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# RIPON FORUM

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Issues Conference

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## RIPON FORUM

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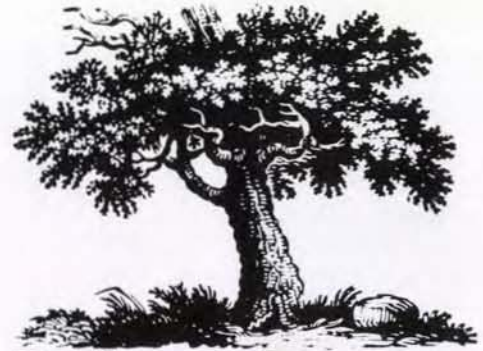
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## View From Hawkins Gore

### The Great Bank Failure

by Hollis Colby

“We all thought it was a mite curious that Perley Farnham had not been seen down at Blodgett’s for about a week, so one day we deputized Luther Leach to go over to Perley’s to find where he was at. It warn’t long before Luther come back with a report.

“Perley,” reported Luther to the assembled members of the Hawkins Gore Historical, Literary, and Athletic Wagering Society, “is alive and well and furthermore is preparing an address to our esteemed society to be delivered on Wednesday next for the benefit of those carin’ to come to hear it.”

Now Perley was always the studious sort, but it had become apparent that he was aimin’ to outdo hisself this time. We naturally wanted to know what it was he was going to deliver to us, so Luther was dispatched once more to the Farnham homeplace for more information. In short order he reappeared to announce that Perley’s topic was to be “The Great Bingham Depot Bank Failure.”

Several of us old timers could remember sort of hazy-like the troubles over to Bingham Depot back about ’13 or so, but none of us could think up a good reason why Perley would get so exercised about the matter at this late date. So when our rustic savant and friend appeared the following Wednesday a large and enthusiastic crowd of maybe ten folks including ‘Lias the storekeeper was eagerly awaiting his no doubt edifying and inspirational remarks.

“My topic today, gentlemen, is the Tragic Failure of the First State Bank of Greater Bingham Depot in the Year 1913, and Its Lesson for the Present Generation and Them



as Yet Unborn," Perley began. We agreed to a man that that was a mighty impressive title for a talk. Someone said it was a danged shame that W. Michael Blumenthal wasn't present to participate in the listening. He is the auto parts feller that Mr. Jimmy Carter put in charge of printing money, in case you ain't heard of him.

"The tragedy of Bingham Depot began when the rich Widder Peebles got the idea she would collect all the inheritance her husband had left her and deposit the funds in the bank at Bingham Depot, where her pa had growed up," continued Perley. "All of a sudden the bank had more money than they had any idear what to do with. The management decided to make business loans as cheap and easy as possible so that Bingham Depot would become the new industrial Colossus of the Northeast. This was in the days, remember, when our country banks could not just wire their funds down to the Chase Manhattan every day at three o'clock and not bother with servicin' all these local borrowers and such," said Perley.

"Well, when news of this cornucopiar of loans spread about, everyone and his brother hatched one scheme or another to git some of it. Wilf Rodgers got a bunch for a monstrous big birch beer factory. A bunch more went to the Modern Times Pung Works over in Goose Green. They even lent money to a feller to build a zeppelin base so everybody coming here from Europe would have to alight in Bingham Depot."

"Now some would say," Perley continued, "that these enterprises was not entirely up to the tried and true Vermont standard, and by Jesus they warn't far off. But no one paid no attention, not until the dark day when Widder Peebles changed her mind."

"Seems her investment advisers and lawyers discovered she was gettin' only 2 and a half percent interest from the Bingham Depot bank. They told her that her silly sentiment was costin' her something like half a million bucks a year in interest, back when that amount of money meant something. So they had her just up and withdraw her deposit."

"Well, I tell you," said Perley, "there was a lot of scurrying and handwringing when that letter come. The bank run around and called in all the loans, but of course a dozen half built pungs and a fifty-foot tall all-spruce zeppelin mast wasn't close to enough to pay off the deposit. Somethin had to be done mighty quick. The bank directors hit upon a desperate and disgraceful plan."

"Off to Montpelier they went, to ask the State of Vermont to set up a loan fund to help "struggling industries." This fund would make loans to the pung works and birch beer factory and zeppelin depot and all the other screwball enterprises, so's they could refinance their bank loans and the bank could then meet the claim of Widder Peebles."

"Did our solons in Montpelier go along with this scheme?" inquired Ebenezer Colby.

"They was under great pressure from all the folks around

Bingham Depot," replied Perley gravely. "They was told that the shock wave resultin' from the failure of the Bingham Depot bank would spread around the globe, playing hob with civilization as then known. But to their credit, the legislature held firm. They agreed that failure of the bank would be a blotch on the hitherto pure record of Vermont banking, but that it would also be a fine example to encourage posterity to manage other people's money prudent-like."

"When the effort to get the gummint to bail out the bank failed, things unravelled pretty quick in Bingham Depot. And the legislature was right—because of what happened Vermont bankers have been mighty careful ever since, for which we can all be thankful."

At this point Perley stopped, and for a minute we all sat around feeling thankful like he suggested. Then 'Lias, leaning over the counter, said "Perley, that's all mighty interesting, but how come you bring all that up here in the waning days of the Twentieth Century?"

"Waal," says Perley, who had been hopin' somebody would ask, "ain't we about to go through all this again?" Everybody looked puzzled, since there ain't even a village at Bingham Depot since the St. Johnsbury and Orient tracks was torn up in the Thirties.

"We're about to do it again down in Washington, D.C." declared Perley. "Them A-rabs to whom we are sending all them oil dollars are a-puttin the money in European branches of our American banks. Them banks are lendin' the money out for long-term loans to a whole bunch of funny little countries fer ridiculous projects not much better'n zeppelin depots. If the A-rabs ask for all their deposits, like the Widder Peebles, the banks will have to find some assets right quick. Them little countries can't pay up on their loans. So the banks are lookin' to the U-nited States gummint to slip in a few billion here and there so the banks can get out with their skins while you'n me the taxpayers of the U-nited States take what is called in business circles a hell of a bath!"

Well, Mister, I can tell you that that was a bit of a bomb-shell! We knowed it was a hundred percent true because Perley is mighty careful about his homework and sees through things quicker than any three men standin' side by side and squinting.

So we done something about it. We set there and composed a telegram to President Jimmy Carter, slyly playing on his well-publicized religious sensibilities. It read "Dear Mr. President: "God don't want you to sign no bills to bail out all them big banks which is trying to stick us U.S. citizens and taxpayers with a bunch of bad loans when the crunch comes. We know He don't because otherwise He wouldn't have told us to send this telegram. Respectfully yours, the Hawkins Gore Historical, Literary and Athletic Wagering Society, Hawkins Gore, Vermont."

As yet we ain't heard back, and I can tell you some of us ain't sleepin' too good just thinking about what might happen. We all know that if Mr. Jimmy Carter is our last line of defense, we are likely to be in big trouble. ■



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# COMMENTARY

## Conference Postscript

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It is not easy to distill lessons from an issues conference and annual dinner as freewheeling as Ripon's Washington gathering May 20. Held exactly at the one third point of the Carter Administration's first and—we trust—only term, this assemblage showed that Republicans can tackle serious issues which the Administration fears to face. The dinner, a highly successful spoof of the Carter Administration, revealed two well kept secrets: Republicans have both a sense of humor and the self-confidence that is a prerequisite to regaining national power.

For too long, moderate Republican gatherings have had the smell of defeatism—like a wake without the whiskey. Imbued with a siege mentality, our brethren have gathered to commiserate about their embattled state, the superior organization of the New Right, or the cruelty of the Political Fates.

Most distressingly, some Republican progressives have tended to shrink from their party identification as if to say "I'm a Republican, but I'm a nice person anyway." No matter how many speeches on an "open party" such "missionaries" may give, they are no more likely to bring converts to the party than are the exclusionists of the New Right. To be a successful political evangelist, one must first believe.

As the 1978 Ripon Issues Conference revealed, progressive Republicans have reached that point. The failures of Democratic liberalism are unfolding at a dizzying clip, and our party brethren have come to the realization that the American public should be offered more than merely better management of ill-conceived Democratic programs.

Republican moderates are providing most of the intellectual momentum behind ideas that may reshape the structure of American politics for the next generation. This is true in at least three areas of domestic policy: taxes and capital formation; encouragement of entrepreneurship; and neighborhood revitalization. In each case the actions of the Carter Administration have been either ineffective or counterproductive. As the Issues Conference panels revealed, the Republican Party can shape a credible strategy for governing by developing these issues:

**Taxes and Capital Formation.** No issue has more political sock today. The strong support within the House for the amendment by William Steiger (R-Wisc.) to roll back the presently prohibitive capital gains rate reflects the belated awareness of many legislators that some recent "tax reforms" showed a misplaced Solomonic wisdom. Cutting the baby in half has not achieved tax equity. Hit by the Steiger onslaught, the Administration's tax proposals are now in a shambles.

More significant than the support for the Steiger Amendment is the growing intellectual and political movement for tax reduction and tax limitation. In its political form, this is a grass roots protest movement such as that behind California's Proposition 13. Escalating property tax assessments, dissatisfaction with the quality of public services, and a feeling that public officials are unaccountable have all fed these protests.

The tax protest, moreover, coincides with a revolution in the economics profession. Some brilliant young economists, led by Arthur Laffer, have demonstrated that high rates of taxation have an enormous drag effect—depressing the economy, wiping out jobs, and even reducing government revenue over the long haul. The Laffer analysis, popularized by Representatives Jack Kemp (R-N.Y.) and David Stockman (R-Mich.), provides the intellectual moorings for a highly popular political appeal.

The potency of this issue was underscored by the participants in the tax and capital formation issue, all shapers of the powerful tax reduction current. Dr. Richard Rahn has spearheaded the movement to roll back capital gains taxes, first causing President Carter to retreat from proposing extortionate capital gains taxes. Rahn's organization, the American Council for Capital Formation, has built on this momentum to garner wide support for the Steiger Amendment and its Senate companion, introduced by Clifford Hansen (R-Wyo.). Jim Davidson, who heads the National Taxpayers Union, has created a powerful grass roots movement for government economy and tax limitation. The two other panelists, Dr. Rudolph Penner and Representative Clarence Brown, are recognized as leaders within the economics profession and the Congress on the relationship of tax policy and capital formation. The panel discussion made clear that tax limitation commands the support of not only angry homeowners, but also of the most innovative economic minds.

**Encouragement of Entrepreneurship.** As the participants on the entrepreneurship panel agreed, there is a close link between tax and capital formation policy and the climate for entrepreneurship. The panelists, who included Mitchell Kobelinski, George Shafran and Alex Armendaris, identified tax policy as a significant impediment to the entrepreneur. Kobelinski indicated that, during his tenure as Administrator of the Small Business Administration, he had begun to reshape the SBA into an entrepreneurial advocacy agency much like that proposed in the Ripon policy paper "How to Reinvigorate Small Business." This was, he suggested, the original intent of the Small Business Act.

George Shafran, like Kobelinski a highly successful self made entrepreneur, saw government regulation and nui-



sance taxes directed at business as an impediment to the incipient entrepreneur. Kobelinski, Shafran, and Alex Armendaris, who served for four years as Director of the Office of Minority Business Enterprise, traced many of these problems to a public mistrust of business and widespread economic naivete.

The panelists were heartened by what they perceived as a more friendly public attitude toward the entrepreneur. Kobelinski, a Polish American who heads the Republican Party's Ethnic American committee, stressed that entrepreneurship has permitted upward mobility for many ethnic Americans who felt shut out of the top strata of major corporations.

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**"For too long, moderate Republican gatherings have had the smell of defeatism—like a wake without the whiskey."**

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The panelists agreed that the Carter Administration has badly fumbled the small business issue. Its appointments at SBA have produced derision even among Hill Democrats. It has effectively gagged SBA's incipient advocacy function by suppressing agency comments on the proposed Agency for Consumer Protection bill and the labor law changes.

Besides an overhaul of SBA, Republicans should consider a rollback of capital gains taxes and the development of a graduated corporate income tax lowering considerably the tax on small corporations. Representative Silvio Conte (R-Mass.) has amassed strong support in the House for such an amendment.

**Neighborhood Revitalization.** As Maryland Republican State Chairman Dr. Aris Allen noted at the dinner, President Carter's much trumpeted National Urban Policy, announced on March 27, should have been delivered four days later—on April Fools! The participants in the neighborhoods panel were sharply critical of the Administration's urban policy. Rather than unleashing the ability of neighborhood groups and individuals to improve their residential areas, this initiative passed out a bagful of goodies to mayors and to Federal agencies that had staffed the report. Incredibly, the President unveiled an urban policy without eliminating or consolidating a single counterproductive or duplicative program.

Carter already seems to be repeating many of the mistakes that Ford made in not seizing the neighborhoods issue. (See May 1978 *FORUM* "How Ford Lost the Ethnic.") The Administration's National Development Bank proposal, as Samuel Sherer pointed out, is oriented toward large business rather than the small neighborhood businesses that are likely to generate a high rate of jobs to capital investment. Philip Johnson, Executive Director of the National Bar Association, pointed out that the Carter Administration's Urban Development Action Grant program has become in large part a subsidy to major hotel interests.

Republicans should begin to take the lead on neighborhood improvement issues with such proposals as the limited purpose neighborhood government initiative developed by Wisconsin State Senator Thomas Petri or tax incentives for neighborhood revitalization, as suggested by Senator Howard Baker. Greater mileage on tax dollars might be obtained through privatization of public services as recommended by panelist Mark Frazier.

**The Middle East.** Party programs and constituencies are built far more by domestic than foreign policy issues. The public's judgment of a party's fitness to hold the White House is, however, in great degree dependent on its ability to deal with seemingly intractable foreign policy issues. None of those is more critical than the issue of war or peace in the Mid East. The conference began with a spirited discussion on the Mid East involving former Senator Hugh Scott, Senator James Abourezk, Egyptian Press Counselor Mohamed Hakki, Israeli Political Counselor Zvi Rafiah, and Mark Frazier and Peter Wallison of the Ripon Society. As excerpts from the panel demonstrate (see page 6), deep gulfs exist between the principals in the Mid East on such issues as refugee rights, territorial and security guarantees, and differing interpretations of sovereignty. The recent Ripon Policy proposal for a Free Trade Zone on the West Bank and the Gaza Strip is certainly no panacea. As several panelists suggested, this may, however, provide a useful framework for leapfrogging otherwise irreconcilable claims of sovereignty.

Similarly the various Ripon initiatives in domestic policy are not final products but intellectual capital that can be leveraged into political success. Victory in 1980 is likely to belong to the party that can demonstrate its ability to master issues of substance. The hemorrhage in Carter's public support is proof of the inadequacy of a politics of style. ■

## Behind The Jet Sales

In a little noted aspect of the Senate's approval of the arms sale package to Israel, Egypt and Saudi Arabia, Senate Republicans pulled the President's chestnuts out of the fire. Thirty-three Senate Democrats voted to disapprove the President's jet package, while 28 voted for it. Senate Republicans voted 26 to 11 to permit the arms sales to occur.

Some Washington observers feel the President may have inflicted unnecessary political damage on himself by insisting on a package deal. Carter presumably settled on this strategy in the belief that pro-Israeli Senators would have shot down the Saudi Arabian jet package had it stood out alone. The Senate debate made it clear that the Saudi package might well have made it through on its own. Such a strategy might have succeeded equally well for the President without inflaming his relations with pro-Israeli interests, who are now bitter that Israeli arms deliveries seemed to be held hostage to assure approval of the Saudi package. ■



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# Prospects For Peace In The Middle East: A Debate

Among the activities at the recent Issues Conference was a debate on the prospects for peace in the Middle East. Representing the Ripon Society on the panel was Mark Frazier, author of the Society's position paper proposing a Free Trade Zone on the West Bank and the Gaza Strip. Other participants included Senator James Abourezk (D-SD), former Senator Hugh Scott (R-Pa), Mohamed Hakki, Press Counselor for the Egyptian Embassy in Washington, and Zvi Rafiah, Political Counselor for the Israeli Embassy, also in Washington. The panel's moderator was Ripon Society member Peter Wallison. Excerpts from the debate follow.

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**MR. WALLISON:** This is, of course, a very important week in the history of the Middle East, at least as the Middle East has impacted on the United States. It comes about six months after President Sadat's peace initiative, when we all thought peace was, in that well-worn phrase, at hand.

These hopes have been diminished considerably. They have diminished because it has become apparent to those of us in the United States who try to follow this through newspaper coverage that the Egyptian government is going to stand very strongly behind its position that the settlement for the Palestinians was important to Egypt, and that unilateral or bilateral settlements solely between Israel and Egypt would not be satisfactory.

The Israeli government, for its part, has taken the position from time to time that the settlements in Sinai and on the West Bank are settlements that Israel would like to retain.

During this past week, there have been some interesting developments. The most interesting, of course, is the agreement of the Senate to go along with President Carter's proposal for a package sale of war planes in the Middle East. I think the significance of this as a military matter may be exceeded by its significance as a reflection of Amer-

ican public opinion at the present time.

The question I think our panelists should try to respond to today, among others, is how they think the parties in the Middle East will respond to this. If they, in fact, interpret this vote by the Senate as a reflection of a shift, perhaps, in U.S. public opinion in favor of more or less evenhandedness in the Middle East, how will they react? Is it likely that the Israelis will react by being less willing to compromise because now they feel less secure?

Will the Egyptians be less willing to compromise because they feel that they've got the upper hand now in the political debate in the United States, or will the Israelis be more willing to compromise because they feel an increasing sense of isolation, and the Egyptians more willing to compromise because they feel now that they are approaching these peace talks from a stronger position.

**MR. FRAZIER:** In an area as politicized as the Middle East, it may seem heretical to propose what is essentially an apolitical approach to the West Bank problem. But that's what we at the Ripon Society have proposed in a paper released about four months ago. I believe the paper continues to be relevant to the situation today.



The idea of a free trade zone on the West Bank is motivated by a belief on the part of the Society that as a step toward an ultimate resolution of problems in the Middle East it would be desirable to create a framework within which all the parties that are concerned could interact peacefully.

A free port or a free trade zone, in essence, is an area in which political barriers have been removed. The types of barriers that are generally removed in free ports and in free trade zones are taxes, tariffs, and other political controls over what people may do with their lives and their property.

The effect of reducing taxes and tariffs has been quite dramatic in other areas, including countries involved in the Arab-Israeli conflict.

Probably the most striking illustrations of what a virtually tax-free and tariff-free environment can do for people that live within them are Hong Kong and Singapore, which in the post-war period have undergone explosive growth.

The standard of living in Hong Kong and Singapore is now I believe second or third in the Asian basin after Japan, which by virtue of its low taxes and relatively free trade policies in some industries has been also very successful in moving ahead.

The economic benefits I think to residents of the West Bank and to the neighboring countries in the West Bank free zone, would be first to increase the amount of investment going into the region.

The effect of the increasing investment into the region by essentially doing away with taxes and tariffs would be to open new job opportunities, for both Palestinians and any other people on the West Bank.

As people become more prosperous they tend to become less radical, so I think the effect of stimulating the economy by adopting a free trade policy will be to give residents of the West Bank a stake in what they've built up and in what they've earned, and that would tend to reduce the political volatility.



Peter Wallison, debate moderator

Another economic benefit is that by depoliticizing the area, it would become a place where representatives of various factions or parties or nations would meet to do business. One of the historic advantages the Swiss markets have is that they are a place where people from East bloc and West bloc countries can get down and negotiate.

The military effects of the free zone on the West Bank, I think, would be to increase the security on the part of the Jordanians and the Israelis, because a free zone essentially is a minimal state. It's actually not a state; it's an administrative body whose function is to see that a peaceful environment prevails.

So if you got the taxes down to a very low level and other government revenues were very slight, you would have an inability on the part of the West Bank to mount a military challenge to the Israelis or to the Jordanians. I think that would be a desirable strategic consequence of the free zone on the West Bank.

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**"In an area as politicized as the Middle East, it may seem heretical to propose an apolitical approach to the West Bank problem."**

*Mark Frazier*



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The prospects for peace in the Middle East can improve by creation of a free zone on the West Bank and the Gaza Strip in the following way. I think Israel would be willing to see the free zone established as a homeland, a Palestinian homeland. Not a political homeland but a real homeland, a literal homeland; on the condition that there be a real peace. If there was to be a creation of a common market, including Arab countries as well as Israel, I would think it conceivable that the Israelis might be prepared to extend the guarantee that the existing residents of the West Bank would be protected from loss of their land through sale as well as by force. The effect there would be to secure a homeland for the Palestinians. This would be territory that would not be capable of being alienated from them. And I think that policy would not necessarily preclude long-term leases of land by Israelis or selling by Israelis on land once owned by the Jordanian government. I think the long-term effect would be to open the whole Middle East to free development of goods and people, which has been a long-held objective of Israeli foreign policy.

The free zone may not satisfy everyone's ideas of an ultimate resolution for the Middle East dispute. But it would be a step that everyone would feel comfortable with. And I think that would be important in continuing the momentum that was established late last year and which now appears to be in some difficulty.



**SENATOR ABOUREZK:** I have no objection with a free trade zone anywhere anybody wants to establish it. The key is really if those people want to establish it, rather than it being imposed from outside.

But when you say that this might help the momentum toward a peace settlement, when you say that this will take the West Bank and the Gaza Strip out of the area, it will depoliticize those two areas, it overlooks the real guts of the problem. It is a political problem. It deals with the deprivation of the Palestinian Arabs of a homeland that they've wanted for a number of years; they've been deprived of it. And to say, well, the remedy for this is to establish a free zone with a governing body consisting of Jordan, Israel, and Egypt is kind of like offering a headache remedy to someone who has cancer. In other words, you make the problem worse.

The real fight in the Middle East boils down to a couple of things. One is that Palestinians are seeking a means of political expression for a state of their own. I've heard it from more than one Palestinian who says that what we

negotiate a Palestinian state or some reason why they can't give up the West Bank and the Gaza Strip. For a while, Menachem Begin, who is a religious person, argued that it had great religious significance. That didn't mean much to his support here in the United States, so he switched on the advice of his advisors and he said now it's important for our security; when he decided the religious argument would not sell here. And this is his great base of support in the United States, of course.

There is no peace process. President Sadat tried to outline the final settlement. In fact, he's done something probably a negotiator should not do, and that is outline what he will accept finally on his side of the issue. The Arabs are traditionally poor negotiators, I think. They're good bargainers in the marketplace but in political negotiation they just lay their cards on the table and that's that.

Well, Menachem Begin won't accept it. The Israeli government, the Israeli people will not accept it. I think that's because the bottom line is they're not going to give up the West Bank.



Mark Frazier, author of the Ripon Policy Paper on a Free Trade Zone for the West Bank and Gaza Strip outlines the proposal as panelists Scott, Abourezk, Hakki, and Rafiah listen.

want is a homeland, a passport, a flag, a national anthem like everyone else does. And they think they're entitled to it; and, of course, Palestinians have proved themselves to be very tenacious. They don't intend to give up very easily in their quest for a homeland.

The second part of that equation is that I think Israel does not intend to give back the West Bank, the Gaza Strip, or the Golan Heights. I think Israel would give up the Sinai Desert if they could sign a separate peace agreement with Egypt.

There will always be some reason why Israel cannot

I've always said that I think Israel would negotiate for the settlement on those terms of returning the territories occupied by them after 1967 only if the United States would condition further support based upon that kind of settlement. And if we keep pouring arms into Israel and maintaining their overwhelming military strength, Israel will not ever make a peace settlement, and we're going to continue to have conflict. And I think conflict there is against the interests, not only of the United States, but of society and humanity as a whole, because too many people suffer as a result of that.

**SENATOR SCOTT:** I think that there is much to be said



for a free zone. There are now 85 free trade zones in the world. It's not a new idea. What appeals to me is the element of survival and security. What also appeals to me is the fact that it would provide a means by which the entire area could not only benefit economically but through such an establishment could present what would amount to a common front in the face of Soviet aggression and might even guarantee over the long run the permanent exclusion of the Cubans who have been everywhere else and who may yet be here if statesmen falter and fail in their search for solutions. I think what's been said here could insure the permanent exclusion of the Soviets from the area and preclude the formation of a radical socialist state by the Palestinians.

I think we have to face the fact that the existence of a homeless people does and ought to weight heavily on the conscience of the Israelis and of the Arab states. Because the failure to solve this problem cannot be laid in my judgment at the door of any one country, but at the door of all the countries, including the United States, Britain and France as well. And while I'm not endorsing your project because it's too new to me, I do think that with minimal taxing authority and with increasing economic strength it would nevertheless be unable to support a military buildup which would be threatening to Israel or to Jordan.

I do think that we as Americans have but one interest. That, of course, is a national interest. That national interest pretty generally has coincided with the national interest of Israel in its security.

At the same time, we now have seen an act of great courage on the part of President Sadat, an act in which he risked his political life, possibly risked his life, and to assure the continued credibility of Sadat is a matter most desirable since there is reason to fear that when one does not support moderate leaders, there come to power the men on horseback and the fat is in the fire and the cat is among the pigeons.

I would like to see these nations discuss a free trade zone, and not really on the ground as Senator Abourezk says if they have no flag or no anthem. I don't see a free trade zone as Shakespeare's Seacoast of Bohemia. I see it in this context, as a matter which should be debated from the standpoint of the possibility of achievement and true objectives which are, I think, more important than a flag or an anthem. They are security and survival. And I believe the American people, if they were polled, would say that is what they want to see in the Middle East. Peace based upon mutual security and assurances of survival.

So I would like to see us explore this as a possible solution, one from many. I would like to see less intransigence, less of a feeling that there is nothing to negotiate. There is a world to negotiate. There is peace in the world to negotiate. There is the removal of fire from the cinders or the fire from the explosives. I think that wherever we find moderation then we should encourage it. But we should be continually aware that the failure of diplomacy has but one ugly description and that is war, which is the end result of diplomatic failure.

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"There is peace in the world to negotiate.  
There is the removal of fire from the  
cinders or the fire from  
the explosives."

*Hugh Scott*



**MR. HAKKI:** I'm sorry that Senator Jacob Javits is not with us today because I read in the Jewish Telegraphic Agency a quotation by him in which he said that we have put the Israelis in doubt as to the 30 year old commitment, the U.S. commitment. And he also said that he is going to look for evidence now that the result will be a hardening of the Arab line, and it could be more difficult to bring about a peace settlement.

As to the first statement, thank God that President Carter has now extended the 30 year old commitment into an eternal one, forever and ever. As to the second, I would like to assure everybody here and Senator Javits that he will find not a single shred of evidence of the hardening of the Arab line. In fact, all the evidence at our hands these days is one of hardening of the Israeli line all the way. On each major issue, withdrawal from the West Bank and Gaza, the Golan Heights, on the issue of the Palestinians, Israel has gone backward and not forward.

I think on the Palestinian issue I agree with Senator Abourezk that there has been a tremendous change in their position which has not been reported by the press in this country. And most fair-minded observers like Anthony Lewis in the *New York Times*, which cannot be described as the most pro-Arab newspaper in the world, have spoken to Arafat, as leader of the PLO. Arafat says, "The U.S.-Soviet guarantees for Israel and the Palestine state—these are the fundamental basis for a realistic settlement. They have nothing to fear from us. We are starting from zero." And again, Anthony Lewis mentions the 1977 fifteen points, in which there is a radical change from the days of the covenant. I'm sure my colleagues who sit up here will say every single Israeli spokesman usually brings out that they are terrorists, that they want to throw the Jews into the sea, that they have the covenant which is bent on



the destruction of Israel.

But this was 1968 and we are in '78, and in these ten years there has been tremendous change in the Palestinian position.

The question is, where do we go from here? How do we go back to the track, to the peace process? We have been

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**"We strongly believe . . . that the F-15 airplanes will be used . . . for war against Israel, even if the Saudi king would decide that it is not in his best interest to launch an attack on Israel."**

*Zvi Rafiah*

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seeing and reading full page ads bought by the Friends of Israel in which they indicate that the road now should be to a separate agreement between Israel and Egypt—to take Egypt out of this whole Middle East mess.

I submit that the separate agreement between Israel and Egypt, as the friends of Israel in this country seem to be advocating today, will not be good for Israel. It will not be good for America. It will not be good for Egypt, and it will not be good for the rest of the Middle East.

As an Egyptian newspaperman, I never cease to marvel at the American press corps. In a recent interview given by President Sadat to a leading newspaper in the Middle West, he said that if he wanted a separate agreement he could have it. He said it emphatically in at least three long paragraphs. This was not mentioned by the newspaper and was later released by the Middle East News Agency in Cairo.

Well this is not the issue. The issue is how can we build this infrastructure on which we can have a durable and just and lasting peace? Israel, more than anything else, needs normalization. It is not intangible. We have accepted it and a lot of the other Arabs are accepting it.

Who would have believed that today, six months after November, six months after Jerusalem, we would be standing here today discussing the expansion of Israeli settlements? Excuses to invade more Arab territory. Refusal by Israel to abide even by the terms of the U. N. Resolution 242. They're now asking for a redefinition of 242.

The fact is that there is an Israeli unwillingness to accept any legitimate pact for the Palestinians.

Yes, we need U. S. support and understanding because of Israel's complete dependence on the U. S. We now join Senator Scott and all of the fair-minded, good-hearted Americans who are supporting Israel existence and security and prosperity. We are saying we want it for them. But we equally want it for our brothers the Palestinians and we want it for ourselves too. We have no quarrel to the exist-

ing borders of Israel in 1967, but we shall not accept greater Israel on any ground. Thank you.

**MR. RAFIAH:** We are marking this month, as some of my colleagues here on the panel noted, the sixth month since the visit of President Sadat to Jerusalem. It was a symbolic visit, a great visit which we all appreciated, that we all in Israel celebrated at the time, rejoiced over.



We also mark this month the 30th anniversary of the state of Israel. From its inception up to this very moment and forever in the future, Israel has extended its hands to peace, has been willing to have peace. Let me read to you just as a remembrance from the past a paragraph from the Declaration of the Establishment of the State of Israel: "We extend our hand to all neighboring states and their people in an offer of peace and good neighborliness and appeal to them to establish bonds of cooperation and mutual help to the sovereign Jewish people settled in its own land. The State of Israel is prepared to do its share in common effort for the advancement of the entire Middle East."

The answer we got at the time was seven Arab armies attacking Israel to destroy Israel. Since then, as you know, we have been through four wars, four major wars, practically through a constant war which took expression either in major conflict, incursions, terrorist attacks, etc. We have lost 10 thousand of our women, children, husbands, fathers, and mothers.

We don't believe that anybody should preach peace to us, because who else who lost 10 thousand of its dear family members would be willing to do anything but for peace.

We have accepted President Sadat's visit to Israel as a breakthrough, as a beginning of negotiations, as a beginning of the process towards peace. We thought that this was a beginning. We didn't think that this was the end of negotiations. We have been at war for 30 years.

Let us take as an example the Panama Canal treaty that has been negotiated. How long, how many years did you negotiate the Panama Canal? Wasn't it 14 years? How far is the Panama Canal from Washington? How many hundreds of miles? And when you reached an agreement after 14 years, let us not forget it, you have agreed to withdraw from the Panama Canal after 22 years. Not now. Not immediately. In 2000. Twenty-two years. And even then you have kept the right within the agreement, not an imposed right, within the agreement to intervene in Panama in case of emergency conditions.



Now although we have been at war with our Arab neighbors for 30 years, hostilities started even before that. And we have negotiated with our Egyptian friends only for 16 hours; not 16 years; not 16 months; not 16 days; 16 hours. And I don't have to tell you how intricate and deeply rooted the Middle East conflict is. Now you expect us or any partners to any conflict of that magnitude, of that size to accomplish a peace treaty in the Middle East within 16 hours.

My friends, I don't know any other way to reach any settlement of any issue, be it economical, commercial, legal, political, rather than through negotiations. So let's negotiate! We have only started. We have presented our peace proposals. We have presented it to the President of the United States of America and we have presented it, of course, to President Sadat. We didn't say that this is the best peace proposal. In our mind maybe it is. But we didn't expect the other side to say that this is the best. Actually, I think realistically we can say we did expect some observations, alterations, even rejection of this or that part.

But, when you negotiate, how do you do that? You present the proposal and the other side presents a counter proposal. To this very day, my friends, we have not received any counter proposal from Egypt. So how can we go and negotiate?

As my colleague mentioned here, something happened this week in Washington. That was the Senate debate on the arms package to the Middle East. I believe most of you, if not all of you, have followed the debate, the ten hours debate, at least the eight hours that could be followed from the gallery, on this issue. And after very long, sometimes emotional debates, the Senate has approved the sale of altogether 110 planes to two states which are in a state of war with Israel. Let's not forget it. We haven't signed a peace treaty yet.

**"The issue today is no longer the existence of Israel, it is what kind of Israel. Are they willing to live as a friendly nation among us or not?"**

*Mohamed Hakki*



We are concerned now in the aftermath of the debate with two main issues which I think are very crucial to the continuance of the effort towards achieving peace in the Middle East. One is military, the disruption of the military balance in the Middle East. 110 modern planes, 60 of which, let's not forget it, are the best you have in the Western world. Sixty planes given to Saudi Arabia.

We strongly believe, and we have all the reason to believe

so because we live in the area, that the F-15 airplanes will be used eventually, not tomorrow, but eventually for war against Israel, even if the Saudi king would decide that it is not in his interest to launch an attack on Israel. He will be under pressure from his fellow Arabs.

It is true that this was said here during the debate on the planes that Israel is strong. Thank God we are strong, because if we weren't strong I would not be here today to speak to you, nor would I have been here to speak to you together with my Egyptian colleague.

But let us not forget at what cost we won this war, and I have mentioned to you 10 thousand people. We are a state of 3 million. There is no family in Israel without one of its members killed or wounded in any of the wars.

I was very pleased to hear today, as I'm sure you were, and I welcome the statement by my colleague Mr. Hakki, that the plane sale cannot lead to the hardening of the position of the Arab countries. I believe he speaks for Egypt. I'm not sure he speaks for Syria and other Arab countries. But we take it as a very important statement, that this will not harden the position of Egypt.

I have heard here the remarks of some of my colleagues on the panel about the position of Israel. As an Israeli representative of the government, let me state to you what the Israeli position is. I think I'm entitled to that more than anyone else.

The position of Israel is that everything is negotiated at the table. At the table, my friends, not through preconditions or impositions of any conditions, or demands before we get to the table. Everything.

My friend Mr. Hakki is right in saying that the Israelis are bringing up the Palestinian national covenant. Why shouldn't we? What else do we have to judge the intentions, the policy, the constitution of the Palestine Liberation Organization? And for the sake of all of us present here, I would ask your permission to read to you the Article 19 of the covenant, the Palestinian national covenant of 1968. And it says: "The partitioning of Palestine in 1947 and the establishment of Israel is fundamentally null and void." Would you expect us to negotiate with any organization that claims to represent the whole Palestinian people that states that their goal is to destroy Israel and the state of Israel is null and void?

My friend and colleague Mr. Hakki has said this was in '68. We are now in '78, true. I agree with you completely. That's a fact. But what changed, if anything, from '68 to '78? My friends, nothing changed. Nothing changed. Because in 1978 terrorists groups attacked two buses full of civilians and killed 37 Israelis. That was not a case where the PLO disassociated itself with an unknown organization that committed that crime. In this case the PLO organization has taken responsibility for that.

So where do we go from here? We'll go from here to the negotiating table. There is no other way. We will negotiate everything. We'll negotiate the security of Egypt as much as the security of Israel. We'll negotiate the security



of Jordan if it comes to the table as much as the security of Israel. We will negotiate heartily together.

**MR. HAKKI:** I came here thinking that we were going to discuss where do we go from here, and found that we are discussing look back in anger.

Yes, we had only 16 hours of negotiations, but the ground rule is that Israel should never evacuate the West Bank and Gaza. In fact, Israel is bulldozing today, yesterday, kicking Egyptian peasants from their homes and putting up new settlements. Is this the spirit of Jerusalem? Is this the way you persuade us to believe in the peace process?

Mr. Rafiah says that Israel is strong and because it is strong he is here with you today. So are 1½ million other expatriots who are living outside of Israel. I would urge him and every single Israeli family to read Stanley Hoffman's piece in *Foreign Affairs*, in which he stated: "Unless and until Israel stands on unassailable moral ground they cannot continue to depend on my unending support or any other unending Jewish support in the United States of America."

The bottom line is not how powerful I am but how can we coexist in friendship. The issue today is no longer the existence of Israel, it is what kind of Israel. Are they willing to live as a friendly nation among us or not? Not to bulldoze us out of Yemen and create more and more and more settlements until they come to the south lawn of the White House.

**SENATOR ABOUREZK:** I used to be a trial lawyer before I got into politics. As everybody knows, when you empanel a jury in any kind of case, most especially a criminal case, you try to sequester the jury away from outside publicity so that they can make a fair judgment based on the facts of the situation. Over the past 30 years, the American public has been the jury.

What has happened over the past 30 years is that there's been an attitude on the part of the American press media—the movies, television more recently—that Israel has been an underdog from its inception. That's an attractive idea to all Americans, including James Abourezk, the underdog.

The American press has responded to that by simply an imbalance of coverage of the Middle East. And that particular imbalance has manifested itself in actually covering up any sins committed by Israel in the Middle East and magnifying the sins committed by the Arabs.

That kind of press coverage, the kind of assumptions, the kind of premises that the American people operate on because of the way that the Middle East coverage has been handled over the past 30 years, allows somebody who supports Israel, such as Mr. Rafiah, to say that we have furnished airplanes to two countries—Egypt and Saudi Arabia—which are at war with Israel.

But the premise that is missing in that kind of a statement is that the United States is not at war with Saudi Arabia and Egypt. We are, in fact, allies with Saudi Arabia and

Egypt. And the question arises then why should Israel or its lobby, which is very powerful in the United States, why should Israel dictate the terms of our foreign policy? Is there a valid reason for it?

Israel is an ally of the United States and that's fine. We want to have as many allies as we possibly can. That makes our security much better. But we don't ever let an ally tell us what to do. We don't let an ally tell us what's in our interest. In 30 years time, Israel has done that and we've allowed Israel to do it simply because of domestic, political considerations.

Now I don't have to spell those out. I think everybody knows what those are. There are pressures upon politicians by the members of the American Jewish community that most members have found more trouble to resist than to go along with. And that's a very basic straightforward statement.

"To say the remedy ... is to establish a free trade zone is kind of like offering a headache remedy to someone who has cancer."

*James Abourezk*



Now, Mr. Rafiah said that Palestinians are represented by the PLO. They're not about to negotiate with anybody represented by the PLO, because the PLO charter calls for the destruction of Israel.

Well my first response to that is that I would negotiate, if I were a nation, with anybody who wanted to destroy us. I would negotiate peace at any time. But the government of Israel has refused to negotiate with the PLO based on that premise, and they say they will not because they're terrorists and they're murderers and they're out to destroy us. Well who else are you going to negotiate with for a peace settlement—your friends?

Another point, based on that, is that Israel says it will not negotiate with the Palestinians because they're represented by the PLO. If they had a different kind of leadership, Israel would negotiate with another kind of leadership.

Well, who is it up to to pick the leadership of the Palestinians? Is it up to the U. S., to Israel, or to the Palestinians? The Palestinians have a diaspora; they are scattered all over the Middle East, all over the world for that matter, most of them in the Middle East. And as much as possible, they have had a democratic selection process for their leadership.

Now the PLO is not a dictatorship. The PLO happens to be the political arm and the military arm of the Palestinian diaspora. And wherever there are organized groups of Palestinians, wherever there are concentrations, mostly in the



cities of the Middle East, they elect delegates to the Palestine National Congress. About some 140-150 members of that Congress exist. And the Palestine National Congress elects members of its Executive Council and the Executive Council elects the chairman and that happens to be Arafat. Now, if you don't like Yassir Arafat as the leader of the PLO, that's tough. That's who the Palestinians have picked.

Now, on the question about PLO terrorism, I want to discuss that. That happens to be a very serious question in my mind for someone who is nonviolent and is opposed to violence of any kind.

I would have to say, first of all, that if we are interested in seeing Palestinian violence end then I suggest we do what we can to try to realize the national expression on the part of the Palestinian people which is at the core of the revolution that they've undertaken. But to stand up here or anywhere else and say, "All right, the PLO are terrorists and murderers and we're not going to have anything to do with them" overlooks violence committed on the other side by Israel.

The crux, the core of the Middle East problem really is the Palestinian people. They were driven out of their homeland of Palestine in 1948 by the Israeli armed forces, by the Jewish terrorist groups that existed before Israel came into existence.

And so to stand here and say that they want to destroy Israel now overlooks the reality that they don't have the power to destroy Israel, as Israel had the power to destroy the Palestinians 30 years ago.

The other premise that I want to talk about is that we can work together—Israel and the Arabs and the United States and so on—and make the Middle East bloom.

Now, that's a premise that I find very insulting. And, in fact, it's a bit of a racist statement. Because it implies somehow that the Arabs had let the land lay idle. Well, my friends, the West Bank is one of the plushest, cleanest places in the Middle East. And that's why Israel, of course, would like to keep the West Bank.

**SENATOR SCOTT:** I have a great concern about escalation of military aid to the Middle East. I can't see any slowing down point or any stopping point for that continual escalation. In other words, what I foresee is more planes and more tanks and more equipment going to Israel, yes, but also going to the Arab states.

Napoleon said once, an army can do anything with bayonets except sit on them. And there, I think, lies the reason for the greater possible concern on the part of the American people in the action which was generated. I noticed with interest that the two senators from my state, both of whom reflect the acuity with which I bequeathed them, voted against the plane sale. I don't know whether we have strengthened the forces for peace or not. I don't know whether we have created an uncertainty on the part of Israel there. I don't know that, I have been told that there is a great division of sentiment in Israel, not only on the plane sales but on the presentation of their representatives.

**MR. RAFIAH:** Let me comment on some of the remarks that were made by the distinguished Senator Abourezk. First of all, about the Palestinians.

I think we have to learn more about history and the meaning of it. In 1947, the United Nations adopted a resolution partitioning Palestine which at that time was all of the area west of the Jordan River. Territory east of the Jordan River was also part of Palestine, but had already been taken away by the British government and given to Amir Abdulla to create his kingdom. The west part, from the Jordan River to the Mediterranean was divided into two states. One Jewish, later Israel; one Palestinian, which didn't come about.

Why didn't the Palestinian state come about in 1947? We, by accepting the partition resolution of 1947, accepted the creation of the Palestinian state at that time. Why didn't it come about? Because we drove them out of the villages and the towns, or because we were attacked through the area which was supposed to be a Palestinian state by seven Arab armies? Read the history books.

Talking about the bombing of the Palestinians' camps in the early seventies, let us remember that the headquarters, the ammunition depots, the workshops, the training bases of the PLO and its many terrorist organization affiliates were placed intentionally in the middle of refugee camps as a kind of immunity, because they believed once they got into a refugee camp, nobody would dare to attack there. They were safe forever.

Now for anyone who does not believe that the bases of the terrorists were in refugee camps, I draw their attention to the civil war in Lebanon a few years ago. And I want to remind him of the famous battle which became historical in a way, historical in context of the civil war in Lebanon, the name of the camp was Tel El-Zaatar. It was a refugee camp. And I want you to remember how many days and weeks the opposite forces were fighting to overcome that camp.

Now what's so difficult, why does it need a regular army with guns and everything, why does it take weeks to overcome a refugee camp? But when it was overtaken, then all the journalists and everyone that could get there were led to see the tunnels, the bunkers, the depots, everything which refugees don't deal with unless they are military forces or terrorists. And that's the reason. So let's not talk about the cruel Israelis attacking the innocent refugees.

Now, I don't want to comment here on the press in America. It's not my duty. You all read the press here. If I take my distinguished colleague on the panel Mr. Abourezk's remarks as correct, the press is biased and takes one side, then I am afraid that my superiors in my government in Israel will ask me why I cable every Monday another editorial by the *Washington Post* criticizing Israel for not doing this and not doing that? And why do I cable other articles or write reports of articles appearing in the *New York Times*? So I don't think we have been treated in a biased way. And I think that as much as reporting is being made on Israel there is a lot of reporting being made on the other countries. ■





### Fletcher Candidacy Ignites D. C. GOP Hopes

Washington, D.C. Republicans, for whom politics in the home rule era has been a fairly masochistic exercise, now harbor hopes of pulling off a stunning upset. Running on the Republican ticket for mayor is Arthur Fletcher, a former Assistant Secretary of Labor who promoted the Philadelphia Plan to crack segregation in the building trades. Fletcher has also served as alternate U. S. representative to the United Nations and executive director of the United Negro College Fund.



Arthur Fletcher

Together with a towering public presence, Fletcher brings considerable political skill sharpened a decade ago in a near successful race for lieutenant governor of the State of Washington. Fletcher has developed a powerful speech centering on the need for effective management and accountability in the District of Columbia: His strong personality permits him to breathe life into such a seemingly mundane topic. His speech to a luncheon gathering of the recent Issues Conference electrified the audience and persuaded many skeptics that Fletcher might just put it all together.

Fletcher would seem to have the best shot at the mayoralty if D.C. Mayor Walter Washington wins renomination. Voter disaffection with the slipshod administration of the city is rife. Washington faces strong primary challenges from City Council Chairman Sterling Tucker and City Councilman Marion Barry, both of whom are hammer-

ing at the narcoleptic state of D.C. Government under Washington.

Should Washington emerge the plurality winner of a hotly contested Democratic primary, Fletcher would hope to inherit much of the Tucker and Barry support. This eventuality together with a high turnout of the District's 22,000 Republicans could place Fletcher in city hall.

### Ingram Victory Clouds North Carolina Senate Race

North Carolina Democrats confounded the political soothsayers by delivering their U. S. Senate nomination to populist Insurance Commissioner John Ingram. Ingram a few weeks before had finished second, well behind Luther Hodges, Jr., a prominent banker and the son of a former North Carolina governor and U. S. Secretary of Commerce. The relatively colorless Hodges had ridden his family name and Establishment connections to a growing lead over fiery Republican conservative Senator Jesse Helms.

Ingram's poor folks campaign, contrasted with Hodges' million dollars in expenditures, propelled him to victory in the runoff. Ingram also was reportedly the beneficiary of support from some "Jessecrats", conservative Democrats who intend to vote for Helms in November and feel that Ingram would be easier to beat. Yet even before his stunning upset of Hodges, Ingram was only a few points behind Helms in the polls. His folksy personality and newly earned giant killer reputation may give him the momentum to upend Helms.

Ingram turned his 20-1 campaign spending disadvantage to an asset against Hodges by attacking his close ties to banks and insurance companies. Ingram may be well positioned to put Helms on the defensive for his massive fundraising. The conservative Senator has already raised \$2.5 million and may far exceed this by election day.

### Tom McCall Upset In Oregon

On May 23 Republican primary voters turned back the comeback bid of former Oregon Governor Tom McCall. McCall was beaten decisively by Victor Atiyeh, the Senate Minority Leader and the unsuccessful 1974 Republican nominee for governor. Trailing a poor third was Roger Martin, the House Minority Leader. While he finished well out of the running, Martin's slashing attacks on McCall may have benefited the more demure Atiyeh.

McCall, one of the most popular and outspoken governors in Oregon history, was believed to be well in the lead until very late in the campaign. The late shift in voter sentiment from McCall is attributed to several factors: concern over his age (65), resentment that he was evading Oregon's two consecutive term limitation by sitting out one term after serving eight years, and a shying away from the active political personality McCall was perceived to represent. Moreover, voter turnout this year was the lowest in Oregon history and this undoubtedly benefited Atiyeh who had the best get out the vote organization.



Democratic Governor Robert Straub was considered in desperate straits were McCall to have won the Republican nomination. McCall's strong pulling power with Democrats and Independents made him a strong favorite over Straub for governor. Even with Atiyeh's victory, Straub may not be out of the woods. The incumbent Democrat received only 52 percent of the vote despite the absence of any serious primary challengers.

Atiyeh's chances are somewhat greater than in 1974 when he was drubbed by Straub. The Republican nominee has muted his once outspoken conservatism. In addition, his surprise defeat of McCall has provided him with new momentum. Atiyeh cannot revert to his earlier true blue conservatism without severely jeopardizing his candidacy. McCall, who has an established record of political independence, could endorse Straub. This would be particularly likely if Atiyeh were to urge a rollback of the environmental thrust first established by McCall.

If Atiyeh wins the Oregon governorship he is likely to become the best known Arab American politician. The son of Syrian immigrants, Atiyeh would be taking office just as liberal Democratic Senator James Abourezk, a Lebanese American, is returning to private life.



### Outlook Bright For Republicans In Aftermath Of Pennsylvania Primaries

Dick Thornburgh

Now that the dust has settled from the May 16 party primaries, political pundits are beginning to smell a Republican triumph in Pennsylvania. These forecasters see Republican gubernatorial nominee Dick Thornburgh defeating his Democratic opponent, Pete Flaherty, for several reasons:

- The Republicans have a better balanced ticket. Teamed with Thornburgh for lieutenant governor is William W. Scranton III, son of the popular former governor. Scranton comes from the Eastern industrial belt of the state.
- Not only is the Democratic ticket headed by two Pittsburghers; the nominee for lieutenant governor is somewhat of an embarrassment. Robert P. Casey, a biology teacher and ice cream parlor owner, won largely on a fluke, since his name is identical to that of the popular former state auditor Robert P. Casey, who finished second to Flaherty in the Democratic gubernatorial primary. Moreover, Casey is a single issue anti-abortion

candidate, whose uncompromising stance may repel many pro-choice Democrats from their party's ticket. (In Pennsylvania, the party nominees for governor and lieutenant governor are paired on the ballot.)

- While both Thornburgh and Flaherty displayed impressive strength in their Western Pennsylvania strongholds, Thornburgh's intraparty following there seems rock hard compared to that of the former Pittsburgh mayor. Thornburgh swept 80 percent of his party's vote in populous Allegheny County in a seven way Republican gubernatorial field. Flaherty received only 60 percent in Allegheny in a four way Democratic race.
- Two normally strong Democratic constituencies, organized labor and blacks, are notably cool on Flaherty. Thornburgh expects to garner many union endorsements.

Despite these factors, Thornburgh must still overcome a Democratic registration advantage of about 800 thousand. Moreover, the Republican primary turnout of 31 percent was even more sickly than the Democratic turnout of 36 percent. Ironically, the surfeit of candidates in the GOP's "battle of the prosecutors" may have tended to depress turnout. Faced with several attractive candidates for governor and frequently few contests at the local level, many Republicans may have stayed undecided through election night.

Thornburgh garnered about 32 percent of the vote followed by Arlen Specter with 21 percent, former State Assembly Minority Leader Robert Butera at 20 percent, former U.S. Attorney David Marston at 16 percent, ultraconservative Andrew Watson and State Senate Minority Leader Henry Hager both at 5 percent and Alvin Jacobson at 1 percent.

The results reflected an exceptional amount of regionalism, much like that evidenced in 1976, when H. John Heinz III edged former Philadelphia District Attorney Arlen Specter for the Republican Senatorial nomination. Specter, who enjoyed the strong support of the Philadelphia Republican organization, beat Thornburgh 10-1 in the state's largest city. Thornburgh reciprocated by trouncing Specter 50-1 in Allegheny County. Butera and Marston siphoned Philadelphia area votes from Specter while Thornburgh faced no other native son competition in Western Pennsylvania. Butera heavily carried his home county of Montgomery, a bedroom suburb of Philadelphia, but, like Specter, was hurt by a light local turnout. Marston ran disappointingly in his home area of Philadelphia, but made a respectable run in some more rural counties, including Lancaster, which he carried. Marston ran a distant second to Thornburgh in Western Pennsylvania.

The extreme regionalism in the Republican primary results seems less the function of deep divisions in the party than of a tendency of local party organizations and voters to line up behind some particularly attractive native sons. Henry Hager, for example, who finished with only 5 percent of the statewide vote, nevertheless carried his home county of Lycoming by a 12-1 margin over his nearest competitor.

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## POLITICAL POTPOURRI

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Thornburgh has already moved to summon strong party unity for the fall campaign. His primary competitors and Senator Schweiker, a strong supporter of Marston's bid, have lined up solidly behind him. Thornburgh carried some Eastern Pennsylvania counties such as Lackawanna and Luzerne, and he hopes to strengthen dramatically his position in the Philadelphia area, due to local resentment of the all Pittsburgh cast of the Democratic state ticket. Already some are talking half seriously of Thornburgh and Scranton as "the Eastern Candidates".

Thornburgh seems likely to stress a job and industrial development theme, while pressing the case to end eight

years of corrupt Democratic misrule in Harrisburg. Shortly after winning his party's nomination, Thornburgh stated "I think government has gone sour under Democratic leadership, both under Governor Shapp and the Democratic Party in the legislature."

Flaherty is planning—as usual—to run on a loner, populist appeal. The *Philadelphia Inquirer* repeated these post-election comments from Flaherty: "I'm up against big money and I know it. Far from being a liability, it's an asset."

The major party gubernatorial nominees are personal friends, but the battle for the Keystone State's governor's mansion promises to be one of the liveliest and most crucial elections this year. ■



## Marches On!

Within the next few months, the *Washington Post* reports, the Federal government will reinstitute a system of self identification of race or ethnic status of all 2.6 million Federal civil servants. Civil servants will be asked to designate on confidential forms whether they are Black/Negro; Hispanic or Spanish-Speaking; American Indian; Asian American/Oriental; Aleuts; Eskimos or Non-minority Caucasians.

Last used in 1965, this system provoked considerable resistance from Federal employees. Two out of every three State Department employees claimed they were American Indians. Some departments reported an Aleut work force greater than the entire Aleut population of Alaska. These responses led the Civil Service Commission in 1966 to institute a system of "eyeballing" in which supervisors through visual observation would classify their subordinates by race or ethnicity. Apparently convinced that the Federal employees now have "a new level of maturity", the Civil Service Commission expects to go back to the old system by fall.

While the bureaucracy may soon show a huge paper increase in its Eskimo population, Alaskan Eskimos have little to celebrate. *Fortune* recently provided a fascinating glimpse of the Eskimo's future in Carter's plain English society. Commerce Department regulations still permit Alaskan Eskimos to "land" a statewide total of twelve whales a year. These twelve whale "landings" are apportioned between Alaska's nine Eskimo whaling villages. Under the Commerce regulations, the head man in each whaling crew must be licensed, and license applicants must list telephone numbers, if any. Each Eskimo whaling crew must use a harpoon, lance or explosive dart with a distinctive mark which must have already been filed with the National Marine Fisheries Service (NMFS).

The regulations require the Eskimo in charge of whaling at each village to notify an NMFS official in Juneau within twelve hours of each whale catch or attempted catch. This Eskimo, presumably not in possession of a Ph.D. in fishery science, must inform the NMFS of the length of each struck whale (measurements to be made from the point of the upper jaw to the notch between the tail flukes) and the length and sex of any fetus discovered in a "landed" female whale.

These requirements seem enough to make any self-respecting Eskimo hunter blubber.

But now they have heard that they are the objects of interest of yet another Federal agency, the Department of Interior's Fish and Wildlife Service. Interior proposes to take away from the Eskimos the right to out-of-season hunting of migratory birds even if they are needed as a "subsistence food source." If effective, this should eliminate virtually all migratory birds from the Eskimos' food supply, as migratory birds are not in Alaska in the months when it is legal to hunt them. Many question the ability of Interior to enforce its new *diktat*, among them Congressman Don Young (R-Alaska) who told Associated Press "I wish them luck if they're going to try to stop an individual living in minus 70° weather from hunting one duck for duck soup."

Not to be outdone by their bureaucratic brethren (sistren?) at Commerce and Interior, HEW's happy warriors have scored another dramatic victory in their continuing battle against the English language. Staff members in Broward County, Florida have proposed new changes in the English language to comply with a Federal ban against school publications using language that identifies sex. The new "Program Guide for Gifted Education" calls for the elimination of sexist terms such as, "he, she, him, his, and hers." UPI reports the following sample conversation from the program guide:

Terry Winters is a gifted student who has missed ir bus. The janitor finds Terry and takes ir to the guidance office.

Q. Why did e miss ir bus?

A. E was afraid to go home. ■