorial, "we have a chance to do exactly the same thing."

Gore is working hard to add one more item to the impressive list of parallels between himself and John F. Kennedy. Like Kennedy, Gore is the heir to a Democratic family dynasty. Like Kennedy, he went to an elite private school and to Harvard, served in his generation's war, and put in time as a reporter before being elected to the House and then to the Senate. He even has the striking blue eyes and the shock of dark hair. Above all, Al Gore is young—three years younger than Kennedy was at the corresponding point in his career.

The difference is that Gore has been totally unable to capitalize on his youth. The question is why. The answer is his wife, Tipper, and her crusade against dirty rock 'n' roll.

To those who read the rock and music trade press, the story of Tipper's conversion, dedication, and service to the cause has by now something of the familiarity of the Gospels. Retold in her book *Raising PG Kids in an X-Rated Society*, that story includes her stunned discovery—listening to her 11-year-old daughter's new Prince

album and hearing the word "masturbation"—of "the twisted tyranny of explicitness." It includes her formation, with the wife of Treasury Secretary James Baker, of the Parents' Music Resource Center in May 1985; the gusher of publicity that followed, culminating with packed hearings before the Senate Commerce Committee, of which Al Gore is a member; the attacks on Tipper and her friends as sexually repressed housewives, advocates of censorship, "high-collared prudes trying to Lysol the world." Finally, it includes the agreement in November 1985 between the PMRC and the Recording Industry Association of America, stipulating that record companies would put the label "Explicit Lyrics—Parental Advisory" on albums deemed by them to merit it.

The argument of *Raising PG Kids* is that some rock songs promote and glorify sex, violence, drug-taking, suicide, and satanism (each of which gets a chapter), and, more dubiously, that these musical fantasies cause teenagers to take up the real things. Gore insists over and over that she is against censorship. Yet some of the remedies she does endorse—such as filing petitions with the FCC to block the license renewals of offending stations—walk right up to the line that separates citizen agitation from governmental compulsion. Moreover, the fact that the PMRC's original manifesto was signed by 16 wives of U.S. senators and repre-

sentatives carried an implicit threat of federal action. The Senate hearing sent a similar message. At the very least, the PMRC's most powerful weapon has been the proximity of its organizers to men of official power.

Like her husband, Tipper Gore has a bark that is worse than her bite. Al Gore is a pro-arms-control, anti-*contra*-military-aid, moderate liberal whose record is measurably less hawkish than the image he has sought to project in recent posturings. Similarly, Tipper is an independent woman whose worries about porn and violence seem informed as much by feminism as by prudery. On the evidence of her book, she is even something of a closet Rolling Stones fan. She argues, for example, that the Stones' album *Their Satanic Majesties Request* and their song "Sympathy for the Devil" are "merely spiritual or literary allusions," an indulgence she withholds from more recent records with Mephistophelian themes. She also writes: "It's a long way from the Rolling Stones' 'Let's Spend the Night Together,' which drew protests in its day, to Sheena Easton's 'Sugar Walls': 'You can't fight passion when passion is hot/Temperatures rise inside my sugar walls.'" But as this snatch of verse demonstrates, "Sugar Walls" is scarcely more explicit than the crashing surf that used to signal lovemaking in Hollywood movies, and is rather less explicit than the very title of the Jagger-Richards classic.

Tipper Gore is surely right that popular culture is replete with images of sex and violence that children are ill-

er wealthy countries to do "alternative service" by helping poor countries with their development and debt problems while the United States continues to provide for their military security.

What's missing is detail, especially about the painful process of restoring U.S. fiscal balance. Gore will not rule out new taxes and more or less indicates they will be necessary, but he refuses to endorse anything specific. He claims to be preserving his flexibility to respond to unknown economic conditions in 1989 and to bargain with Congress, but suspicions naturally arise that he is afraid of the political consequences of demanding sacrifice.

He says he is not advocating large new expenditures but says he wants America to have "the best education system in the world" and wants several hundred million dollars for AIDS research and low-income housing. He does not envision major new cuts in defense, but says that big savings can be had by eliminating "waste, fraud, and abuse" in federal programs, especially in unnecessary diagnostic tests in hospitals. It may all

add up, but that isn't clear yet.

Gore is also considering a major speech in December on family policy, which will give him the opportunity—if he chooses to take it—of saying what he thinks about social issues such as pornography and its effects on children. In interviews, he says he supports his wife Tipper's campaign against filthy records and videos, but some moderates were disappointed by news reports—inaccurate ones, his staff claims—that he backed off this position in a closed meeting with record industry executives in Hollywood. The Gores claim that they merely expressed dissatisfaction with congressional hearings on the issue, not with the campaign to put warning labels on explicit albums.

In his campaign speeches, Gore excoriates President Reagan and George Bush for their "lack of leadership" in addressing the stock market crash. "What would Franklin Roosevelt or Harry Truman have done about that?" he shouts to his audiences. "They would have presented a vision and a plan of action," which Reagan has not. But, so far, neither has Gore.

equipped to handle, and that some in the entertainment industry use the First Amendment the way a flasher uses a dirty raincoat. But her case is overdrawn. Almost all of her horrendous examples come from a handful of heavy metal groups such as Mötley Crüe and Judas Priest, and from calculated-to-shock interviews in sometimes obscure fan magazines.

How big, really, is the problem of dirty or violent rock songs? According to the PMRC's own figures, 23 record albums have been released with warning labels in the past two years, plus another 16 the PMRC thinks should have carried the labels but didn't. The PMRC says its figures are about 80 percent complete. The bottom line, then, is at most 45 supposedly dangerous rock albums out of perhaps 1,400 released during the same period. That's 3.2 percent—near beer, not Jack Daniels.

"If you read 5,000 fan magazines, you'll find a couple of idiots who'll say something disgusting," says Danny Goldberg, a record executive who has led the counterattack on the PMRC. "But then, I could make a similar case from 5,000 issues of the Congressional Record. I don't judge the Senate and the House of Representatives by that, and I don't expect my business to be judged by Mötley Crüe."

For Al Gore, Tipper's crusade has created a political problem. In terms of its effect on the electorate, the campaign regards the crusade as a wash: it probably attracts as many Southern and conserva-

tive Democrats as it repels coastal and liberal ones. The more important cost, observers seem generally to agree, is in the area of fund-raising, where the entertainment industry wields enormous clout. (See "The Hollywood Primary" by Ronald Brownstein, November 23.) It was to ameliorate this problem that the Gores held their famous October 28 lunch with three dozen show-biz bigs, as *Daily Variety*, which somehow got hold of a bootleg tape or transcript, might call them. The checks did not commence to flow, but they weren't expected to.

The real problem Tipper creates for the Gore campaign is more elusive and interesting than money. Al Gore is young, handsome, bright, and charming. His background as an anti-war Vietnam vet and ex-investigative reporter is the stuff of glamour. His record on issues such as arms control and the environment is creative and trendy. By all rights, his campaign should be crackling with generational excitement. Even now, hordes of student volunteers should be signing up to ring doorbells, their eyes shining with eagerness to seize the future. Gore should be riding the baby boom like a surfer. He isn't. The fuss over porn rock has turned his campaign into a Tipperware party.

The dirty song crusade is a smart bomb, a magic bullet aimed at precisely the kind of quasi-erotic energy a brash young candidate must tap. Having a wife who has made herself the surgeon general of rock 'n' roll makes Gore a faintly ri-

diculous figure, like the Ralph Bellamy character in *His Girl Friday*. In some subtle and no doubt deplorable way, it unmans him. Gary Hart womanized; Al Gore risks being womanized.

Tipper says she's against censorship, but her stock in trade is something hardly more attractive: censoriousness. However reasonable the hedges surrounding the rock porn crusade, the fact remains that of all the thousands of causes in the world, she has chosen this one. Arguably, the job is one that ought to be done. But the prospect that the East Wing of the White House will be turned into a platform for moralistic hectoring about dirty songs cannot be pleasing to much of what should be Al Gore's natural constituency. I suspect many young people are thinking: we can't have sex because of AIDS and we can't have drugs because of Just Say No. Now Tipper Gore is telling us we can't even sing about either of them.

Rock 'n' roll is a great American invention, one of the few things the whole world loves about this country. The Japanese and Koreans will never rock harder than we can. The Gores' humanizing—and hippizing—admission that they smoked pot back in the '60s has done them no harm. Now let them follow up by spending less time tut-tutting Twisted Sister and Black Sabbath and more time praising Bruce Springsteen and Tina Turner. The answer to bad art, after all, is not bad politics. It's good art.

HENDRIK HERTZBERG

that profitable corporations pay taxes no matter what loopholes they retain, Congress also took the novel approach of basing the new corporate minimum tax in part on the "book income" that companies report to their shareholders.

Public outrage ought to be just as high when the names of non-taxpaying members of the Forbes 400 hit the news. But even if Congress does feel compelled to act, what's the answer? Four changes might start to put non-taxpaying members of the Forbes 400, in particular real estate developers, back on the income tax rolls.

First of all, everyone knows that the combined value of buildings and the land they sit on generally doesn't decline over time; instead, any reduction in the value of buildings usually is more than offset by an increase in the value of the underlying land. Not always, of course. Just ask the folks in Houston. But at least for purposes of computing the minimum tax, no deduction at all should be allowed for real estate "depreciation." Developers with genuine losses could "realize" them and get the deduction by selling the property, just as they don't have to "realize" and pay taxes on their gains until they sell.

Second, the "loss carryforwards" that real estate developers have accumulated from the 1981-86 Reagan bonanza mainly stem from equally dubious "depreciation" write-offs. These phony deductions should not be allowed against minimum taxable income, either.

Third, something has to be done about a huge loophole that currently allows developers and others to tap their

unrealized capital gains without paying any income tax. One big reason real estate barons can get richer and richer without owing taxes has nothing to do with depreciation and complex shelters. It's that the appreciation on a building (or any investment) isn't taxed until it is sold. Right now developers commonly put off the evil day even further by borrowing against the increased value of their properties instead of selling them. Under current law, that makes perfect sense. But the law needs to be changed. When someone refinances property for more than he originally paid for it, it's clear beyond a doubt that the property has gone up in value. In that circumstance, the tax rules ought to treat refinancing as a taxable realization of the increased value, and tax should be paid on the gain.

The final step Congress needs to take involves information. Certainly real estate developers aren't the only super-rich who are paying little or no taxes. The Treasury Department and the congressional tax-writing committees should direct their technical staff to analyze the federal tax returns of all the members of the Forbes 400. Names can't be revealed—that's rightly illegal under the privacy laws. But there should be a report issued every year disclosing how much income tax those on the Forbes list or some similar compilation of the superrich paid last year, and what changes are needed to make sure they pay a fair share.

In the Tax Reform Act of 1986, Congress has done its job in making sure the Fortune 500 pay their taxes. Now it's time to take on the Forbes 400, too.

The power of positive campaigning.

COOL HAND DUKE

BY MORTON KONDRACKE

MICHAEL DUKAKIS'S message to the Democratic Party is neither epic nor apocalyptic. He is not promising, like Joe Biden, to restore John F. Kennedy's spiritual days of glory or, like Richard Gephardt, to save the nation from impending economic serfdom to the Japanese and South Koreans. Dukakis tells audiences: I can win, I am competent, and I care.

Besides the message, Dukakis has money, brains, a talented staff, a successful record as governor of Massachusetts (though not quite as spectacularly successful as he claims), a confident television style, the attention and respect of the political press and professional politicians, and the ardent backing of his state and his fellow Greek-Americans, an esteemed ethnic group.

If his presidential campaign has flaws, they lie in his lack of charisma and in doubts that people in the rest of the country may have about Massachusetts liberalism. Mike

Dukakis is no Ted Kennedy. He's not a big spender or a wastrel—but he's no crowd pleaser, either. His foreign policy is pure McGovern, but that's a problem for the general election, not the primaries. So the flaws may be self-canceling instead of fatal. The bottom-line question will be: Can an earnest technocrat sell Kennedy School liberalism in Texas?

Richard Gephardt and his campaign manager, Bill Carrick, are trying to make Massachusetts the main issue of the campaign right now. Even though there are seven candidates in the Democratic field (and maybe eight if Representative Pat Schroeder declares), Gephardt's aim is to make this into a two-man race at the outset. Dukakis is the chosen foil because the Gephardt people believe he won't fly in the South on Super Tuesday.

So Gephardt has declared Dukakis to be a "regional candidate," based on his opposition to an oil import fee

(higher oil prices help Texas and hurt the Northeast) and on his opposition to protectionism. Gephardt's charge also plays into the resentment that Iowans feel for the prosperity of the "bicoastal" economy, and Gephardt adds to the effect by claiming that Massachusetts' economic "miracle" is heavily based on defense spending, especially Star Wars research, which is anathema in strongly pacifist and isolationist Iowa.

Before their August 8 debate in Iowa, Dukakis had not been very skillful in handling Gephardt's charges. He got huffy, accusing Gephardt of being personal and negative, as though candidates for president were never supposed to challenge one another. He also sounded sanctimonious, writing the other candidates a private letter assuring them that he (unlike Gephardt) did not intend to exclude them. He got defensive, assuring Iowans that only five percent of Massachusetts jobs are defense-related and that he thinks Star Wars is a waste of money. And very occasionally he jibed back that Gephardt might be the regional candidate for favoring oil fees, protectionism, and agricultural production quotas.

If he expects to get nominated and elected, Dukakis had better get used to rough-and-tumble politics. One thing Americans expect from their president is toughness under pressure. But Dukakis has tried to avoid the rough and tumble in Massachusetts (where his governing method is sometimes called "consenso-mania") and so far in the presidential campaign.

HIS BASIC MESSAGE is positive. In the I-can-win part, he reminds voters that though Democrats control a majority of the governorships, state legislatures, the House, and the Senate, they have lost four out of the last five presidential elections, and would have lost all five but for Watergate. And why? Because, he says, they lost the confidence of the country on economic issues. "The unique strength I bring to the campaign," he says, "is that I am a candidate who knows the economic issues and is committed to economic opportunity and good jobs at good wages for the people of this country. I am a full-employment Democrat."

In the I-am-competent part, he says, "I speak to you as somebody who is the governor of a state that 12 years ago was an economic and financial basket case with the second-highest unemployment rate in the nation, the biggest state deficit in the country. I'm the nation's expert on Republican deficits, let me tell you. And the fact that last month the unemployment rate in my state was 3.2 percent gives you some sense of just how much we can do if we have a president who..."

And then he proceeds to describe himself as he would like to be seen: as one who (1) "understands these economic issues," i.e., has a brain, is no note-card reader; (2) "is committed to economic opportunity," i.e., has a moral sense about people's welfare; (3) "is willing to build a partnership between Washington and the states and communities, business and labor and the educational community and good citizens everywhere," i.e., believes in the

value of community endeavor; and (4) "understands that you have to invest some public resources in economic development... and you have to combine those resources with private initiative." That is, Dukakis is a government activist, but also a believer in private enterprise.

He spends time telling about his roots too: his father came to America penniless and unable to speak English, but seven years later was admitted to Harvard Medical School, later to become Boston's most prominent Greek-American obstetrician. His mother was the first Greek woman from Haverill, Massachusetts, ever to go to college. The subliminal message here is that he knows the value of hard work and America's promise of opportunity and probably has a high I.Q. That he does. He was Phi Beta Kappa at Swarthmore, cum laude at Harvard Law.

His Greek heritage is a boon in fund-raising and apparently no handicap at all in campaigning. Dukakis raised a record \$4.2 million for the first quarter of the campaign, beating Biden by \$1 million and Gephardt by \$2 million. Fifteen percent of Dukakis's money came directly from Greek-Americans, but finance chairman Bob Farmer says that "Greeks are tremendous fund-raisers. They are usually successful and well-liked, so every one of them can get several friends to contribute." Dukakis says that he has never encountered any anti-Greek prejudice, and certainly none was ever directed toward Spiro Agnew, though it remains to be seen whether the whole country is ready for an ethnic president and a Jewish first lady.

Dukakis's demonstration of fund-raising prowess has helped his overall political credibility enormously. In Iowa and elsewhere, Democrats seem to be hungering for a winner. They are looking for ideological congeniality, as always, but also electability. One woman activist at a rally in Cedar Rapids said, for example, "I like Paul Simon a lot, but we can't sell him—the bow tie, the glasses. He looks old-line. We need somebody younger, maybe even a little slicker, even to get the older crowd." The rap in Iowa right now is that Gephardt and Bruce Babbitt are the best organized, but that Dukakis, who started late, is gaining fast. Biden, who started early enough, is doing nothing in the polls and is gaining the coffee shop reputation as a "big-mouth, not serious."

DUKAKIS'S Iowa rallies are well attended, even on steamy Saturdays, due partly to curiosity and partly to good organization. Iowa is crawling these days with young politicians, 25 to 35 years old, who are in charge of getting to know practically every potential caucus attendee in a congressional district and turning out a crowd when their candidate appears nearby. Dukakis has many of the best of them—some who took deep salary cuts from the state government of Massachusetts and others who transferred over when the Gary Hart campaign collapsed.

Besides his fund-raising record, Dukakis's ability to attract key former Hart aides, including political director Paul Tully at the national level and Theresa Vilmain in Iowa, is a major boost for his political credibility. So are

poll ratings, which show him running just behind Jesse Jackson nationwide. And as political columnist Jack Germond puts it, "That Michael does have timing. Just when everybody's paying attention to morals on account of Gary Hart, he comes along, a straight arrow. And just when Ronald Reagan is making competency an issue, he's offering competency."

In Massachusetts, Dukakis is legendary for his unostentatious manner. He lives in his own home in Brookline (the state has no governor's mansion), rides the subway to work, takes out the family garbage, buys his clothes at Filene's, and grows vegetables in the front yard. He and his wife, Kitty, tell interviewers that they spat over money: she spends, he objects. During his first term as governor (1975-79), he had the reputation of being aloof, arrogant, and supercilious. He suffered a humiliating primary defeat at the hands of right-winger Ed King in 1978. Then he spent four years teaching at the Kennedy School of Government at Harvard and learning how to listen to other people. Now, by all accounts, he knows. He beat King in a rematch in 1982 and was overwhelmingly re-elected last year.

Out on the stump, Dukakis makes the Massachusetts record the centerpiece of his appeal, and when he gets to the next phase of his campaign, says campaign manager John Sasso, he will spell out a program based on the idea of a "national partnership," which will be the Massachusetts approach rewritten to continental scale. The fundamental principle, according to Sasso, is that "everyone is included" in decision-making. Dukakis's style is not to prepare his own program and dramatically unveil it to the legislature and the public, but to get representatives of contending interests into a room and come up with a compromise, which he then blesses, promotes, and puts into action.

AS DUKAKIS advances, one of the big questions of the campaign will be: to what extent are his policies responsible for the Massachusetts economic miracle—or, in fact, has there been any miracle at all? Devotees of supply-side economics say that there has been a miracle, but that Dukakis deserves no credit. They say the state's real heroes are the people who pushed through Proposition 2 ½, the 1980 property tax referendum, and Ed King, who presided over its implementation. Columnist Warren Brookes notes that Dukakis raised taxes during his first term, leading to his state's national reputation as "Taxachusetts." When 2 ½ was enacted (against Dukakis's urging), cutting property taxes in half, it set off a property value, real estate, and construction boom that caused a surge in employment and personal income that Dukakis is thriving on today. It's thanks to Ed King, say the supply-siders, that Dukakis is able to expand programs, cut taxes, and win elections.

This line of argument makes Dukakis angry. "The Massachusetts turnaround began in 1976," he says, "not after Proposition 2 ½ and not after the Reagan [military] buildup. We added 250,000 jobs between 1976 and 1979, including 110,000 in 1978 alone. Unemployment dropped below the national average for the first time. It was 12 percent in

1975 and 5.5 in the fall of 1978. When I got back as governor in 1983, unemployment was back up and in some towns it was 15, 18, 20 percent and I had another deficit to contend with. So the notion that the Massachusetts economy was transformed as a result of what happened in the early 1980s is preposterous. But we got it back on track, we dealt with the new deficit, and we've created 350,000 new jobs in the last four-and-a-half years."

SO WHO'S RIGHT? According to two Cambridge academics, Ronald Ferguson of Harvard and David Birch of MIT, neither side is, exactly. Birch told the *National Journal* that in Massachusetts "the economic miracle per se wasn't exactly a miracle. Relative to our situation in 1974-75, it was quite nice, but our employment growth rate for any period you want to pick has been right about the national average." From 1975 through 1985, he said, employment in Massachusetts grew by 29 percent, in New England by 31 percent, and in the United States by 27 percent. And from 1982 to the present, the growth has been 12.2 for Massachusetts, 13.1 for New England, and 11.9 for the nation. "So we are consistently a point or two below the New England average and a point or two above the national average."

Ferguson is the co-author of a 1986 study that concluded: "Neither the scope nor the timing of recent policy initiatives in Massachusetts supports the view that they were an important catalyst in the remarkable economic turnaround of the past decade." In an interview, he said that "a wave was coming. State policy determined where the water flowed. The wave itself was the result of broad national trends in the national and international economy, a strong demand for the goods and services that Massachusetts had a comparative advantage in providing, including business services, health services, and high-tech manufacturing." Massachusetts had an advantage, Birch said, because of its universities, "thoughtware" industries, hospitals, and financial institutions.

Both Birch and Ferguson say that Massachusetts' spectacular-sounding unemployment rate is not due primarily to Dukakis initiatives, but to the fact that the economy is growing while the state's population and labor force are falling. Ferguson can't find any direct correlation between Proposition 2 ½ and economic growth, but he said that "2 ½ was part of a change in the attitude of the business community toward Massachusetts." Dukakis also has helped change the business climate of the state, he said. "In his first term, he was snotty and aloof toward business," but in his second term this changed.

Even though their remarks tend to deflate some of Dukakis's claims, both analysts are avid supporters. "He's done as much as he could have done to allow growth to happen and to channel it," said Ferguson. "The growth could have gridlocked around Route 128 if the infrastructure hadn't been built to spill it down to Southeast Massachusetts. It might have left the state. There's a labor shortage here, and his E.T. [welfare reform] program has given people training for jobs." Birch added, "When any workers receive a pink

slip, Mike has the state government meeting them at the plant door—I mean, literally—and saying to them, 'We know where there are jobs or training.'"

What Dukakis has done in Massachusetts, he says he plans to do in the country if he gets elected: combine deficit-reduction with government activism for economic development. The latter includes \$500 million in federal seed money for regional development, and perhaps a few billion more than Democrats in Congress are currently budgeting for low-income housing, education, mass transit, and day care and job-training for welfare recipients. On the campaign trail Dukakis says, "I am a liberal and a progressive. I believe in putting public resources to work to achieve important public ends. But I also know how to balance budgets. I've balanced nine of them. I'm someone who knows how to make hard choices. I item-vetoed \$88 million in programs this year, many of them things I'm for." During his first term, he aroused the ire of liberals by cutting welfare in a budget crunch, and one Democratic policy analyst who looked at the Dukakis agenda pronounced it "liberalism on the cheap." Anyone who has tried to drive near Boston knows that Dukakis has not overspent on highway construction.

DUKAKIS DOES NOT rule out tax increases to lower the budget deficit, but he intends first to adopt another Massachusetts idea—increased tax enforcement—to raise money. Several studies indicate that Americans fail to pay more than \$100 billion in taxes each year, and that bringing the number of tax audits back to pre-Reagan levels could bring in as much as \$44 billion a year. Under a plan he has worked out in collaboration with former IRS Commissioner Sheldon Cohen, Dukakis figures on raising \$18 billion the first year through an amnesty, audits, and better service by the IRS. If the budget deficit is closed, he says, interest rates will fall and the economy will boom again.

This is not big-spender domestic policy, so it might attract support in the South even during a general election campaign. In the primaries Dukakis has enough money to open headquarters there and hire field workers. In Texas his ability to speak Spanish already gives him the capacity to turn out and turn on crowds. On other domestic issues he is a mixed picture: he is pro-choice on abortion and favors government funding, but he has made gays angry by refusing to allow homosexuals to be foster parents. He is tough on crime and drunk driving, but opposes the death penalty. He opposed school busing, but still has good relations with Boston's civil rights leadership. He opposes Robert Bork for the Supreme Court.

Still, Dukakis has other problems. As political analyst William Schneider puts it, Dukakis is in danger of being cast as the "Northern, urban, Establishment liberal," while Gephardt ("ironically, the ultimate Washington insider") makes himself into the "populist insurgent." Gephardt is doing that by taking a trade position that puts him in conflict with the *New York Times*, the *Washington Post*, and other pillars of enlightened opinion. "Mike is the archetype of the upper-middle-class yuppie liberal," says

Schneider. "He's from Brookline, the bastion of good government high-mindedness. If he got elected, the Kennedy School of Government would be running the country."

DUKAKIS'S other big problem is in foreign policy. He claims, "I am not an isolationist, I'm an interventionist." His advisers tend to be moderates from Harvard and Georgetown, and they say he is a tough bargainer. But on every issue from arms control to the Persian Gulf, his positions are four-square with those of Ted Kennedy, John Kerry, Edward Markey, Gary Studds, and the rest of the Massachusetts congressional delegation—which is to say, on the left end of the Democratic Party.

In the early 1980s Dukakis was a strong supporter of the nuclear freeze. Now he wants to slash Star Wars research, extend the ABM Treaty, and perhaps cancel both the Midgetman missile (as too expensive) and the D-5 submarine missile (as too accurate, a "first-strike weapon," and therefore provocative).

He was one of the first governors to refuse to let his National Guard troops train in Honduras. He declares that U.S. support for the *contras* is illegal under the Rio Treaty and the OAS Charter, and asks: "Where do we get the right to overthrow governments that we don't agree with?" He says he would push for a Contadora-style peace settlement in Central America, would use inter-American aid as a carrot and stick to ensure Nicaraguan good behavior, and would try above all to fight poverty in the Americas, starting with Mexico.

He is opposed to reflagging Kuwaiti vessels in the Persian Gulf, preferring U.S. diplomatic efforts to get major countries to stop arming Iran and Iraq and end the war, or if necessary a U.N. peacekeeping force to patrol the Gulf. He has doubts about whether the invasion of Grenada and the bombing raid on Libya were truly justifiable, and he thinks that "what happened in Korea and the Philippines is the inevitable result of American support for dictators, generals, and juntas." He does give strong support for Israel, but that's an exception to the general pattern.

All of this is just what primary-state Democratic activists want to hear, and, except for Senator Albert Gore on the Gulf and arms control, all of the Democratic candidates are giving it to them in similar measure. The trouble will come in the general election, when Republicans will point out that if there had been a nuclear freeze, the Soviets would have kept 350 SS-20 missiles in Europe and President Reagan would have been unable to bargain them to zero. The Republicans are likely to label Dukakis or any Democrat as a unilateral disarmer, and they are likely to ridicule the idea that U.N. resolutions and inter-American aid are adequate to deal with terrorists and Communists.

Bill Schneider points out that Dukakis, coming from Massachusetts, "has no idea what a real Republican is like. His idea of a Republican is Elliott Richardson. As the nominee, he is going to get battered around." Actually, Dukakis might do all right against George Bush, but Bob Dole is tough. □

Jackson's play for the mainstream Democratic vote.

JESSE GOES COUNTRY

BY FRED BARNES

THE QUESTION sounded innocent enough. During a breakfast with reporters at Washington's Sheraton Carlton Hotel on June 5, Jesse Jackson was asked: Public opinion polls show that Europeans have far more confidence in Soviet leader Mikhail Gorbachev as a peacemaker than they do in President Reagan—does he share their view?

Jackson didn't hesitate. Neglecting Gorbachev, he went after Reagan. The president's foreign policy has "failed." He has made "dangerous moves." He has tolerated apartheid in South Africa too long, and has "sent frightening signals to people in Europe." People "sense" far more activity on behalf of arms control from Gorbachev. And Reagan's policy of aiding the *contra* rebels in Nicaragua is "illegal and unnecessary."

Suddenly Jackson caught himself and began pulling back from his one-sided assault on Reagan. "I don't have much confidence in either of them," he said. Still, "one senses a serious initiative from [Gorbachev's] side on arms reduction. On the other hand, President Reagan has started on arms reduction rather late." Jackson seemed unsure how much further to retreat. "I sleep under Mr. Reagan every night," he said, straining now. A trace of anxiety was visible on his face. Finally he blurted, "I obviously have more confidence in Mr. Reagan. I've slept under Mr. Reagan for seven years—uneasy. I wouldn't want to sleep under Mr. Gorbachev for one night."

Any other candidate for the 1988 Democratic presidential nomination would have found that question a snap: Reagan's no day at the beach, but he beats Gorbachev. For Jackson, the question caused a tense and awkward episode. His instinct to zero in on Reagan was at war with his political savvy, which told him he'd better not come off as Gorbo's shill.

Jackson's split personality is tormenting his new bid for the presidency. Both his ideological inclinations, which are generally hard left, and his public style, which is invariably histrionic and confrontational, are perfectly suited for a protest candidacy. In 1984 Jackson was satisfied to be a protest candidate, stressing racial issues and locking up the black vote. He never competed seriously for the nomination. This time he wants to do exactly that by attracting hordes of white voters. If muting his ideology and toning down his style will help, he's willing to try. The trouble is, posing as a conventional candidate isn't easy for Jackson.

Sometimes he can pull it off. At a Washington roast of Senator Bill Bradley on June 23, Jackson stole the show. On the way to the podium, he snatched up a huge sign that

designated the table of supporters of Senator Joseph Biden, a rival in the presidential race. Biden has been Jackson's nemesis since the senator declared in early June that he would never choose Jackson as his vice presidential running mate. Jackson was affronted. Anyway, he playfully waved the sign, and referred humorously in his remarks to "Vice President Biden." Jackson also had the funniest zingers about Bradley. He joked that Bradley overcame great odds—white skin, an upper-middle-class background—to become a basketball star. As a child Bradley used to chant, "I AM SOMEBODY." Bradley "represents the Uncle Tom's Cabin of our day." When Jackson finished, he gave Bradley a black power handshake.

Issues weren't discussed at the roast. When they come up, as they did at the Democratic presidential debate in Houston on July 1 moderated by William F. Buckley Jr., Jackson stiffens. He is keen on increasing what he calls "the comfort level" of whites with his candidacy, and as a result his answers in the debate were dry and bland. Jackson is an effective rabble-rouser. When he tries to be responsible and programmatic, he's boring.

The opening question—Whose picture would you take down from the Oval Office and whose would you put up?—had been given to the candidates beforehand. Jackson played it straight, and was miffed that the other candidates didn't. He said he'd take down Herbert Hoover's, and he incorrectly blamed Hoover for "the famous Palmer raids violating basic human rights." The Palmer raids occurred in 1919, a decade before Hoover became president. In a stab at sounding mainstream, Jackson said he would put Lyndon B. Johnson's picture up. The rest of Jackson's responses were snippets from his speeches. The only spark came at the end when, alone among the candidates, he rose to deliver his conclusion. But he spoke too long, touching on a laundry list of issues, and Buckley had to cut him off.

A week later Jackson addressed the NAACP at its annual convention in New York. He gave two speeches, back to back, each 20 minutes long. He explained to me later that there are two agendas in his campaign, one substantive, one inspirational. The two don't mix well. Jackson said they are like hot and cold running water, which is one of his all-purpose analogies. "When it first hits, it's volatile. The more it goes down the stream, the temperature evens out."

At the NAACP, the substantive speech seemed to be for whites and the press, the inspirational one for the predominantly black audience. The first he read methodically from a prepared text. It was tedious, except when he took a

JESSE SPEAKS

"My distinguishing characteristic is that I have survived."—*Washington Post*, March 14, 1976.

"You understand that I've always developed a tension—a tension in my own mind about the place I'm assigned to and the place I deserve to be. That's why I resist the press calling me a black leader. I'm a moral leader who just happens to be black."—*Washington Post*, March 14, 1976.

"I used to love wearing diamond pinkie rings, you know. But there was this contradiction. Here we were fighting exploitation in South Africa, and there I was wearing diamonds."—*Washington Post*, March 14, 1976.

"I think we've got two choices in South Africa—either disarm the white South Africans or arm the black ones. That's only fair. How can we say in the Middle East that we've got three friends, and we give arms to one friend but don't give any to two other friends?"—A Conversation with the Rev. Jesse Jackson, American Enterprise Institute, 1978.

"If we can impose an embargo on Cuba because Castro ran a lot of gangsters out of there and reorganized the economy, we can use the same kind of strength, if our sincerity is commensurate, in South Africa."—A Conversation with the Rev. Jesse Jackson, American Enterprise Institute, 1978.

"I don't pretend to be an expert on foreign policy. I have some opinions based upon such information as I am privy to: I start from the premise that it is totally unrealistic to ask people who are desperate for survival to be too choosy about who their help comes from."—A Conversation with the Rev. Jesse Jackson, American Enterprise Institute, 1978.

"The two major targets of a Russian attack would be against our military bases and installations and our major metropolitan centers—both of which are occupied in disproportionate numbers by black people."—explaining why blacks should support the SALT II treaty, *Washington Post*, May 29, 1979.

"Apartheid is worse than Hitler. Hitler was a man for a season. Once he was exposed, he was rejected. But apartheid is a system of legal extermination ... with social acceptance and protection and cooperation with the great powers of the world."—*Washington Post*, July 29, 1979.

"We're the first to die in a hot war, and we're the first to suffer unemployment in a cold war."—discussing black concern about the Middle East, *Washington Post*, August 21, 1979.

"Once we began to move up, the Jews who were willing to share decency were not willing to share power."—*Washington Post*, August 21, 1979.

"Asking them [the PLO] simply to denounce armed resistance is to humiliate them and neither side should be subject to humiliation in this transition from war to peace."—*Washington Post*, October 1, 1979.

"By October 1, there will be no black leader left willing to come to the aid of the Palestinian cause, if there is not an immediate infusion of funds into the black community from Arab states. We will all learn to recite the alphabet without three letters, P-L-O."—quoted in the *Washington Post*, October 11, 1979.

"I'm not an economist. ... We are trying to create the climate that will focus attention on the need to improve the economy. It's not up to us to draft the specific programs to do it."—*Washington Post*, April 15, 1980.

"I believe that blacks who protest are being singled out for cruel and unusual punishment. It's an attempt to intimidate those who have views different from the administration's present posture. I believe that we're singled out on a political hit list."—*Washington Post*, March 14, 1981.

"America was built on five economic and social pillars. After it cleared the Native Americans away through terroristic genocide, enslaved blacks as the first major American industry, annexed Hispanics against their will, the foundation of the five pillars was laid. These five pillars were: (1) cheap labor, (2) cheap energy, (3) cheap raw materials, (4) an exploited labor market divided on the ideology of race or skin

worship, and (5) expensive exports. Each of these pillars is now crumbling, the nation's foundation is shaking, and the people are in a state of panic."—presidential address, Operation PUSH, Chicago, 1981.

"Reaganomics uses economic programs that mainly benefit whites—CETA, welfare, food stamps, public education, minimum wage, legal services—and puts a black face on them. Many whites believed the perception and voted against their own economic self-interest, biting on the race bait. They soon shall wake up to the reality of their own economic nightmare. Born in meanness and bred in madness, what was designed to be an act of genocide quickly will become an act of suicide."—presidential address, Operation PUSH, Chicago, 1981.

"Willpower—the resistance syndrome on the part of the slave—is the greatest threat to the master. Dependence and fear are the slave's greatest enemies. The master must kill the slaves' will through intimidation, violence, and diversion by making them impotent with alcohol, drugs, obligation through debt, or through deceit, destroying their credibility among their neighbors and neutralizing their allies."—presidential address, Operation PUSH, Chicago, 1981.

"We want ownership, we want our share, we want investments. Cut us in or count us out."—*Washington Post*, January 9, 1982.

"I'm a Third World person. I grew up in an occupied zone [Greenville, South Carolina] and had to negotiate with the superpower; really the colonial power."—*National Review*, March 9, 1984.

"... The state of Israel is not the state of Judaism. Zionism is not a religion, it's a political philosophy. Many Zionists are, in fact, agnostics and atheists. Judaism is built upon faith and forgiveness and is really an optimistic view of the future, and Zionism tends to be much more narrow than that. ... I believe Jews have a right to be Zionist politically, but one need not equate Judaism and Zionism."—explaining his statement that Zionism is a "poisonous weed," *Playboy*, June 1984.

"I cannot separate the Nicaraguan revolution from the tyranny of [former dictator] Somoza and our investment in his

tyranny. We should recognize Nicaragua, we should open up dialogue with its leaders, we should stop supporting the rebels militarily, because we're losing prestige. . . . We ought to be more patient with Third World nations in their transitions for development."—*Playboy*, June 1984.

"Well the fact is, the Israelis are holding people under occupation and annexing territory and engaging in expansion, building settlements in violation of the law. At some point, that has to give way to a more democratic relationship with neighbors."—*Playboy*, June 1984.

"Much of the media and the party leadership have tried to isolate me and the issues I have raised. They have tried to dismiss my campaign as a campaign for black people only."—*National Review*, June 29, 1984

"We should not be mining the harbors of Nicaragua and trying to covertly overthrow that government. Military aid and military advisers (who will give military advice) should be withdrawn from El Salvador. . . . We should not be establishing military bases in Honduras and militarizing the nation of Costa Rica. It was wrong for our nation to invade tiny Grenada."—speech, Democratic National Convention, 1984.

"If, in addition to our numbers, if our leadership had cashed in our political IOUs and challenged the white liberals who benefited from us, women, and Hispanics, we could have won the entire process."—on the 1984 campaign, *Ebony*, August 1984.

"You see, before, historically, we did not spiritually unify blacks of different ideological persuasions. . . . This time we've involved the nationalists, whether it's Herb Daughtery or Farrakhan."—*Ebony*, August 1984.

"I have the option of making money in Hollywood, the option of making commercials. I could probably be one of the highest paid circuit riders on the speaking circuit, if that was my interest. I could be an international lobbyist. So I'm doing what I'm doing by choice. And some people in their cynicism cannot imagine the amount of sacrifice involved."—*Ebony*, August 1984.

"I tried to get Andy [Andrew Young]

and Maynard [Jackson] to run [for president]. I think any of us could have been the instrument after we had aroused the public. And nobody would run. I finally did it, but my basic position is that the empowering process must not get sidetracked by personal career questions."—*Ebony*, August 1984.

"The approach of no-talk policies, preemptive strikes, starvation, and asphyxiation through trade embargoes, superpower intimidation through threats and money-market manipulation must give way to the most basic link in civilization—communication."—speech, West Berlin, May 8, 1985.

"We seek to reorganize the relationship [with Japan] or we will organize to end the relationship."—demanding more Japanese dealings with minority-owned American businesses, *Washington Post*, December 10, 1986.

"There's a broad body of people in this country across lines of race, religion, region, and sex who desperately want that new direction within this country and new connections with other people and forms of government in the world."—interview with *Marxism Today*, a publication of the British Communist Party, March 1986.

"Is it right to support Afghan rebels and not support the ANC [African National Congress] or SWAPO [Nambian] rebels? If it is right to support one, it is logically right to support both."—*Marxism Today*, March 1986.

"If you can talk with Gorbachev, and if you can go to China, why can't you talk with Castro?"—*Marxism Today*, March 1986.

"Our organizing a national campaign to overthrow [Daniel] Ortega is immoral and the worst thing that could happen is if we are successful. Cuba is central to peace in Central America, and a key to the Contadora process, because Castro is seen as the David who survived Goliath. He is the cult hero of that part of the world."—*Marxism Today*, March 1986.

"We'll pull together SANE and Freeze, the Non-Intervention in Central America and Free South Africa peace activists, and the Asians fighting Asian bashing."—speech, National Press

Club, June 19, 1987.

"Is it them Taiwanese taking our jobs? Is it them Asians you got to watch? . . . I mean the No. 1 exporter from Taiwan is GE (General Electric). Now why'd they choose Japan over the American worker? Is it because we're inadequate, drink beer, and watch ball games? No, no, it's because workers here demand liberal wages and job security and the workers in Taiwan are living in dormitories as opposed to single-family dwellings, because they cannot organize unions. They can't strike. They [transnationals] allow slave labor to undercut organized labor and then put TV commercials on that say, 'Buy American.' They'll have you fight the Asian people and then when they [Asians] begin to demand the right to vote and the right to make a decision, they'll put you in a uniform and say, 'Go and shoot them.' That's what is a patriot. Friends that's a mistake. We need better leadership than that."—speech, National Press Club, June 19, 1987.

"I would be willing to go to South [Central] America and negotiate a peace accord, and I can do it. I've done it before without the resources of the White House. I've met with Castro, Ortega, and Duarte, and I have a clear sense of the region. We can get all foreign presence out of the region as well as our own out."—speech, National Press Club, June 19, 1987.

"Back to what we were talking about you digging around in my personal life. No white reporter tells it all and neither should you. It is crucial that you understand this. For example, one American president died in bed with his girlfriend—a heart attack. That wasn't revealed until many years later. There are personal things about John Kennedy or Bobby Kennedy that we won't know until the year 2000 or later. Remember what happened to that black female *Tribune* reporter who busted up our organization? Her drive to gain the world was so strong that she did not know what it meant to lose her soul. You just don't tell it all."—quoted in *Jesse Jackson, The Man, The Movement, The Myth* by Barbara Reynolds (Nelson-Hall, 1975).

"Long live Cuba. Long live Fidel Castro. Long live Che Guevara!"—Havana, June 1984.

few shots at Supreme Court nominee Robert Bork, and pandered to a voting bloc by saying a Hispanic should be nominated in Bork's place. He drew few cheers. When the text ended, Jackson turned inspirational. He preached. "You're giants. Drop this grasshopper complex." He suggested that innocent black politicians—he mentioned, among others, Mayor Andrew Young of Atlanta, Mayor Marion Barry of Washington, and Georgia legislator Julian Bond—are being targeted by racist prosecutors and white reporters. "It's spreading like political AIDS across the country," he said. The crowd loved every word.

Therein lies the problem of style and substance for Jackson. It's a problem even with his ideology tamed. When he talks up a five-point program for this or that, his charisma vanishes. When he rants in Southern preacher fashion, he stirs only those who already back him, blacks. Three hours after his NAACP speech, Jackson spoke to the New York chapter of Americans for Democratic Action and the New Democratic Coalition. The audience of 300 people was three-quarters white. He spoke passionately and substantively. Afterward he pleaded for funds. "We need right-now money," he said. He asked those willing to pledge \$1,000 to stand. A dozen people did, all blacks. More blacks stood to pledge \$500 and \$250. No whites got up until Jackson got down to \$100 and \$50. Jackson's style had overpowered his substance.

FOR NOW, the Jackson campaign has two overriding challenges. He has the threshold task of persuading voters that he isn't a fringe candidate and can actually win the nomination. And he must reach far beyond his political base in the black community and attract white and Hispanic support. Both are difficult, but Jackson starts from a considerably stronger position than he did in 1984. Back then he announced late, and faced a formidable front-runner, Walter Mondale, who had already gathered the support of many black leaders. Now he's running early in a wide-open race in which none of the six white candidates appears to have great appeal to blacks. His base, 15 percent to 20 percent of the Democratic primary vote, is secure. And black leaders are more receptive. In 1984 NAACP president Benjamin Hooks was dead set against Jackson's running. When Jackson appeared at the NAACP convention in July, Hooks embraced him enthusiastically.

But can Jackson win? In his speeches, he dwells on 1984 numbers, noting that he got 3.5 million votes in the primaries, while Mondale got 6.7 million. Then in the general election Mondale got 10.6 million black votes. In other words, Mondale got "four million more [black votes] than the whole nation gave him" in the primaries. Jackson argues that these 10.6 million, or at least a large percentage of them, are his in the 1988 primaries. His conclusion: "We have the numbers." In truth, this recitation proves nothing more than that black voters, like white voters, turn out in greater number for a general election. Just because they vote in the fall doesn't mean they'll vote in the winter and spring. If they didn't in 1984, when the Jackson campaign became a civil rights crusade in the black community, why

would they in 1988? Jackson has no answer.

Nor does he for the analysis of Thomas Cavanagh, an expert on black politics at the National Academy of Sciences. In a 1985 monograph, Cavanagh said racial antipathy against a black candidate has ebbed but hardly vanished. In a Gallup Poll, only 16 percent of the electorate said they opposed a black candidate and seven percent expressed no opinion, though Cavanagh said these were merely "embarrassed to admit their prejudice to a pollster." The result is a 23 percent handicap for a black presidential candidate, leaving 77 percent of the electorate from which to build a coalition. To win a majority in the general election, a black must attract 65 percent of the non-racist part of the electorate. This may not mean that a black can't win, though Cavanagh thinks that is the case. But it does put Jackson at a severe disadvantage.

The group that is least convinced about Jackson's ability to win is black mayors. Coleman Young of Detroit, Richard Arrington of Birmingham, Young of Atlanta, Lottie Shackelford of Little Rock, Harvey Gantt of Charlotte—none is for Jackson. Black mayors are "more willing to go on record saying they're not for Jackson," explained Linda Williams, an analyst for the Joint Center for Political Studies. "This is pragmatism. They want the candidate who can win. They want federal aid flowing to their cities again." But they don't think Jackson will ever be in a position to provide it.

He disagrees. Maybe he's dreaming, but he believes he can win the nomination and the presidency. "The basic difference between now and 1984 is his eyes-on-the-prize strategy," said Ann Lewis, who was national director of Americans for Democratic Action until she stepped down on July 10. With advice from Lewis, among others, Jackson has whittled off some of his rougher edges and fashioned a populist pitch aimed at drawing working-class whites into a coalition with blacks. He no longer stresses racial issues, unless addressing a black group. Even then, he dwells on populist economic themes.

JACKSON'S WHIPPING boy is the multinational corporation, a safe enough target for a Democrat. He blames it for every economic trouble: unemployment, farm foreclosures, trade deficit, budget deficit. Cavanagh said Jackson has emerged as "a Michael Harrington social democrat." In the speech he read to the NAACP, Jackson said that "too many Americans have a simplistic theory" about economic dislocation. "It is the result of the evil machinations of the Japanese, or the Mexicans, the West Germans, or the South Koreans. Sometimes this conspiracy theory gets dangerously nationalistic, or even racist." In the ADA speech, Jackson recalled the "guy in Chicago [who] lost his job and shot a Toyota six times—autocide."

Jackson argued that "our jobs are not being taken by South Koreans and Taiwanese. They are being taken to South Korea and Taiwan by U.S. companies with tax incentives." In both countries, "slave labor" flourishes. His evidence is that wages are lower and workers "repressed" in these countries, strong unions are not allowed, and health and safety standards in the workplace are poor. This gives

these countries a "structural" advantage in economic competition. American workers are as good as ever, according to Jackson. It's simply that the "playing field" is tilted against them.

At every opportunity, Jackson insists he is not a protectionist. He denounces the Gephardt amendment as "veiled protectionism. We should not be misled by proposals that will not protect the worker, the consumer, or reduce the trade imbalance significantly, could lead to a trade war which would hurt workers even more, and possibly trigger a worldwide recession or depression." Yet he favors legislation that would "make the repression of workers' rights an unfair trade practice." This would have the same effect as the Gephardt amendment, blocking imports from Taiwan and South Korea and many more countries. "American multinationals would not be able to hire repressed labor abroad and fire free labor at home," he told the NAACP.

He would go further. "Capital does not follow conscience," he told me. "It follows incentives, and sometimes constraints." Multinationals such as General Electric and General Motors now "have a double incentive to leave our economy. They get the tax incentive here to go and the [foreign] government provides incentives at that end—the repressed labor and so on." Jackson would change the tax code to punish companies that shift jobs overseas. If that failed, he would block them by fiat. I asked Jackson if this wouldn't make these companies less competitive. "They may be less competitive with each other on this playing field," he said, "but we've got to change the playing field." One of his schemes for doing that involves "enforceable international laws against global union-busting, racism, sexism, and sweatshops. By incentives, constraints, or both, multinational labor exportation and exploitation must end." Don't hold your breath.

JACKSON HAS a second plan for promoting "the four R's"—research, reinvestment, retraining, and reindustrialization—that involves dipping into the \$2 trillion held by pension funds. "This is a massive pool of capital which is being used ineffectively for the workers whose money it is." If workers or union leaders or elected officials direct the investments by their pension funds, "we can act to rebuild America," Jackson told the U.S. Conference of Mayors on June 15. The money—\$100 billion or \$200 billion—would be guaranteed by the federal government and put in an American Investment Bank. This institution would use the money to finance "affordable housing," energy-efficient transit, infrastructure and "job creation." According to Jackson, the federal taxpayer wouldn't have to foot any of the bill.

Taxpayers should be so lucky. The investments to which Jackson would devote pension fund resources are risky and probably unprofitable. Since they lack private funding, they've already failed the market test. New housing would be partly for the homeless, who won't be able to pay for it. Mass transit is a profitable enterprise practically nowhere. Infrastructure is public. Who would pay for it? The answer

is the taxpayers. Jackson may have worthy projects in mind. But when pension fund managers ask for their money back with a reasonable rate of return, the taxpayers would have to step in, since they'd guaranteed the money.

For all the flaws in his proposals, Jackson's brand of populism has a potentially large constituency in the Democratic Party. Some of his rhetoric is classic. Gains by working people haven't come with help from "a rich banker, a senator, a Harvard-trained lawyer, or a yachtsman." And "corporate reform" has a nice ring to it. His agricultural program has an even more direct appeal to farmers. "Ranchers and farmers have fed America and the world," he told the Louisiana legislature on May 15. "They deserve mercy, a moratorium, a restructuring of their debt, supply management, parity, and markets. Farmers don't want a handout, they want a helping hand." Of course what Jackson described is a lavish handout to a politically important special interest group.

Jackson's populist message is aimed at the voting bloc least likely to support him at the polls, working-class whites. On top of their racial antipathy, they're likely to balk at his foreign policy views, even softened versions of them. Todd Domke, a Republican political consultant, says Jackson needs to make these views come across as "anti-establishment rather than anti-American." But Jackson hasn't managed this. In a speech at West Point last February 19, a speech cited by Jackson aides as a fair expression of his national security policy, he talked only about weapons systems he would cut and defense obligations he might jettison. "I would rather stand with you than cower behind Star Wars," he said. "New solutions" are needed, but he offered none. This approach may appeal to another Democratic bloc, yuppies, but not to working-class whites. But Jackson stands little chance of getting the vote of yuppies. They don't like his economic populism.

In his stump speeches, Jackson wisely skirts foreign policy. But in Q-and-A's with audiences, interviews, and debates, his Third World attitudes bubble up. Jackson had a perfect opportunity to make political points after his visit to Cuba in 1984. All he had to do was criticize Castro for the repression and economic stagnation his dictatorship has caused. He would have gotten credit for bringing back political prisoners from Castro's jails, while also tweaking Castro's nose. Instead he acted like a Castro groupie.

When Buckley raised in the Houston debate Jackson's having bellowed in Havana in 1984, "Long Live Fidel Castro," Jackson said he hoped Castro will "change his ways." But he took umbrage at the criticism of Castro by three other presidential candidates, Senators Albert Gore and Paul Simon and Representative Richard Gephardt. "Gephardt has never met Castro," Jackson huffed later. And he complained personally to Simon for having said he didn't like Castro while never having met him. Jackson blames the Reagan administration, not Castro, for the bad relationship between the United States and Cuba. "A window was open there. This administration is just so blinded by ideology, it seems." I asked Jackson if Castro's terrible human rights record didn't daunt him. He responded that Cuba was no

worse off than this country was 30 years after the revolution, when blacks were slaves and women couldn't vote.

Nor is Jackson willing to temper his criticism of Reagan for the bombing of Libya last year. At the founding convention of his Rainbow Coalition in April 1986, he condemned the administration's "eye for an eye and tooth for a tooth approach. . . . We are bombing ourselves into a corner." When I interviewed him on July 9, Jackson quibbled with Reagan's justification for the bombing raid. The raid was in response to a disco bombing in Berlin. Jackson said there is no proof that a radio message was sent from Tripoli to Libyans in East Germany ordering them to bomb the disco. "When all the dust settled, it was never determined that that was the cause of the bombing," said Jackson. Even if this were true, it's not a point that will make Jackson attractive to white working stiff.

The irony of Jackson's candidacy is that the white voting bloc traditionally most sympathetic to black office-seekers is all but off-limits to him: Jews. Jackson has toned down his views on the Middle East. He advocates a Palestinian

"homeland" instead of a "state." He never mentions PLO leader Yasir Arafat, once his ally. "He's not saying anything this year that hasn't been said on the floor of the Knesset [Israeli parliament], and not necessarily by the left wing of the Labor Party," said Ann Lewis.

But Jackson can bring himself only so far. He would be more acceptable to Jewish voters if he renounced Black Muslim Louis Farrakhan. He won't. He said on the "Donahue" show on May 28 that he dealt with the Farrakhan issue adequately in 1984. "That issue is not a factor in our campaign," he said. Likewise, Jewish opposition might ease if Jackson suppressed his anti-Israel sentiments. But last October he signed a magazine ad demanding that Reagan bar Israel's new military attaché to the United States, Gen. Amos Yaron. The ad falsely accused Israeli troops of aiding the massacre of Palestinian refugees in Lebanon in 1982. Sometimes, hard as he tries, Jackson can't keep a strongly held opinion down.

Tracey Longo helped in the research of this article.

The Sandinistas' growing totalitarianism.

NICARAGUA REVISITED

BY RONALD RADOSH

IN 1983, when I first visited Nicaragua, it belied the descriptions both of those who saw it as an all-powerful Stalinist state and of those who characterized it as a popular national experiment in independence and social change. The state still bore some elements of true pluralism: a functioning opposition press, relatively free political parties, and a strong if beleaguered free trade union movement. But the revolution had become increasingly militarized and polarized, and there was a clear movement toward a Cuban-style regime. (See "Darkening Nicaragua," *TNR*, October 24, 1983.) I recently returned to Nicaragua. Today there are few signs of pluralism, and government repression has become fierce and pervasive.

The nation appears to be on the verge of economic collapse. The official exchange rate, 70 cordobas to one dollar, is ignored by the government itself, which trades dollars at the rate of 4,200 cordobas to a dollar. The black market fetches between 7,500 and 8,000. The wage of a top-paid Nicaraguan executive amounts to \$18 a month. Benjamin Linder, the American recently killed for his service as an *internacionalista*, received \$20, one of the highest wages in the nation. The average laborer receives from three to ten

dollars a month. The bare supermarket shelves testify to what Nicaraguans can buy with those funds. Locally produced eggs, butter, and milk are no longer available, and there are long lines for the monthly ration of the few state-subsidized goods such as butter, milk, rice, and sugar.

Critics of the *contra* war blame these conditions on the United States, which they say forces the government to spend most of its income on waging the *contra* war. Yet the war alone can't explain Nicaragua's economic problems. The Planning Ministry, MICOIN, has allowed grain to rot in warehouses. Sugar, produced in a region untouched by fighting, was once a major export and staple. Production has plummeted to less than three-quarters of what it was in 1978. In 1977, according to one opposition leader, the country produced 300,000 *manzanas* of cotton. In 1987 they were producing only 85,000 *manzanas*.

The Sandinista *nomenklatura* aren't much affected by any of this. The government hard currency store has grown into an air-conditioned shopping mall three city blocks long. Originally it was open only to FSLN leaders, diplomats, and Westerners, but now any Nicaraguan who purchases an admission card for ten dollars a year can shop there. The sum is beyond the means of most people. That leaves the few remaining members of the old bour-

Ronald Radosh just returned from a fact-finding mission in Nicaragua sponsored by the Puebla Institute.

Don't Put Politics
Left's Politics
1988
election

THE WALL STREET JOURNAL

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VOL. CCXI NO. 10

★★★

EASTERN EDITION

FRIDAY, JANUARY 15, 1988

WHITE OAK, 1

Troublesome Issue

When Would You Use U.S. Military Might? The Democrats Waffle

Party Presents Dovish Image; Actions Taken by Reagan Give GOP Edge on Issue

Simon Sees 'an Unfair Rap'

By DAVID SHIRBMAN

Staff Reporter of THE WALL STREET JOURNAL
IOWA CITY, Iowa—The white barns, grain elevators and cornfields along the highway make for a peaceful rural scene, but inside the van Gov. Michael Dukakis is struggling with questions of war.

The Massachusetts Democrat, campaigning for president in the state that next month holds the first caucuses of 1988, says he has no hard and fast guidelines for when American military force should be applied. Mr. Dukakis, who prefers the use of multinational forces, considers military action a "last resort," an element to be introduced "after exhausting diplomacy and international institutions and the other things that can make the use of force unnecessary."

Mr. Dukakis's anguish over the role of American military might isn't unusual among the seven Democratic presidential contenders. As they gather in Des Moines tonight for a televised debate, they still must come to grips with their party's politically dangerous ambivalence about the subject.

"It's stunning how dovish the Democrats are emerging in this campaign, and it's making them very vulnerable for the general election," says Thomas Mann, a political scientist with the Brookings Institution. "To win the Democratic nomination and to show well in Iowa, these candidates feel they have to move away from the tough talk."

Confusion Over Vietnam

Democratic candidates are plagued by confusion over the lessons of Vietnam, reluctant to take on new military obligations, troubled by the buildup in American military power in the Reagan years and besieged here in Iowa by interest groups assailing even the current level of U.S. engagements. As a result, the candidates are avoiding what some of their strategists believe is their most critical unresolved difference.

"The perception you get from many of these candidates is that they haven't thought deeply about these issues—and that when they have, they've come up with the most Pollyannish view possible," says Will Marshall, the policy director of the Democratic Leadership Council, a group of moderate Democrats. "They just don't seem to be comfortable talking about it."

By comparison, most voters have confidence that a Republican president would know how and when to use force. President Reagan's use of military action in Grenada and Libya was broadly popular with the American people, and the Republican candidates have endorsed such actions. The Democrats, meanwhile, can't agree on whether the Reagan administration has been justified in its use of force. Four years after U.S. forces invaded Grenada, the Democratic candidates still are sparring over the wisdom of the action.

The Democrats' squeamishness was on full display last autumn when party chairman Paul Kirk asked the candidates to give a specific example of when they would use American force. Not one of them gave an example.

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Instead, Sen. Albert Gore of Tennessee spoke about "the uniquely American principles and values of individual freedom and liberty." Former Gov. Bruce Babbitt of Arizona talked about "positive values, democracy, education, arms control." Gov. Dukakis spoke of "respect for international law." And Sen. Paul Simon of Illi-

What's News—

Business and Finance

THE BIG BOARD SAID it is curbing the use of program trading on days when the Dow Jones Industrial Average moves over 75 points. The action inflamed the debate on Wall Street about computerized trading. Some major investors said the exchange's restrictions might make the market even more volatile.

(Story on Page 3)

Chemical New York and Manufacturers Hanover declined to join a second round of reserve increases for Third World loans. The decisions signal a split between money-center and regional banks on the debt issue.

(Story on Page 3)

Retail sales climbed 0.7% in December, though the gain mainly reflected strong car sales. The results suggest consumer spending is sluggish but isn't as weak as analysts had expected after the stock crash.

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Texaco will ask the bankruptcy court to prevent a \$6.5 billion tax claim by the IRS from delaying its \$3 billion settlement with Pennzoil. Texaco plans to fight the IRS claim after emerging from Chapter 11.

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(Story on Page 23)

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(Story on Page 37)

U.S. imports of auto parts rose from 1982 to 1986, while car makers were railing against the trade gap.

(Story on Page 5)

United Artists and United Cable said they resumed talks on a possible

World-Wide

THE SECURITY COUNCIL VOTED to call on Israel to rescind expulsions.

The U.S. abstained in the 14-0 U.N. vote calling on Israel to allow four Palestinians it deported to Lebanon Wednesday to return to the occupied territories. The U.S. last week voted for a resolution condemning the expulsions, and Israel's U.N. envoy, in rejecting the resolution, said he was pleased at the U.S. abstention. Meanwhile, Israel detained 10 prominent Palestinians it accused of inciting violence in the West Bank and Gaza Strip, and an army spokesman said a Palestinian was shot dead near Bethlehem.

Yasser Arafat said he will recognize Israel's right to exist if it agrees to accept Palestine Liberation Organization participation in a peace conference.

BORK IS RESIGNING his judicial post, saying he wants to respond to critics.

The U.S. Appeals Court judge for the District of Columbia, in a letter to Reagan, said he plans to leave the post Feb. 5. The letter said he wanted to correct "a public campaign of miseducation" that he says thwarted his nomination to the Supreme Court in October. He didn't reveal his plans, but associates say he has had talks about joining the conservative American Enterprise Institute, a Washington think tank.

The president, in accepting the resignation, urged Bork to speak out against advocates of using the courts and Constitution for "political advantage."

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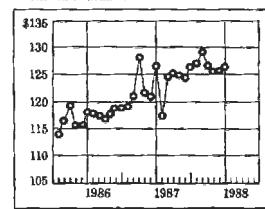
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Retail Sales

In billions of dollars.



RETAIL SALES rose in December to a seasonally adjusted \$126.68 billion from a revised \$125.77 billion in November, the Commerce Department reports. (See story on page 3)

If You Can't Trust The BBB, to Whom Do You Turn Then?

The Better Business Bureau Is Fending Off Complaints About Its Own Practices

By JOHN R. EMMISWILLER

Staff Reporter of THE WALL STREET JOURNAL
LOS ANGELES—It's one thing to be fleeced by fast-talking con artists selling beach property south of Tierra del Fuego. But to be bamboozled by the Better Business Bureau?

Some irate California business people claim that they were swindled in a BBB-sponsored directory-publishing project that has taken in millions of dollars. "I always thought the BBB was an elite group," says Elyse Rothstein, who runs a small locksmith shop in nearby El Segundo. "Now I feel completely ripped off." She says she is out more than \$2,500.

The affair has produced two lawsuits and an investigation by California's attorney general. It has raised questions about the conduct of nationally known consumer-affairs commentator David Horowitz, who was a paid consultant on the project. It led, last November, to the closing of the Los Angeles BBB. "This is our Bureau-gate," says Terry Hilliard, a former executive vice president of the bureau in Bakersfield.

Embarrassed Consumerists

Bureau officials say many of the complaints are overblown. But they are embarrassed nonetheless to an organization that for 75 years has espoused consumer protection and business ethics. "There were some problems," concedes Stephen Jones, a vice president of the Council of Better Business Bureaus Inc., the national umbrella organization. "But I don't think there was any fraud by the Better Business Bureau."

The storm concerns a bunch of innocuous-looking directories that resemble the telephone Yellow Pages. Distributed free, the books list local BBB members and contain paid ads, as well as consumer tips on everything from buying a car to choosing a vocational school.

The directories were conceived as a way to build bureau membership and to raise money for the local, largely autonomous bureaus. About 30 BBB chapters have published directories, and some saw their membership double in the process.

But the directories' impact on membership and revenue may have blinded bureau officials to certain problems. "It was like a dose of heroin," says Robert H. Morgan, an attorney for the BBB in the San Jose area.

Fearing Trouble

The directory idea was controversial from the start. In 1982, the council sent a memo to local chapters urging them to delay signing any contracts with companies that might publish the books for them. The council said it feared "outright misrepresentation" by outside advertising-sales people because local bureaus "couldn't exercise adequate control" over selling practices.

But individual bureaus pushed ahead anyway. The council wasn't happy, but it didn't use its ultimate weapon: its power to deny a local chapter the use of the Better Business Bureau's good name.

Most of the controversy has involved

Washington

A Special Weekly The Wall Street Capital Bu

RECESSION FEARS

Five economic signs, but a strong new government prising strength in the economy is robust, capital investment and manufacturers report you look at the data, it's a "effect" from the Oct. 19 Commerce Undersecretary.

But top White House economists caution that "it will be months before we have the full effects for 1988. Adversity also warns that a tight torpedo economic growth, reluctant to ease, worrying in the dollar could fuel inflation.

The key to growth this exports. Trade figures due provide a clue.

ISRAELI DAMAGES

Iran moves, but U.S. ties a The State Department usual number of angry telegrams why the U.S. can't do Israeli crackdowns against U.S. misgivings, put ruled out. "That won't get [Shamir] to the peace table, U.S. official.

Midwest peace will be a announced visit this spring well as during this month's Iranian President Mubarak. Bu see any dramatic peace move the protests ultimate; because the protesters do goals or the staying power.

BUSH VS. DOLE: Few

sonal cease-fire to last long Both sides claim to be t road after recent spats. But aggressive against Bush on les and Iran-Contra questions rt a campaign, not a coronatio time to try to draw him [B] Thomas Rath, a Dole const ceasingly stresses his elec Democrats compared with I

Bush aides insist their n hold his tongue. To show his sues, the campaign plans Bush sessions in which I questions from voters. One show a contrast with the ace; But Bush advisers expect D tacking again, and some d can avoid firing back.

Whether Bush finally fee to respond, says Bush pol Teeler, "depends on the e pends on the effect they're

HART'S RIVALS probably him on the character issue at idential debate in Iowa. The ing shows Hart fading, and focus their fire instead on fr mon. But the Des Moines Re for the GOP question is the sensitive subject.

GEHARDT GRABS atte with a new TV ad that assai: for tariffs and taxes that raise \$10,000 Chrysler K car to \$48, comes president, he says, the going to have to wonder "how cans are going to pay \$48,000 f Hyundai's."

BALANCED LINEUP: Th pick a Midwestern governor a woman as top officials for thei vention. They are Michigan Blanchard to head the platfor and Louisiana's Kathy Vick to panel. A black is expected to b in charge of credentials.

MORE SHOCKS for Wall S in the offing. A new round of p dictments of Wall Street figure this spring. The prosecutions v not only additional cases of in but also such dealings as mark tion and tax evasion.

TORRENTIAL DOWNPOUR

PRESENTATION COPY

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Such campaign rhetoric reinforces the public perception that prompts voters to say—by a 2-to-1 margin in a poll by the Democratic firm of Martilla & Kiley—that Republicans would do a better job than Democrats in guarding against Soviet aggression and dealing with terrorism. Moreover, a poll commissioned by the American Medical Association finds that no issue other than national defense puts the Democrats at so big a disadvantage among voters.

Some analysts believe that the Democratic candidates confuse public impatience over high Pentagon spending with a desire to lower the U.S. national-security posture. "Democrats are making a mistake if they think that just because people want to cut defense spending, they also aren't willing to use force in the world," says Robert Teeter, a Republican pollster. "The Democrats are communicating that they don't think we need a strong defense."

Such a perception would be an enormous disadvantage to Democrats in the South, the region that for decades provided the party with a solid voting bloc. A Democratic Leadership Council poll identified swing voters in Southern states and found that they were "quite willing, under selective circumstances, to commit American forces abroad." Nearly three-quarters of

centric, though the gain coming off reflected strong car sales. The results suggest consumer spending is sluggish but isn't as weak as analysts had expected after the stock crash.

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(Story on Page 24)

Markets—

Stocks: Volume 140,570,000 shares. Dow Jones industrials 1916.11, off 8.62; transportation 740.43, off 5.96; utilities 176.92, off 3.14. Bonds: Shearson Lehman Treasury Index 1245.91, up 1.61.

Commodities: Dow Jones futures index 135.68, off 0.07; spot index 133.04, off 0.87. Dollar: 126.05 yen, off 1.25; L2620 marks, off 0.0085.

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U.S. air-safety investigators released cockpit transcripts that showed a Continental Airlines jet that crashed in Denver in November, killing 28, stalled four times during takeoff. They also showed that the copilot, who had flown a DC-9 once previously, was at the controls and that the jet was idled 23 minutes before takeoff.

Died: Frank V. Schwinn, 67, chairman of Schwinn Bicycle Co., in Chicago.

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By JOHN R. EMMERICH

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The affair has produced two lawsuits and an investigation by California's attorney general. It has raised questions about the conduct of nationally known consumer-affairs commentator David Horowitz, who was a paid consultant on the project. It led, last November, to the closing of the Los Angeles BBB. "This is our Bureau-gate," says Terry Hilliard, a former executive vice president of the bureau in Bakersfield.

Embarrassed Consumerists

Bureau officials say many of the complaints are overblown. But they are embarrassed nonetheless to an organization that for 75 years has espoused consumer protection and business ethics. "There were some problems," concedes Stephen Jones, a vice president of the Council of Better Business Bureaus Inc., the national umbrella organization. "But I don't think there was any fraud by the Better Business Bureau."

The storm concerns a bunch of innocuous-looking directories that resemble the telephone Yellow Pages. Distributed free, the books list local BBB members and contain paid ads, as well as consumer tips on everything from buying a car to choosing a vocational school.

The directories were conceived as a way to build bureau membership and to raise money for the local, largely autonomous bureaus. About 30 BBB chapters have published directories, and some saw their membership double in the process.

But the directories' impact on membership and revenue may have blinded bureau officials to certain problems. "It was like a dose of heroin," says Robert H. Morgan, an attorney for the BBB in the San Jose area.

Fearing Trouble

The directory idea was controversial from the start. In 1982, the council sent a memo to local chapters urging them to delay signing any contracts with companies that might publish the books for them. The council said it feared "outright misrepresentation" by outside advertising-sales people because local bureaus "couldn't exercise adequate control" over selling practices.

But individual bureaus pushed ahead anyway. The council wasn't happy, but it didn't use its ultimate weapon: its power to deny a local chapter the use of the Better Business Bureau's good name.

Most of the controversy has involved Better Book Inc., a now-defunct San Francisco company that contracted with a dozen bureau chapters—most of them in California—to publish directories. Better Book was to print and distribute the directories and keep all the advertising revenue. Its sales people also were to sell BBB memberships. Revenue from that, minus sales commissions, was to go to the individual bureaus.

Critics contend that Better Book promised much more than it delivered. Directories came out months late, they say. Far fewer directories were distributed than

Please Turn to Page 8, Column 1

The State Department usual number of angry telegrams why the U.S. can't do Israel crackdowns against, despite U.S. misgivings, ruled out. "That won't get I Shamir to the peace table U.S. official.

Mideast peace will be a t announced visit this spring well as during this month's President Mubarak. B see any dramatic peace r lieve the protests ultimate because the protesters d goals or the staying power!

BUSH VS. DOLE: Few sional cease-fire to last lon

Both sides claim to be road after recent spats. Bu aggressive against Bush on le and Iran-Contra questions a campaign, not a coronation time to try to draw him (I Thomas Rath, a Dole con ceasingly stresses his ele Democrats compared with

Bush aides insist their hold his tongue. To show hi sues, the campaign plan Bush" sessions in which questions from voters. Or show a contrast with the ac But Bush advisers expect tacking again, and some can avoid firing back.

Whether Bush finally f to respond, says Bush f Teeter, "depends on the pends on the effect they

HART'S RIVALS probab him on the character issue identical debate in Iowa. T ing shows Hart fading, an focus their fire instead on mon. But the Des Moines F tor or the GOP questioner the sensitive subject.

GEFARDT GRABS a with a new TV ad that ass for tariffs and taxes that ra \$10,000 Chrysler K car to comes president, he says, going to have to wonder "h cans are going to pay \$48,00 Hyundai."

BALANCED LINEUP: pick a Midwestern governo woman as top officials for i vention. They are Michi Blanchard to head the pla and Louisiana's Kathy Vic. panel. A black is expected in charge of credentials.

MORE SHOCKS for Wi in the offing. A new round i dictments of Wall Street fi this spring. The prosecut not only additional cases t but also such dealings as r tion and tax evasion.

TURBULENCE ARISE makers over some aviatio

FAA chief McAortor rile portation Secretary Burnle promising legislation on set limits. McAortor also oppos that would raise landing planes at Boston's Logan A ley aides say some of th higher peak-hour landing gestion, may have merit.

Burnley is sensitive to ministration's renewed en states and localities mak sions. But both he and M conflict on basic issues. Th soon to begin a push for r airports. One proposal wil some military air bases.

Some lawmakers see FAA an independent a idea faces strong admini tion.

MINOR MEMOS: Bush the past 14 years list seve addresses, including the Hc ing in Texas and the Reput ton headquarters when he man... After a speech Nashville urging pride in ucts, his aides whisk repoi cedes-Benzen to the openi headquarters in a house s tiques... Haispeak live the "Malthusian, self-flag recating attitudes of the

—Compiled by R

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PRESERVATION COPY

gimen Alternating 2 AIDS Drugs und to Limit Negative Side Effects

By MARILYN CHASE
OF THE WALL STREET JOURNAL
AIDS patients with a one-two
ning up two potent but toxic
ugs given on alternating weeks,
avoids the side effects of both
overnment and industry scien-

at the National Institutes of
rted the finding in a prelimi-
of dideoxycytidine, or DDC, a
oped at NIH and licensed to
a Roche Inc., Nutley, N.J., the
F. Hoffmann-La Roche & Co.
id. The report is scheduled for
oday in the British journal The

en administered alone, gave
ients in the study a peripheral
tingling, numbness and
ally in the feet. At its worst,
mage brought treatment to a
etimes took months to disap-

ster compound, AZT, which is
d by Burroughs-Wellcome Co.,
se building blocks into the ge-
l of the acquired immune de-
rome virus, halting its repro-
prolongs survival of AIDS pa-
oxic to the bone marrow, and
ia requiring blood transfu-
sion half of those who receive

in a study of six patients
en of DDC for one week fol-
f for one week, patients es-
ie neuropathy and the ane-
s said. Patients also experi-
in the level of virus in their
eased production of T4 cells,
ells which are part of the
ie response.

The results were cheered by scientists
at Hoffmann-La Roche, who were discour-
aged when DDC's toxicity began to show
up last summer. "The neuropathy was a
disappointing surprise," said L. Patrick
Gage, vice president for exploratory re-
search. He added he is excited about the
Lancet report for showing "there is a way
out."

Despite such encouraging signs, scien-
tists emphasized that the test, a phase
one study, is preliminary and doesn't
prove clinical effectiveness. Phase one
studies are designed to assess safety and
toxicity. Phases two and three essentially
determine effectiveness. Further studies
are needed to find out whether the drug
lengthens or improves the quality of life
for AIDS patients.

"We don't know if the drug has clinical
efficacy, as defined by FDA. We don't
know if it's better than AZT. But we do
know we can get around the toxicity," said
Samuel Broder, chief of clinical oncology
at the National Cancer Institute and a co-
author of the study with another NCI sci-
entist, Robert Yarchoan.

Scientists also said that they are uncer-
tain whether the combination is superior to
either drug given alone with a rest period
in between doses. Such potent antivirals
might best be administered in low-dose
regimens, with pauses built in to rest the
body and rebuild nerves and bone marrow,
Dr. Broder said.

Whaijen Soo, a Hoffmann-La Roche sci-
entist, said the company plans to enlarge
its DDC studies, testing the drug at lower
doses with rest periods. Dr. Soo added that
the drug also will continue to be tested in
alternation with other drugs by the Na-
tional Institute for Allergy and Infectious
Diseases, a unit of NIH.

Troublesome Issue: Democrats Waffle On the Use of Force

Continued From First Page

them, in fact, favored strong retaliatory
measures, including military action,
against countries supporting terrorism.

"Southerners haven't viewed Demo-
cratic candidates as commander-in-chief
material," laments Kirk O'Donnell, the
president of the Center for National Pol-
icy, a Democratic think tank. Democratic
pollster Thomas Kiley, who now is advis-
ing Mr. Dukakis, adds: "We have a lot of
explaining to do to the American peo-
ple."

In the past year, as the candidates
struggled to lay the groundwork for the po-
litical contests now less than a month
away, only former Sen. Gary Hart of Colo-
rado has set out some principles to guide
the use of U.S. military force. In an ad-
dress delivered before he withdrew from
the race last spring—only to re-enter this
winter—Mr. Hart set out seven criteria for
the engagement of U.S. force. These in-
cluded clear definitions of U.S. objectives,
an agreement on the command structure
of the engagement, and a requirement that
the operation "pass the test of simplicity"
and "be achievable in its operation." He
also stipulated that the military engage-
ment must have public support.

Gore: 'There Are Times'

Only Sen. Gore, who has aimed his
campaign at the Southern primaries sched-
uled for March 8, has sought to capitalize
on the force issue. "We should always pre-
fer diplomacy, but we must understand
there are times when we must use force,"
says Mr. Gore, who over the course of the
campaign has hardened his position sub-
stantially. "I sense a real discomfort

among all [the other candidates] when this
sort of thing comes up."

In Rep. Richard Gephardt's major ad-
dress on defense policy, he raised what he
called "the ultimate question of strategy."
But he then skirted the issue, saying he
has no "litmus test" for the use of force
and assuring his listeners at American
University in Washington that "if as a last
resort it becomes necessary to use force, it
will only be to advance clearly stated goals
that are clearly in the national interest—
goals that are consistent with our values
and the rule of law." He has refused to say
anything further on the subject.

Mr. Babbitt, acknowledging that the
subject causes him anguish, says only that
U.S. force should be committed after an
assessment of "the chances of quick and
decisive results."

The Rev. Jesse Jackson repeatedly
skirts the question. In a nationally tele-
vised NBC debate last month, Mr. Jackson
would say only that there would be "tre-
mendous consequences"—he wouldn't
specify them—if the Soviets established a
base in Nicaragua. When asked during a
Democratic Leadership Council debate in
Miami how he would respond if the Sandin-
istas broke a peace agreement, he equiv-
ocated and answered, in part, "Let's give
peace a chance."

Dukakis's Stand

Gov. Dukakis says he wouldn't rule out
the possibility of military strikes against
terrorists' bases and camps. He also says
he wouldn't rule it out if Soviet offensive
weapons were introduced into Nicaragua
or if the Warsaw Pact nations invaded
Western Europe. He acknowledges that the
public holds the Democrats in low esteem
on this question but adds, "The American
people also are concerned about trigger-
happy presidents and the Reagan adminis-
tration's willingness in the early years to
use force as a first resort."

Sen. Simon, often portrayed as the most
liberal and most dovish of the Democratic
candidates, argues that Democrats have

acquired "an unfair rap" on the force is-
sue. "You ought to use the tools of diplo-
macy first, and on those occasions when
American lives or vital American interests
may be at stake, you apply force," he
says.

All seven Democrats use variations on
that theme, prompting hard-liner Richard
Perle, who until recently was the Reagan
administration's assistant secretary of de-
fense for international security policy, to
say: "They love the rubbish about using
diplomacy first, but you don't ever get to
the question about force until you have
tried diplomacy. They've got to do better
than that cliché."

Critics of the Democrats' position also
disagree with their emphasis on multilat-
eral military efforts in concert with allies.
These critics say that allied agreement is
often elusive and that, in many cases, joint
military ventures are awkward and unreal-
istic. The phrase "consulting with allies,"
according to Mr. Mann, the Brookings po-
litical scientist, "is a code word for unwill-
ingness to assert American power."

Vietnam and Party Rules

The Democrats' hesitation about the use
of force grows out of the Vietnam era,
when the party was rent by the war and
when Republicans seemed to replace Dem-
ocrats as the party of internationalism. At
the same time, Democratic Party rule
changes, designed to take power away
from local bosses, gave more power to
grass-roots organizations that grew in
large measure out of the peace move-
ment.

Few states provide as vivid an example
of this process as Iowa, where peace activ-
ists—some got their political baptism in
the Vietnam protests, others in the nu-
clear-freeze movement—will be major
players in next month's caucuses.

"The most active groups in the nomi-
nating process are dovish," says William
Schneider, a political analyst at the Ameri-
can Enterprise Institute. "They're exact-
ing a price for their support, but it creates

a problem for the candidates and for the
party. This is one of the reasons Demo-
cratic support from white males has fallen
to alarmingly low levels."

Says Larry Smith, a former Hart aide
who is the president of the bipartisan Busi-
ness Executives for National Security:
"Most of the bright people in the Demo-
cratic Party either got so burned from
Vietnam that they never got back into
questions like this or have run away from
them."

The result is a party that, in the eyes of
many voters, lacks the resolve not only to
send American soldiers into combat but
also to debate what interests the U.S.
ought to define as critical.

"These candidates haven't told us much
about what they would defend," says Jef-
frey Record, a senior research fellow at
the Hudson Institute and former defense
aide to Democratic Sen. Sam Nunn of
Georgia. "For all we know, we're wasting
a lot of money on the instruments of force
if these people aren't willing to use
them."

Automatic Data Processing Inc.

Rise of Over 25% Expected In 1988 Per-Share Earnings

Automatic Data Processing Inc. said it
expects fiscal 1988 per-share earnings to
increase more than 25%.

The data processing concern, based in
Roseland, N.J., said net income in the sec-
ond quarter ended Dec. 31 rose 34% to \$40.1
million, or 52 cents a share, from \$30 mil-
lion, or 41 cents a share, a year earlier.
Revenue rose 13% to \$376.7 million from
\$334.2 million.

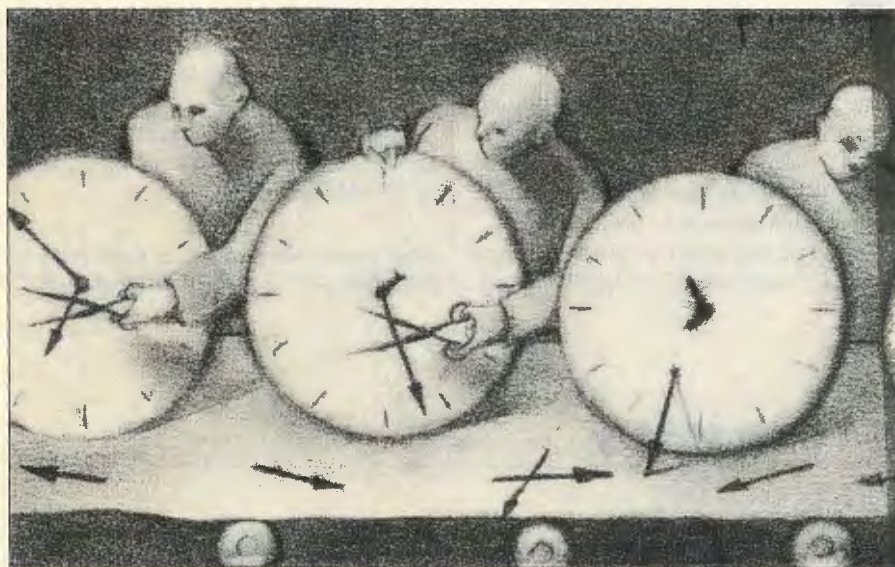
Josh S. Weston, chairman and chief ex-
ecutive, said the company expects fiscal
1988 revenue to increase "well over 10%."
In the year ended June 30, net was \$132
million, or \$1.76 a share, on revenue of
\$1.38 billion.

the book case

Meet the New Left, Same As the Old

By David Boaz

The Next Left: The History of a Future, by Michael Harrington
New York: Henry Holt, 197 pages, \$17.95



For Michael Harrington, as for Phyllis Schlafly, the world is a fearsome place. It is always changing. It is, quite literally, out of control.

Change in the world is caused, though not designed, by the choices of millions of individuals. When they choose nontraditional lifestyles, Schlafly and her allies on the right are disturbed. When they choose nontraditional jobs and economic arrangements, leftists such as Harrington worry that the sky is falling.

The Next Left, despite its future-oriented title, is a paean to the 1950s, the high point of an economic system that Harrington (following the Italian Marxist Antonio Gramsci) calls "Fordism." While this system is never really defined, it is described as "mass production for mass consumption," which required "a new type of man, conforming to a new type of labor and production process." Stripped of the jargon, long-time socialist Harrington pines

for the days when every red-blooded American man worked in a factory. (Wasn't there a time when leftists attacked the "alienation" of the assembly line?)

But the Fordist era is over. You see, "the nature of economic growth has changed. Investment can now create more national product but not more jobs, or at least not more jobs of the kind essential to upward mobility."

Here Harrington has taken up the current leftist wailing about the rise of the service economy, in which jobs are said to pay less than in manufacturing. This is not the place to go into a critique of that argument, which rests on decidedly shaky—and sometimes outright dishonest—empirical evidence. But it should be noted that manufacturing output as a percentage of GNP has remained very stable; manufacturing jobs have declined because firms are producing that output with fewer workers. This has freed workers to move

into other jobs, most of them generally designated "service." But service jobs do not necessarily pay less than manufacturing jobs, they often offer better working conditions, and they reflect a wealthier economy's ability to satisfy more consumer needs.

The most important thing to note is that economic change is a constant in modern society. The greatest economic change of the past century is the declining number of farm workers—from 53 percent of the work force in 1870 to 11.8 percent in 1950 to just 2.7 percent today. These workers found better, more productive jobs—and so will displaced manufacturing workers, if we only allow markets to work.

An interesting subtheme of this book is its treatment of war planning. Like many other leftists, Harrington doesn't like the killing entailed by war, but oh boy does he love its domestic effects. He writes, "World War I showed that, despite the claims of free-enterprise ideologues, government could organize the economy effectively.... The First World War also convinced militarists and governments that, on grounds of national security, they could not tolerate bad health on the part of a population that had to supply a conscript army."

He hails World War II for having "justified a truly massive mobilization of otherwise wasted human and material resources" and pouts that the War Production Board was "a success the United States was determined to forget as quickly as possible." In yet another section of the book, he writes, "During World War II, there was probably more of an increase in social justice than at any [other] time in American history. Wage and price controls were used to try to cut the differentials between the social classes.... There was also a powerful moral incentive to spur workers on: patriotism."

Harrington is not unique on the left in his view of war as a great way to whip society into shape. Asked in 1982 for an example of socialism in practice that could "serve as a model of the Britain you envision," British Labour Party leader Michael

THIS WORD DIDN'T EXIST 11 YEARS AGO

PRIVATIZATION

Now It's Sweeping the Country

Privatization could cut the cost of public services in your city. How much? Probably at least 20 percent and maybe as much as 40 and 50 percent. How come? Because private firms have to compete for their business, unlike municipal monopolies. And competition leads to lower costs and innovation.

Every so often the media feature a "gee-whiz" story on private prisons or private fire departments. But if you'd like to see privatization applied in your home town, you need a lot more than that.

The best way to get up to speed on privatization is to go to the people who invented the concept, the Reason Foundation. Since 1976, the Foundation's Local Government Center has been publishing *Fiscal Watchdog*, a monthly newsletter on the latest developments in privatization.

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book case

minority

Foot replied, "The best example that I've seen of democratic socialism operating in this country was during the second world war. Then we ran Britain highly efficiently, got everybody a job.... The conscription of labor was only a very small element of it. It was a democratic society with a common aim in which many of the class barriers were being broken down."

Harrington and Foot don't really want war; they just want what William James called "the moral equivalent of war," discipline and nationalism without all the dying. They know, as Randolph Bourne put it, that "war is the health of the state."

What exactly is the new program for the next left that Harrington proposes in light of these fundamental economic changes? It turns out to be...just what the left has been proposing for decades. More welfare, welfare for housewives, child allowances, day care, government jobs, foreign aid, and of course planning (but *democratic* planning).

I hope he had a special key on his word processor programmed to type "the gov-

ernment must provide funds for"; it would have saved him hours. And where will the government get these funds? From society, he says at one point—not exactly an illuminating suggestion. More often, he demands that business and the rich be made to pay their "fair share," but never once is that leftist mantra defined.

Since we now know that the 1981 income-tax cut resulted in the rich paying a higher share of total tax receipts, would Harrington like to reduce the top marginal rate further to seduce the rich into earning more and paying even more in taxes? Or would he rather raise their tax rate to punish them even at the cost of lost tax revenue? In which case—and this is the real point—he would have to raise taxes on the middle class to provide funds for all these middle-class entitlements he wants to establish.

In other words, to paraphrase the rock group The Who: Meet the new left, same as the old left.

David Boaz is vice-president for public policy affairs of the Cato Institute in Washington, D.C.

Our Other Minority

By Thomas Sowell

The Hispanics in the United States: A History, by L. H. Gann and Peter J. Duignan
Boulder, Colo: Westview Press, 392 pages, \$28.95

This is the finest book on Hispanics in America that I have ever seen—or ever expect to see. Other writers are no doubt capable of the same scholarship, and some undoubtedly have longer years of study of the subject than Gann and Duignan, who have made their reputation with books on Africa. What is so rare about this book is the freshness and openness with which the authors approach the subject, and their ability to set it in a larger historical and international context.

Perhaps the best way to summarize characterize *The Hispanics in the United States* is that it is three-dimensional. The peoples discussed in its pages are never the two-dimensional, cardboard cut-outs all too common in books preoccupied with proving some theme—whether that theme be filioipietistic, victimology, ideology, or some intellectual "model," quantitative or otherwise. Gann and Duignan write about flesh-

and-blood people, in a way which suggests throughout that their story is important in and of itself and that we will all be better off for understanding it. It is not anecdotal, but neither is it abstract. Cultural, historical, political, and economic dimensions are all given their due.

The term *Hispanic* in the title is one of convenience only, for the book itself treats Mexicans, Puerto Ricans, Cubans, Dominicans, and others as separate groups with very different histories abroad and very different experiences in the United States. As the authors point out: "Puerto Ricans or Mexican Americans had not originally defined themselves as 'Hispanics'; Congress had not legislated the new ethnic definition; it came only by administrative fiat."

Yet points of similarity as well as difference between the various Hispanic groups are explored. Indeed, the experi-

out its conclusion, Mr. Reagan is
be confronted with an official re-
scribing the budget deficit to the 1981
cut.

policy would be blamed for the deficit.
This tactic did not serve public policy
well. In a democracy, deception even when

recently, a professor at the Massachusetts
Institute of Technology named Oliver

litical economy and international studies.

Albert Gore: A Dove in Hawk's Feathers 1988 Election

By JOSHUA MURAVCHIK

Sen. Albert Gore has distinguished himself from the other Democratic presidential contenders by adopting a more hawkish posture on foreign and defense issues. This has struck a responsive chord in his native South, propelling him toward the front of the pack for the March 8 "Super Tuesday" constellation of primaries. The initial success of this stratagem, however, reveals more about the Democratic field than about Sen. Gore. That he can play the hawk, given his 11-year record in the House and Senate, shows what a dovish flock he's flying with.

During his legislative career, Sen. Gore voted "right" on 57% of the foreign and defense issues chosen by the liberal Americans for Democratic Action for its congressional score card. Conversely, he was "right" on only 40% of the votes rated by the conservative American Security Council. These results jibe neatly with each other, and are further reinforced by the impartial National Journal, on whose foreign-policy scale Sen. Gore has averaged 61% "liberal" and 38% "conservative."

This record places Sen. Gore moderately to the dovish side of center of the congressional spectrum. How does he compare with the other Democratic contenders? Gary Hart and Paul Simon both are nearly pure doves, each having voted to ADA's liking 92% of the time, while Mr. Hart has managed to please the American

Security Council 15% of the time and Mr. Simon only 7%. Rep. Richard Gephardt, on the other hand, has a record very similar to Sen. Gore's—59% right with ADA and 39% right with the ASC. (Of the three Democratic contenders who haven't served in Congress, Michael Dukakis is an extreme dove; Jesse Jackson is even to the left of that; and Bruce Babbitt, though temperamentally a moderate, has pointedly identified himself with the party's liberal wing on Central America.)

Sen. Gore, in short, is somewhat more hawkish than the Democratic field, but his record is a far cry from that of, say, Sen. Sam Nunn, a genuine Democratic hawk in the tradition of Sen. Henry Jackson. Mr. Nunn's votes won ADA approval only 32% of the time, that of the ASC 72%.

Ironically, the multiple primaries of "Super Tuesday" were engineered by Southern Democrats in the hope of maximizing their region's impact on the nominating process and perhaps serving as a springboard for the likes of Sen. Nunn—the only kind of candidate Southern Democratic politicians believe can carry their region in the general election. When he and former Gov. Charles Robb of Virginia both decided against making the race, they left a vacuum on the party's hawkish flank that Mr. Gore has moved to fill.

But the ambiguity of Mr. Gore's record is underscored by the fact that Mr. Gephardt, with a virtually identical record, is

running as a dove. Perhaps the best perspective was offered by Rep. Tom Downey, one of Mr. Gore's liberal backers, who suggested that "as a matter of tactics for the campaign" the various Democrats may be "maximizing minimal differences," and that "viewed against the backdrop of what Al [Gore] and Paul [Simon] and Dick [Gephardt] want to do on arms control, [their stands on national security] are not that contradictory, they are just magnified by the political process."



Sen. Albert Gore

Indeed, the difference between Sen. Gore's tally on the various legislative score cards and the scores of some of the other Democrats may exaggerate the philosophical distance separating them. The issues on which Sen. Gore has differed with the doves have been mostly minor ones. In contrast, Sen. Bill Bradley staked out his turf as a centrist by breaking ranks with the majority of fellow Democrats on such cutting-edge issues as aid to the Nicaraguan resistance and support for the Strategic Defense Initiative. Sen. Gore has consistently opposed Contra aid and voted for numerous cuts and restrictions on SDI.

He also sided with the doves on such critical votes as the repeal of the Clark Amendment that had prohibited aid to Jonas Savimbi's UNITA rebels in Angola and the landmark 1984 vote on El Salvador when then Majority Leader Jim Wright led some 50-odd Democrats in supporting the administration's request for military aid to the new Duarte government.

The one really important and controversial issue on which Sen. Gore broke with the doves was on nuclear-weapons policy. To his credit, he took arms control seriously, not as a mere shibboleth. He became a champion of the "Midgetman," a small, single-warhead ICBM that he saw as a key to nuclear stability. He helped broker a compromise with the Reagan administration that provided for developing Midgetman while proceeding to build 50 MX missiles.

Yet for all the question marks, Sen. Gore's stance may still benefit his party. For two decades all the momentum in

Democratic presidential contests has been leftward. The only Democrat who did not try to out-dove his opponents (aside from protest candidate George Wallace) was Jackson, and his failure seemed only to confirm the absence of running room on that side of the Democratic spectrum. Even Democrats with hawkish records—such as Sen. Fritz Hollings in 1984—sought to repackage themselves as doves. By breaking with this tradition, Sen. Gore may help to restore a measure of balance to his party's deliberations. By decrying those who support "indiscriminate cuts in the defense budget," he may help to re-create an atmosphere in which Democrats decide foreign and defense positions by deliberation rather than dovish reflex.

Moreover, Sen. Gore's own political evolution is not necessarily completed. Having made this break with Democratic tradition, he may go further, as a candidate or as a president. In underscoring his difference with the other Democrats, he has begun to stress his support for President Reagan's invasion of Grenada and bombing of Libya, and for the reflagging of tankers in the Persian Gulf.

These all are, or were, important issues, but none is a particularly risky stand. So far, Sen. Gore apparently hopes to capture hawkish voters in Southern primaries without doing anything to make the doves really angry at him. But, given his dovish record, the only way he'll make believers out of the hawks is by taking some courageous positions that burn bridges to the doves—say, by throwing his support behind aid to the Contras or a robust SDI program. Until he takes that kind of step, his quarrel with the other Democrats, though better for his party than his pledge to the Women's Political Caucus for a 50% female administration, will look like little more than another campaign maneuver.

Mr. Muravchik is a resident scholar at the American Enterprise Institute and a one-time staffer to Sen. Henry Jackson.

Glasnost's Secret Life

By YURI TUVIM

In the early 19th century, French traveler Marquis de Custine observed that once you entered Russia, the most innocent things became secret. Under Stalin, institutionalized secrecy reached its zenith. It was a joke at the time that in America secrets were not secret, in Germany what was secret was secret, and in Russia even non-secrets were secret. This was not an exaggeration: Even the instruction manuals of equipment purchased abroad were kept in a library with access restricted to those with security clearance.

Is the U.S.S.R. under Mikhail Gorbachev less obsessed with secrecy than before? Let's be fair. The glasnost campaign did open some aspects of Soviet life that were taboo only a few years ago. Now the Soviets are publicly discussing some of the sore spots of their society: prostitution, drug abuse, child mortality, corruption, alcoholism, etc. Even so, accurate statistics have not been published. Also, certain more prosaic things remain secret. You cannot buy an accurate road atlas because all distances and locations are purposefully distorted, presumably to confuse an invading army. The listings in telephone books are severely restricted. Many state agencies and officials are not listed. As an exercise in frustration, try to get the telephone number of a prison camp or psychiatric hospital. Probably the biggest secret of all is the scope of perks, privileges and salaries of elite. Nobody knows how much Mr. Gorbachev makes.

Secrecy also serves as a convenient means to combat competitors and maintain a monopoly. Recently, a distinguished literary scholar could not get access to manuscripts of humorous short stories kept in the state Lenin Library. A competing scholar succeeded in declaring the manuscripts "secret," thus keeping everyone else at bay.

Other scholars have found a way to

avoid the usually strict peer review of a Ph.D. thesis: Attach the label "secret" to it. This will ensure that it will be read only by those with a security clearance, often scholars in a different field.

There's another particular aspect of Soviet life that reveals how much the society is caught up in the web of secrecy: Any Soviet citizen who wishes to visit or join relatives abroad must prove that he or she poses no security risk. It is not the state that must prove its case, but the individual. As a result, thousands of potential visitors or emigrants become refusniks with no legal procedure to help them. Soviet courts do not accept cases involving secrecy. If you were a gardener beautifying the yard of the Electronics Research Institute in the late 1960s, you may still be waiting for your exit visa in the late 1980s, as is the case with Natalia Rosenstein.

When Dr. Emil Merzheritsky decided to join his daughters in the West, his employer imposed a five-year moratorium. Ten years later, Dr. Merzheritsky is still waiting for his visa. In the Soviet bureaucratic jungle there are no means of having a previously made decision enforced.

But if glasnost does not change the Soviet apparatus, it certainly has changed the mentality of some people. Ten years ago, Natan Sharansky discussed the issue of secrecy with some of his contacts and found himself in a prison camp. On Nov. 23, Dr. Merzheritsky and others conducted a private symposium in Moscow on excessive secrecy, to which they invited Soviet legal authorities. The organizers are expected eventually either to end up with tickets to the West or with free transportation to Siberia. Neither has happened as yet, but that shows only that the totalitarian state moves slowly but surely.

Mr. Tuvim is a mechanical engineer for Millpore Corp. and a commentator for WEEI radio in Boston.

Notable & Quotable

Sports Illustrated senior writer Craig Neff, in a Gannett Center monograph, "Sports and Mass Media":

If you cover sports, you eventually have to surrender all pride and ask something like: "How did it feel? Does this give you momentum going into tomorrow's game? Did the pitcher fool you on those last three strikeouts?" You know the answers ahead of time, and you feel like a dolt for having to ask, but there's no other way to get the comments you need.

In many respects, sports just aren't that complicated. An athlete runs into the end zone without getting tackled. That's it. His philosophy of life is not at issue. Neither is the safety of the republic. There are simply no profound questions to pose. Good answers are what count, anyway, and most sportswriters know this. The Sportswriter's Creed: No question is automatically stupid, unless it is asked by a sportscaster.

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DOW JONES & COMPANY, INC.

Editorial and Corporate Headquarters:
200 Liberty Street, New York, N.Y. 10281.
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Washington News and Sales Office:
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