

THE RIPON

FORUM

ONE DOLLAR

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The 'SMIC' Boondoggle

'SMIC' (pronounced "Smick"), stands for the Southwestern Military-Industrial Complex, or to put it more personally, the friends of LBJ. Funny thing: since Lyndon became President stock prices of SMIC firms have soared; Texas has increased its defense contracts by 460%; and old SMIC stalwarts like Abe Fortas and Ed Clark have had appointments that enable them to keep an eye on their business interests while serving their country. See page 3.

Gold and the Dollar

The murky, jargon-laden world of international monetary policy is made clear as day by Duncan Foley, who contends that the Johnson administration is playing power politics with the dollar. Then Albert Gailord Hart, a leading authority on international finance, suggests how a new monetary reserve system could prevent a run on the dollar and avert a world financial crisis. All this in a special section on international monetary policy on pages 9-12.

How the Candidates Look

The second part of the Ripon Poll establishes 'image profiles' for ten men mentioned as contenders for the GOP nomination. Szep, the editorial cartoonist of the Boston *Globe*, has contributed a few of his own not too flattering portraits of some of the leading possibilities. See pages 5-8.

GOP and the Cities, et al.

Contrary to what you may have gleaned from the President's stupefying State of the Union Message, the really important contribution to urban problems last year was made by Republicans in Congress. John McClaughry tells about it in a new column on the cities on page 17. There are other new departments as well: on foreign policy (page 13), on public issues relating to health (page 16), and on books (see the essay comparing the Kennan and Hilsman memoirs on page 21). And on the back page — 'Mahout' returns.

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THE RIPON SOCIETY is a Republican research and policy organization whose members are young business, academic, and professional men and women. It has national headquarters in Cambridge, Massachusetts, with chapters in Boston, Los Angeles, New Haven, and New York, and National Associate members throughout the fifty states. The Ripon FORUM is published monthly by the Society. Application to mail at second-class postage rates is pending at Boston, Massachusetts. To those who wish to subscribe to its publications and support its programs the Society offers the following options for annual contribution: FORUM, \$10; FORUM (student), \$5; Contributor, \$25 or more; Sustainer, \$100; Founder, \$1000. Correspondence addressed to the Editor is welcomed.

THE RIPON SOCIETY
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14a ELIOT STREET: New Address

- In early January a phalanx of volunteers moved Ripon's national headquarters into new and larger offices at 14a Eliot Street in Cambridge, Massachusetts. The new quarters, which take up an entire floor, overlook the Charles River and the proposed site of the Harvard Institute of Politics.
- Executive Director Tim Petri spent three days in Colorado Springs in mid January participating in a symposium on the Presidency as a guest of Colorado College. He spoke on "Why a Liberal Republican Should be Elected President in '68." Before returning to Boston, Petri visited Ripon groups in Dallas, Los Angeles, San Francisco, Seattle, and Chicago.
- At the first of the year Wilfred Elliott Gardner, Jr., succeeded Christopher W. Beal as National Ripon Treasurer. Gardner, a Boston attorney who practices with the prominent firm of Ely, Bartlett, Brown and Proctor, will give Ripon the professional financial supervision that is becoming essential as we grow in size.
- Press coverage on the January issue of the Ripon FORUM was the most thorough to date. The Ripon Poll and the article on the Nixon strategy received extensive press comment, with more than 100 clippings. The Florida press picked up the hint of a scandal in the description of Governor Kirk's hospitality for the Republican Governors' Association meeting. Syndicated columnist John Chamberlain commented on our 'Postscript on Reagan's Fib.' The Multilateral Aid research paper got UPI and New York News Service coverage, while the forecast of a wider war in Vietnam, which was pre-released to the press in early December, was the subject of numerous articles and editorials.

LETTERS: Free Speech

Dear Sirs:

The FORUM continues to be the publication I most look forward to receiving each month. I was especially pleased to see the December issue's "Guest Editorial: Free Speech in the Armed Forces." Such a forthright defense of individual freedom where it is most meaningful should help a lot in getting our Party "back on the right track." Mr. Schnapper's second sentence, "The inflexibility of the present draft laws has led some young opponents of the war to put expedience before principle and submit to induction," deserves considerable serious thought.

Mr. Schnapper's statement on abolition of the draft presents one aspect of the problem in the form of a solution within accepted political theory. But I think we younger, more responsible Republicans should also consider seriously the moral imperative, from Plato's Apology to the Treaty of Nuremberg to the recent indictment of Dr. Spock, et al, which states categorically that there are some times when good citizenship demands that a person willfully disobey the law.

J. TED DAVIS
Los Angeles, California

Dear Sirs:

I wish to comment on the Guest Editorial by Mr. Eric Schnapper, concerning free speech in the Armed Forces. I would hope this view is not shared by the Ripon Society. It certainly does not reflect a moderate attitude, but to the contrary, a rather radical one.

I submit that the rights of a soldier cannot be equated with those of a civilian. The whole concept of the military conflicts with democracy and although this is true, the Armed Forces of the United States are the most democratically run force in the world.

As an enlisted man in the army during the Korean conflict I was put in charge of "Information and Education" for my company. It was my mission to see that every man in my unit from the lowest enlisted man to the highest non-commissioned officer attended weekly "I & E." sessions where the leader would discuss the weekly current events and openly discuss an assigned topic. These were truly open discussions and they were directed by the Department of Defense to be such. These are the places the Howes and the Levys and the other members of the Armed Forces can express themselves and exercise their free speech while in the service of their country.

It is not in the exercise of free speech that an officer in the United States Army suggests to enlisted personnel that they should not support their country. This is treason.

It is also unthinkable to me that a soldier be permitted to demonstrate publicly against war whether in or out of uniform. I can see the same soldier in the midst of battle attempt to exercise his right of free speech at great risk to his comrades in arms. It is basic to military training that from the moment he takes the oath of induction he is part of a disciplined machine and can no longer be a non-conformist. He must conform for the sake of his country and for the sake of those who must fight along side him.

I must agree with Mr. Schnapper that certainly one disloyal, undisciplined dermatologist will not cripple the United States war effort. Certainly no one criminal causes society to crumble, yet the criminal must not go unpunished. We cannot wait to punish after crime begins to be rampant.

None of our constitutional rights are absolute. These rights may be restricted under circumstances in which the welfare of the citizen is paramount. In maintaining an Armed Force, a reasonable restraint on the rights of members of the Armed Forces is allowed and necessary in the public interest.

We, moderate, pragmatic Republicans, in order to lead our nation and restore it to a peaceful, prosperous nation cannot look at the world through rose colored glasses. We must be realistic and see things as they are.

JEROME S. MEDOWAR
Merrick, New York

(discussion of this subject is continued on page 23)

The 'SMIC' Boondoggle

It is commonplace in evaluating candidates for public office to examine the nature of their sources for organizational strength, financial support, and political backing. In the most general sense we assume that if a candidate is very closely tied to the fortunes of a single narrow economic group, special political interest, or clique, his latitude for action may become unduly circumscribed.

In some measure, of course, it may be argued that organized "interests" are at the heart of the democratic process: that in representing organized "lobbies" lawmakers are, in fact, giving voice to the groups which comprise the political infrastructure of the society of which they are a part.¹

Because of the essential ambiguity of the enterprise drawing the line between legitimate political representation and simple interest-mongering has become the perennial pastime of election-year politics — especially for the party out of power.

The present Administration is without peer in the care and feeding of its political associates — and as such it deserves special scrutiny. By even the most easy-going standards there seems to be massive porkbarrelling going on between Lyndon Johnson's government and Lyndon Johnson's friends. The personal fortunes of various key Texas business leaders depend very heavily on the maintenance and expansion of military spending.

460% RISE

To chart the rise of defense-related industry in Texas one need only examine the shifts in defense spending since LBJ came to power. In a gushy political chronicle published by a company affiliated with Johnson's interests,² McKay and Faulk describe the onslaught of the New Millennium as follows:

"Another chapter was beginning in the story of Texas, truly a chronicle of greatness. Few, however, expected the era to begin on notes so discordant as *declining political influence* at the national level, a rush of scandals, and a presidential assassination in Texas."³

Hardly an auspicious start — but with some very dramatic results. In the spring of 1965, at the beginning of President Johnson's major escalation in Vietnam, the net value of military procurement in Texas was \$316 million, or 4.1% of the total spending for the quarter (April-June, 1965).⁴ This represented a rise of a full

percentage point from the last fiscal quarter under a Kennedy budget; the previous year's quarter in Texas had been \$224 million, or 3.1% of total spending. Texas ranked eleventh in the last quarter of fiscal 1964 and eighth in fiscal 1965.⁵

Two years later, in the last quarter of fiscal 1967, the corresponding figures for Texas were \$1.508 billion and 10.7% of the total. Texas had soared to rank two, behind California. During the 1964-67 period total prime contract spending rose by 55%. Yet defense spending in Texas rose by 460% between the last quarter of fiscal 1964 and the last quarter of fiscal 1967.⁶ And this increase excludes expenditures on NASA's Houston Space Center!

No state has risen even half as dramatically as Texas, though thanks to the 55% general rise in defense spending, few have lost in the absolute value of government contracts. Such states as New York, Massachusetts, New Jersey, and California have thus lost relative to Texas but have not declined sharply. It is fair to conclude that Texas has been getting the lion's share of the increase in defense spending since the 1965 escalation of the Vietnam war.

STOCK PRICES SKYROCKET

How this dramatic change came about — in all its details, ramifications and effects — is a long and complex story. It can best be summarized as follows:

Since the beginning of the Second World War, Texas politicians have been unusually active on military appropriations committees in Congress. Lyndon Johnson was foremost among these, beginning with his days in the House. As a result, Texas became a center for military training and manufacturing during the Second World War and Korea — and at the same time, the locus of scandals involving misappropriation of government funds.⁷

During the Eisenhower years, things were a little less plush and curtailments in spending, especially in conventionally deployed forces, were felt especially hard in Texas. Johnson continued to fight for higher defense appropriations.⁸ Although he was to some extent successful at this, the post-war contracts did not compare with wartime boondoggling. Training camps and other military installations in Texas were undermanned. During the Kennedy years things weren't much better.

With Lyndon Johnson's succession to the Presidency in 1963 things began to change radically. The stock prices of leading corporations based or controlled in Texas began to rise almost immediately after Ken-

1. The line of analysis that holds American democracy to be the interplay of interest groups was developed systematically by Arthur Bentley, one of the pioneers of American political science, at the beginning of this century. See his major work, *The Process of Government*, especially pp. 204-206 in the 1935, Evanston, Illinois edition.

2. McKay, Seth S., and Faulk, Odie B., *Texas after Spindletop*, Steck-Vaughn Co., 1965. This book, published by the Steck-Vaughn Company of Austin, is one of several "histories" inclined to be somewhat effusive about Mr. Johnson and his friends. The chairman of the board of Steck-Vaughn Co. is Jack C. Vaughn, a business associate of Edward Clark, an old Johnson friend.

3. *Ibid.*, p. 225.

4. The United States Department of Defense, *Defense Industry Bulletin*, October, 1965, p. 22.

5. *Ibid.*

6. For comparative figures see *Defense Industry Bulletin*, November, 1967, p. 28.

7. *United States General Accounting Office Reports on Brown-Raymond-Walsh*, (1960-1963).

8. Sherrill, Robert, *The Accidental President*, New York, Grossman, 1967, pp. 220-224.

ned's assassination.⁹ This, in turn, enabled them to acquire further funds for capital expansion. The largest and most characteristic of these companies, Ling-Temco-Vought, nearly quadrupled its assets during 1967 — reaching \$1.8 billion.¹⁰

Corporate mergers among enterprises involving Johnson associates have been frequent. For example, the Greatamerica Company, a conglomerate of insurance companies that controls Braniff Airways, is in turn, being acquired by LTV.¹¹ Braniff, which received numerous lucrative war-related contracts, enjoyed an increase in the price of its common stock by a factor of sixteen in the 31 months following the Kennedy assassination.¹²

Extensive interlocking between banks and insurance companies — which has always been unusually characteristic of Texas finance¹³ — has intensified significantly. New holding companies have arisen which have the effect of coordinating activities of diverse financial institutions. For instance, the Texas Capital Corporation, which is most closely connected to the Capital National Bank of Austin,¹⁴ has direct links to more than 40 other financial institutions¹⁵ within the region and to several Texas-dominated investment firms elsewhere.¹⁶

NEW POWER CENTER

Such developments now make it possible to speak of a new power center in America. Some analysts, perhaps with tongue in cheek, have called it 'SMIC' (rhymes with SNCC), the Southwestern Military-Industrial Complex. Current trends suggest that Austin, despite its small size, may become the central city in the emerging complex. It has long occupied a strategic political location in Texas, and its leading citizens are well-placed nationally. One local notable, who appears to control a powerful holding company called Brazos-10th Street, is President of the United States. Martin Waldron, in an extensive New York *Times* article,¹⁷ has written:

"The offices and the television studio of the Texas Broadcasting Company [owned by the

- | | Nov. '63 price | "recent high" |
|-----------------------|----------------|---------------|
| 9. Texas Gulf Sulphur | 16 | 180 |
| Gulf & Western | 8½ | 86 |
| LTV | 10 | 169½ |
| Litton | 34 | 120 |
10. *Time Magazine*, "Ling The Merger King," October 9, 1967, p. 71.
 11. *The Wall Street Journal*, Monday, Jan. 8, 1968, p. 28, ("Ling-Temco says: '67 Profit Rose to 31,000,000'").
 12. *Trend Cycle-Graphs*, Securities Research Co., April 1967, p. 19.
 13. For further discussion of this phenomenon, see James W. Diamond, "Centralization in Texas Banking," *University of Houston Business Review*, Fall, 1965, pp. 56-58. The article, which based its argument on loan and stockholder links between banks, argues that there are eleven large banks which dominate the Texas financial structure. The history of banking legislation in Texas has worked to make concentration more common in that state than elsewhere.
 14. The Texas Capital Corporation is headquartered in Georgetown, Texas. Its Secretary-Treasurer is Franklin W. Denius, (Edward Clark's law partner), also a member of the Board of Directors of the Capital National Bank of Austin. Edward Clark, who is chairman of the Board of the Capital National Bank, is also a member of Texas Capital's Board — as is Howard T. Cox, president of the bank. James P. Nash, who is also a member of Texas Capital's Board, is the "honorary chairman" of the bank's board. Grogan Lord, who is chairman of the Board and president of the Texas Capital Corporation, also sits on the bank's board.
 15. This discussion is confined purely to cases in which institutions have one or more officers or directors in common. (One could also look for extensive stock ownership in common). On this basis, some of the financial institutions with interlocks to Texas capital are: The Moore St. Bank of Llano, The Johnson City Bank, The American State Bank, The American National Bank, The First National Bank of San Augustine, First National Bank Center; San Antonio Bank and Trust; National Bankers Life Insurance, Farmer St. Bank (Center), Texas National Bank of Commerce, Citizens St. Bank of Woodville, the Vaughn Capital Corporation, the Franklin Life Insurance Company, and the Fort Worth National Bank.
 16. Murchison Bros. Investments, for instance.
 17. Martin Waldron, New York *Times*, ("Johnson's Holdings in the Hill Country Increase To 14,000 Acres"), December 26, 1966, p. 34.

Johnson family] are in a building at the intersection of Brazos and 10th Streets in downtown Austin. . . . Brazos-10th Street was started by R. Max Brooks, an Austin architect, and other friends of Mr. Johnson. Bank tax records show that the corporation bought stock in seven banks in Austin and nearby towns through last year [1965]. . . . Although Mr. Johnson is [officially] said not to have any interest in the Brazos-10th Street Corporation, many people believe that the bank stock will be transferred to him after he leaves office as President."

Major holdings in three or more large banks in a city the size of Austin are probably sufficient to insure *de facto* economic control. Brazos-10th Street, moreover, reportedly holds a large block of stock in Greatamerica. If this is the case, it means that the Johnson family has a direct economic interest in Braniff, and in three months, will have a direct economic interest in Ling-Temco-Vought, a major defense contractor¹⁸ and the fastest growing billion dollar company in America. Thus may the sundry pieces of SMIC gradually fall into place under the Johnson family crest.

AUSTRALIAN HOLDINGS

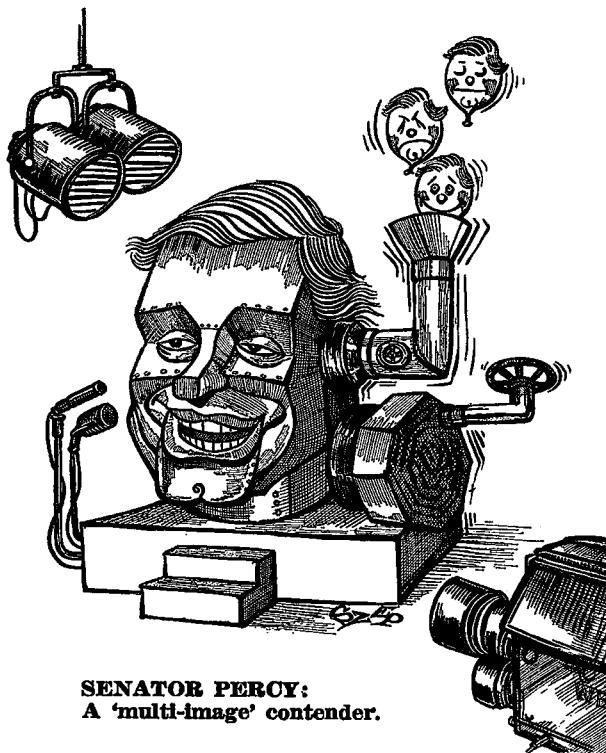
Other leading citizens of Austin are doing wondrous things around the globe. For example, in mid-1965 Edward Clark, chairman of the board of the Capital National Bank of Austin and a long-time personal friend of the President, was appointed American Ambassador to Australia. The Austin firm of Clark, Thomas, Harris, Denius, and Winters has handled Johnson family business for many years.¹⁹ Among the responsibilities of Clark's partner, Donald S. Thomas, is the presidency of Brazos-10th Street.²⁰ While they are minding the Presidential store, Clark, Thomas, Harris, Denius and Winters also have time for other things. Franklin W. Denius sits on the board of directors of the Delhi Australian Petroleum, Ltd., with Perry Richardson Bass — nephew and successor to Johnson's old friend Sid W. Richardson.²¹ Delhi Australian Petroleum, substantially controlled by Johnson's friends, the Murchisons, is becoming increasingly important in the development of Australian oil resources. The Klebergs — owners of the gigantic tri-continental King Ranch complex and first political employers of the President^{21a} — have not been inactive either: their "King Ranch Pastoral Co. Pty. Ltd." has been buying up leases all over Australia.

Thanks to special attention from the Administration, investors in Australia have been spared some unpleasant moments. The New York *Times Magazine* on October 8, 1967, noted that: "Clark is known to have

18. As of January, 1968 LTV ranked 10th in Defense Contracting. This represents its place during the fiscal year ending July 30th, 1967. Its contracts for that period totalled 534.7 million — with LTV Aerospace accounting for 310.7 million of the total. Cf., DE.B. for January, 1968, p. 32.
 19. Sherrill, *op. cit.*, p. 132.
 20. Waldron, *loc. cit.*, p. 34.
 21. Sherrill, *op. cit.*, pp. 142-145.
 21a. "In 1931, twenty-three-year-old Lyndon Johnson came to Washington (preceding Franklin Roosevelt by well over a year) as secretary to newly elected Congressman Richard Kleberg, part-owner of the fabulous King Ranch. Kleberg was an archetypal Texas plutocrat with political views to match. Yet Johnson spent four apparently happy years working for reactionary Kleberg before returning to Texas to work for radical Williams in the NYA (National Youth Administration). This was no hill-country boy hewing to doctrinaire Populist defiance of the moneyed classes." Rowland Evans and Robert Novak, *Lyndon B. Johnson: The Exercise of Power*, The New American Library, New York, 1966, p. 6.
 22. Much of Australia's land is not purchased "fee-simple" or "free-hold," but is leased from the government on leases ranging up to 99 years. A "friend" in the government is, thus, quite useful.

How the Candidates Look

with drawings
by Szep



SENATOR PERCY:
A 'multi-image' contender.

The head of a Massachusetts public opinion research organization once summed up his findings for a candidate for state-wide office: "Let's face it, you're just not warm and cuddly!" His client was upset and justifiably so. For no matter what the real man is like, the public casts its vote on the basis of the candidates' image, the product of public utterances, irrelevant anecdotes, and half-remembered episodes. The nearly 400 readers of the Ripon FORUM who responded to the presidential poll in our October issue have some definite ideas about the leading contenders and dark horses for the Republican Presidential nomination. They were asked to check off phrases they thought descriptive of the most frequently-mentioned contenders. The results suggest the distinctive combination of shining armor and encrusted political garbage each entrant carries into battle.

JAMES GAVIN

Despite the publicity given his dark horse efforts, Gavin's qualifications remain virtually unknown to over half of moderate Republicans; fewer than 10% feel they know "quite a bit" about the General. What they do know, however, is that he has extensive knowledge of and a well-defined position on the war. Eighty-one percent of all the respondents, the highest by 17% of all the candidates, identified this aspect of the Gavin image. This is reinforced by a feeling held by 43% that he is knowledgeable and experienced in foreign affairs generally — a reflection perhaps, of his service as Ambassador to France under President Kennedy. He had the third highest score on that item. But overall Gavin's image is only slightly positive; on the average he ranks seventh of the ten men profiled. On the negative side, Gavin is seen by 26% as not understanding the problems of the cities, as having no proposals to eliminate poverty (although integral with his stand on the War is a concern for the diversion of resources away from the needs of the urban poor) by 33%, and as being too inexperienced in government to take effective charge of an administration

by 35%. The most serious obstacle to Gavin's nomination, however, is the fact that of all the candidates he ranks last in loyalty: only 4% consider him to be a loyal party man; 17% feel he should be more loyal to the Republican Party. The net effect of these appraisals is that 35% feel that Gavin's presence on the top of the ticket would be a handicap to other Republicans running for election.

Vietnam may well be the issue of the 1968 campaign, but a one-issue candidate, even when that issue is the right one, seems to stand little chance of electoral success.

MARK HATFIELD

A "liberal" to two-thirds of the readers of the FORUM, Mark Hatfield is considerably better known than General Gavin, although 28% know very little or nothing about his qualifications for the Presidency. With an average rank of a little lower than fifth, Hatfield's strong points are few, but obvious. He ranks third behind Gavin and Nixon as having extensive knowledge of and a well-defined position on the war; 55% of the respondents identified this as a component of his image. He also ranks third in understanding the problems of the American farmer and being able, if elected, to help him significantly; the level of identification of this trait is quite low - 14% - which may as much reflect a low level of concern on the part of the readers of the FORUM. On balance the respondents to the poll had about three-and-a-half more positive than negative things to say about Hatfield. (He ranks sixth in this regard.) His only serious shortcoming is that he is seen as being not anti-Communist enough, but only 6% of the ballots were needed to rank him last in this regard.

CURTIS LEMAY

"Bombs Away with Curt Lemay!" would seem to be the appropriate campaign slogan for the retired General. Placed on the Far Right of the Republican political spectrum by 63% of FORUM readers,



MR. NIXON: Appeal on urban issues would help him escape the 'loser' image.

LeMay ranks third in firm anti-Communism at 78%, a number which would probably be higher if LeMay were better known. (Over 68% know very little or nothing about his Presidential qualifications.) But this is his only significant positive trait - he generally ranks slightly lower than eighth - and on the debit side of the ledger this dark horse finishes a solid first in not appreciating the plight of the American farmer (25%), in being too inexperienced in government to take effective charge of an administration (59%), in being strong-headed and not taking advice easily (45%), in being a handicap on the ticket (69%), and in being too old to be President (16%). And only Ronald Reagan understands less about the problems of the cities (68% to 55%)

JOHN LINDSAY

John Lindsay's tenure as Mayor of New York City has apparently revealed his qualifications for the Presidency; 97% of those replying feel they know a fair amount or quite a bit about him and, in fact, he emerged as the second choice (behind Nelson Rockefeller) of moderate Republicans for the nomination (see January FORUM). These qualifications are: his understanding of the problems of the cities and his specific proposals to alleviate them, ranking first, at 94%; his understanding of the causes of poverty and his ability to offer programs which will help the poor help themselves, first, 84%; his ability, if elected to substantially help the American Negro achieve social, economic, and political equality, second, at 82%; his having sufficient administrative ability to be a competent President, second, at 72%; his physical stamina, second, at 89%; and the fact that his personal life sets a good example for all citizens, second at 76%.

Lindsay's handicaps are three: he ranks third in inexperience in foreign affairs, with 65% checking this trait; second in not appreciating the plight of the American farmer, 20%; and, second in needing to be more loyal to the Republican Party, 17%. Especially in view of the high degree of exposure he enjoys and the consequent opportunity for a myriad of small incidents to tarnish his reputation, the strength of image profile that Lindsay displays is most impressive.

RICHARD NIXON

Party loyalty is the hallmark of the former Vice President; 95% of the ballots checked this attribute under Nixon's name, (The nearest candidate to him, William Scranton, was 38 percentage points behind). Over 91% of the replies indicated quite a bit of knowledge about Nixon's qualifications; this knowledge led 60% of the readers to type him as a conservative on the Party spectrum, with 36% responding to his efforts to appear to be a moderate Republican.

Nixon's relative strengths as he seeks to project a "winning" image are his extensive knowledge of and a well-defined position on the war, second, 64%; a general expertise in foreign affairs, first, 87%; a firm anti-Communism, second 83%; and an understanding of the problems of the farmer, first, 31%. And his overall image is strong; on the average it contains six more positive traits than negative.

But the negative ones are formidable. Before a preponderantly urban electorate Nixon's apparent lack of understanding of the problems of the cities, at 55%, the highest except for Reagan of the major candidates, will be a considerable handicap, as will his lack of proposals to eliminate poverty (at 29%, again, but for Reagan the highest of the major candidates). He is similarly thought by many respondents (24%) to be strong-headed and not to take advice easily. For 39% of respondents to the poll these drawbacks mean that Nixon's presence at the top of the ticket would be a handicap to other Republicans running for election.

CHARLES PERCY

Charles Percy is well in the public view; 45% think they know quite a bit about his qualifications, 44% know a fair amount. He is cast as a moderate by 72% of his fellow moderates and as a liberal by 27%. His image profile is the second strongest of the candidates in terms of his average (positive) rank of a little higher than fourth and third strongest in terms of the net favorability of the appraisals - the average number of positive traits identified minus the negative ones - at 5.1. The only attribute in which Percy ranks first is that his personal life sets a good example for all citizens (77%), but he shows second-place strength in making decisions only after careful deliberation (59%) and in the fact that his presence at the head would help elect Republicans everywhere on the ticket (40%).

Percy ranks high in party loyalty and has accumulated no significant political garbage in his brief career, conditions essential to consideration of him as a fallback or compromise candidate.

RONALD REAGAN

To 62% of moderate Republicans Ronald Reagan is a conservative, but to 36% he inhabits the far-right wing of the Party. The Governor of California doesn't fare too well with readers of the FORUM. Only in firmly resisting Communism does Reagan rank first, with 87% of the ballots acknowledging his pre-eminence. Reagan, however, ranks last or ninth in being generally knowledgeable and experienced in foreign affairs (1%); understanding the problems of the cities (5%); being able to help the Negro (6%); having sufficient administrative ability to be a competent President (18%); making decisions only after careful deliberation (16%); and being able to help the ticket everywhere (11%).

Conversely, Reagan is seen as being the most inexperienced in foreign affairs (88%); having the least

understanding of the problems of the cities (66%); having the fewest proposals to eliminate poverty (46%); having the second most unsatisfactory personal life (7%) - although in fairness it should be noted that one of the ballots blackballed him for eating too much peanut butter; and, in general being potentially the second biggest handicap on the ticket (62%). His overall image is negative and the criticisms of him are on substantive issues with which he has not yet shown any ability or inclination to come to grips.

NELSON ROCKEFELLER

Nelson Rockefeller is the over-riding first choice for the nomination among moderate Republicans and his image suggests why. He receives the highest average ranking (slightly above second) and an average of 7.5 more positive comments than negative. Nelson Rockefeller ranks first in being able to help the Negro achieve social, economic, and political equality (86%); first in having sufficient administrative ability to be a competent President (92%); first in making decisions only after careful deliberation (82%); first in being able to help the ticket everywhere (68%); first in physical stamina (92%); second in being generally knowledgeable in foreign affairs (81%); second in understanding the problems of the cities and having specific proposals to alleviate them (88%); second in understanding the causes of poverty and being able to offer programs which will help the poor help themselves (84%); and second in understanding the problems of the farmer and being able to help him significantly (18%).

A significant negative component in Rockefeller's image is the fact that he appears to have no clear-cut position on the war. This was cited by 57% of the responses; only Scranton's and Romney's were higher. Nine percent of the ballots checked that Rockefeller should be more loyal to the Party and 9% also indicated that his personal life was unsatisfactory. Party loyalty, however, will have little influence on the November electorate and, given the comprehensiveness and strength of his qualifications for the Presidency, the marvel of it all is that most FORUM readers think that Nelson Rockefeller will probably not be the nominee.

GEORGE ROMNEY

The Michigan Governor was labelled a liberal by 16%, a moderate by 74% and a conservative by 10% of the respondents. Of all the contenders he was placed most solidly in the middle of the party spectrum.

His image profile, however, failed to establish him as a frontrunner in any category, though he ranked above Nixon in his understanding of the problems of cities, of Negroes, and of poverty, slightly above his New Hampshire opponent in having an exemplary personal life and in his ability to help Republicans everywhere; he was considered about even with Nixon in administrative capacity.

His major negative traits were his lack of understanding of foreign policy and lack of a clear-cut position on Vietnam (the poll was taken before his "neutralization speech"). More than a third of the respondents criticized Romney for being "strong-headed" and not taking advice easily.

Romney ranks behind Rockefeller, Nixon, Percy, Lindsay, Scranton, and Hatfield in net favorability. On the average Romney ranks little better than sixth in each trait measured behind Rockefeller, Percy, Nixon,

Lindsay, Scranton, and Hatfield. The highest Romney scored on any positive trait is third, in the example of his personal life sets (75%).

More ballots checked Romney as having no clear-cut position on the War than any other candidate (69%). Romney is the second most-inexperienced in foreign affairs (79%); the second most strong-headed in not taking advice easily (35%). Looking ahead to November with few strengths around which to build and with two crucial weaknesses, there seemed to be question whether George Romney's candidacy can be kept alive.

WILLIAM SCRANTON

William Scranton is well-remembered by moderate Republicans; recollections of his campaign in 1964 prompt them to rank him slightly higher than fifth usually and to find four more positive attributes than faults. The strongest memory is of his loyalty to the Party in 1964 and after; 57% checked this trait of Party loyalty under Scranton's name, second only to Nixon. No one thought that he was too old to be President or that his personal life was unsatisfactory. Indeed he is unique among the men considered to get no black marks against his personal life — something of a tribute to his character. Scranton may not be a serious contender for the presidential nomination, but the good will he retains among moderates gives him a significant advantage as a possibility for Cabinet and vice-presidential posts.

* * *

At this stage of the nomination game, the strengths and weaknesses of the candidates' images have yet to make themselves decisively felt. But these profiles are well to keep in mind, for the attempts to capitalize on one's strengths and opponents' weaknesses are often the crucial turning points of a Presidential campaign.

—R.B.E., Jr.



GOVERNOR ROMNEY: Mediocre ratings on the issues front.

POLL RESULTS

(*less than 1%)

1. How much do you feel you know about the candidate's qualifications for the Presidency?

	Quite a bit	A fair amount	Very little	Nothing
General James M. Gavin	9%	33%	49%	9%
Senator Mark Hatfield	24	47	24	4
General Curtis LeMay	11	20	33	35
Mayor John Lindsay	61	36	3	—
Richard M. Nixon	91	8	*	*
Senator Charles Percy	45	44	10	*
Governor Ronald Reagan	50	35	12	3
Governor Nelson Rockefeller	88	12	*	—
Governor George Romney	71	26	2	—
William Scranton	44	42	12	2

2. Where would you place them on the spectrum of Republican philosophy?

	Liberal	Moderate	Conservative	Far Right
Gavin	54%	40%	6%	*
Hatfield	68	32	—	—
LeMay	—	2	35	63
Lindsay	88	12	—	—
Nixon	—	36	60	4
Percy	27	72	1	—
Reagan	*	2	62	36
Rockefeller	56	43	*	—
Romney	16	74	10	—
Scranton	17	80	3	—

3. Here is a list of statements which could describe a Presidential contender. To which of the candidates, if any, do you feel each applies. Readers checked however many candidates they wished for each statement. (Rounded percentage of readers checking each box is in light face type; contender's rank is in bold).

	GAVIN	HATFIELD	LINDSAY	LeMAY	NIXON	PERCY	REAGAN	ROCKEFELLER	ROMNEY	SCRANTON
A. POSITIVE TRAITS										
He has extensive knowledge of and a well-defined position on the War in Vietnam.	81% 1 3	55 8	8 9	36 4	64 2	22 5	16 6	13 7	10 8	* 10
He is knowledgeable and experienced in foreign affairs generally.	43% 3 5	14 7	9 8	5 1	87 6	12 10	* 8	81 2	5 9	16 —
He is a firm anti-Communist.	59% 7 9	57 10	55 3	78 2	83 8	59 8	87 1	68 4	63 5	62 6
He understands the problems of the cities and has specific proposals to alleviate them.	8% 8 6	12 1	94 10	— 7	10 3	62 9	5 9	88 2	41 4	32 5
He understands the problems of the American farmer and, if elected, could help him significantly.	16% 8 3	14 9	1 10	* 10	31 1	14 4	3 7	18 2	13 5	8 6
He understands the causes of poverty and can offer programs which will help the poor help themselves.	8% 9 6	25 1	84 10	— 7	17 3	60 8	10 8	84 2	45 4	33 5
If elected, he could substantially help the American Negro achieve social, economic and political equality.	16% 8 5	47 2	82 10	* 7	17 3	62 9	6 9	86 1	51 4	47 6

He has sufficient administrative ability to be a competent President.

	GAVIN	HATFIELD	LINDSAY	LeMAY	NIXON	PERCY	REAGAN	ROCKEFELLER	ROMNEY	SCRANTON
He has sufficient administrative ability to be a competent President.	32% 8 7	44 2	72 10	8 3	69 3	48 8	18 9	92 1	66 4	64 5

He makes decisions only after careful deliberation.

He makes decisions only after careful deliberation.	33% 8 8	40 3	53 10	7 4	49 2	59 9	16 1	82 7	31 5	44 5
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His presence at the head of the ticket would help elect Republicans everywhere.

His presence at the head of the ticket would help elect Republicans everywhere.	11% 8 7	18 3	39 10	* 6	21 2	40 8	11 9	68 1	27 4	23 5
---	------------	---------	----------	--------	---------	---------	---------	---------	---------	---------

He is a loyal party man.

He is a loyal party man.	4% 10 6	40 8	23 8	5 9	85 1	54 3	54 4	45 5	37 7	56 2
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He has the physical stamina required by the Presidency.

He has the physical stamina required by the Presidency.	55% 9 7	74 2	89 10	34 5	81 3	85 8	78 6	92 1	84 4	65 8
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B. NEGATIVE TRAITS (highest rank for lowest score)

His personal life sets a good example for all citizens.

His personal life sets a good example for all citizens.	38% 9 5	61 2	76 10	24 8	61 1	77 8	40 7	45 3	75 4	69 4
---	------------	---------	----------	---------	---------	---------	---------	---------	---------	---------

He has no clear-cut position on the war in Vietnam.

He has no clear-cut position on the war in Vietnam.	4% 1 3	8 7	49 2	5 4	14 6	36 5	15 8	57 10	69 9	62 9
---	-----------	--------	---------	--------	---------	---------	---------	----------	---------	---------

He is inexperienced in foreign affairs.

He is inexperienced in foreign affairs.	17% 3 6	52 8	65 4	46 1	4 7	58 10	88 2	9 9	79 5	46 5
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He is not anti-Communist enough.

He is not anti-Communist enough.	6% 9 10	6 8	4 4	* 1	* 7	2 3	* 6	2 5	2 6	* 2
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He does not understand the problems of the cities.

He does not understand the problems of the cities.	26% 7 5	9 2	2 8	55 8	36 8	5 3	66 10	1 1	11 6	6 4
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He does not appreciate the plight of the American farmer.

He does not appreciate the plight of the American farmer.	20% 8 1	8 8	20 10	25 3	10 2	9 7	20 6	11 10	10 4	10 5
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He does not have any proposals to eliminate poverty.

He does not have any proposals to eliminate poverty.	33% 9 4	9 1	* 8	32 7	28 3	2 10	46 2	2 10	10 5	11 6
--	------------	--------	--------	---------	---------	---------	---------	---------	---------	---------

He is too inexperienced in government to take effective charge of an administration.

He is too inexperienced in government to take effective charge of an administration.	37% 8 6	10 4	4 10	59 2	2 7	18 9	58 1	— 3	3 4	4 5
--	------------	---------	---------	---------	--------	---------	---------	--------	--------	--------

He tends to be strong-headed; he does not take advice easily.

He tends to be strong-headed; he does not take advice easily.	12% 6 4	5 5	5 10	45 7	24 3	4 8	31 2	4 9	35 1	3 1
---	------------	--------	---------	---------	---------	--------	---------	--------	---------	--------

His presence at the top of the ticket would be a handicap to other Republicans running for election.

His presence at the top of the ticket would be a handicap to other Republicans running for election.	35% 7 5	18 3	16 10	69 8	39 1	6 6	62 11	19 2	19 8	16 4
--	------------	---------	----------	---------	---------	--------	----------	---------	---------	---------

He should be more loyal to the Republican Party.

He should be more loyal to the Republican Party.	17% 10 4	3 9	17 6	7 1	* 2	* 3	2 8	9 7	9 5	3 5
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His personal life is not satisfactory.

His personal life is not satisfactory.	* 5	* 4	* 2	2 7	2 8	* 3	7 9	9 10	2 6	1 1
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Net Favorability Rating (Avg. Positive minus Negative traits)

Gavin	+1.5	Percy	+5.1
Hatfield	+3.4	Reagan	-1.0
Lindsay	+5.0	Rockefeller	+7.5
LeMay	-2.3	Romney	+2.2
Nixon	+5.8	Scranton	+3.9

INTERNATIONAL MONETARY POLICY

The Dollar

It is very convenient for politicians if everyone believes some substantive political issue to be a technical and complicated matter which only a handful of experts can comprehend and no ordinary man can have a sensible opinion about. Then the politicians can carry out their designs in the conditions of confusion and secrecy they like best, and everyone will accept the propaganda interpretation of events with an uncomprehending (and perhaps relieved) shrug. This is especially the case with international financial problems. There is the forbidding jargon of the exchange market, running to terms like "spot" and "forward cover." There is the fact that, in this country at least, no one ever sees bars of gold or owns them and the fact that only about once in a generation do difficulties arise of such magnitude that everyday economic transactions are affected. The devaluation of the pound and the present enormous gold losses from this country mark the beginning of such an unhappy period.

It is becoming apparent that our policy goals in a number of areas conflict with the interests of other nations and that the present difficulties at least partly follow from our short-sighted decision to use the dollar as a weapon in these struggles. The trouble is that the power the dollar confers on us to do good or evil to others is matched by the power it gives them over us. An instrument which is as easy for your opponent to wield as for yourself seems a poor choice for a fight.

RESERVE FUNCTION

The dollar's chief external function at present is to act as the bank balances which nations use to settle their debts with each other. Every country exchanges both goods and services and ownership of assets like bonds and physical plant with other countries. If the value of the items a country buys exceeds continuously and indefinitely the value of what it sells, its trading partners will be losing out. Since no court exists to enforce a lien against a country, some other guarantee has to be given that every country will on an average sell either goods or assets equal in value to the goods and assets it buys. At present this is accomplished by all nations agreeing to settle in dollars or gold.

A country that buys more than it sells must give up dollars and gold to make the difference, and after a while it will run out. The country can take steps to reverse the outflow before it loses all its reserves. The classic remedy is to raise interest rates and taxes sharply, thereby producing a slowing of growth or a recession. This policy reduces imports of goods, makes it easy to sell assets like bonds abroad because of the high interest rates, and usually slows down the rate of inflation. The country stops losing reserves because of the lower imports and higher investment, and with luck its lower rate of inflation will make its goods attractive to other countries, and their demand for its

exports will quickly rise to end the recession. This is a policy Italy has recently followed with great success.

If, like Great Britain, a country losing reserves is unwilling or unable to accomplish this trick, it runs out of reserves and must devalue. If it is a small country nobody much cares, and its exports will become cheaper and imports more expensive, and the loss of reserves ended and reversed. There are some exceptions. It is difficult for a large country to devalue much because its competitors can simply match the devaluation, leaving things back where they were.

The system also depends on the deficit country running out of dollars and gold to force it to take the appropriate measures. But if one country is losing reserves another country must be gaining them. If any nation is running a deficit, others must be running a surplus, and vice versa. If everyone feels that their reserves are too small and everyone raises interest rates and taxes, the result is just a world recession. This is also true if one large country contracts to end its deficit while the rest of the world maintains its surplus; nothing can be achieved without the willingness of surplus countries to end their surpluses.

CHECKS ON U.S. POWER

It ought to be clear by now how very peculiar and important a place we have in this system. In general we cannot run out of dollars at all since we own the printing presses. If we ran no deficit all other nations would soon feel that their reserves were becoming too small, since the supply of gold is not expanding very rapidly, and their universal attempt to run a surplus would lead to a world depression. We have the great power to print money for the world. But no one ever gets that kind of power without some checks and balances for the rest of the community. If we print a lot of money, we force one of two things on other countries. They may simply absorb the money into their reserves, or they may use it to expand their domestic money supply and thereby lower interest rates, after which they must either raise their taxes or suffer inflation. The system, however, provides for a way in which other countries can put pressure on us to print less money if they do not want it for their reserves or to lower interest rates or to produce inflation. We promise to redeem dollars in gold, and instead of holding onto the dollars we emit through our deficit, other countries can turn them in for gold.

CONFLICT POINTS

The points of conflict in this system are obvious. First is the question of interest rates. One of the main determinants of our deficit is the relative level of interest rates here and in Europe. Only through raising ours or lowering theirs can American investors be discouraged from buying European assets. But the level of interest rates also is very important in determining the rate of growth in a country and the amount of taxes its citizens pay. Low interest rates encourage growth, but require high taxes to prevent inflation. If we are to have the low interest rates we want, the Europeans must accept lower rates themselves and higher taxes.

The second obvious conflict involves our ability to decide how the money we print will first be spent. The more we print the more our spending can exceed our earnings, and we have over the years been spending more and more money to prop up unstable regimes in various corners of the world and to build and maintain a network of pro-American military establishments in

other countries, even ones with stable regimes. These activities command less than enthusiastic support abroad, especially when we are printing money to finance them which winds up in the reserves of countries that don't want reserves. If Europeans hold this money they are in fact paying for the spread of our influence and power. Again, only one weapon is available to them to influence us, and that is to turn in dollars for gold.

There is an inexorable logic at work here. Either we must persuade other countries to hold more dollars, which we can't, or we must sell more goods abroad, which is very difficult without some devaluation and made more difficult by rising costs in our industry, or we must spend less, or we will run out of gold. If that happens, other countries will have to make dollars unacceptable in international transactions, or allow us to devalue to sell more. The first alternative would involve restrictions on trade and travel which hurt everybody, and the second almost certainly would end the reserve role of the dollar when there is no sure guarantee that another source of reserves can be found to take its place.

LBJ'S POLICY

We have chosen to reduce our deficit by limiting our spending. The means proposed by the Johnson Administration resolve some of the political conflicts underlying the crisis, but on examination, the cost we will pay for the proposed solution is so high that there seems to be room for a constructive Republican alternative policy. The interest rate conflict is ended by direct controls on American investment. This amounts to separating American and European capital markets, so that each of us can have our own interest rates, which may seem like a sensible resolution of the difficulty. But the cost is high because the loss of American long-

term investment will slow Europe's growth rate, and we will be deprived of an opportunity to earn income for ourselves. This last feature has already raised substantial doubts about the wisdom of the plan in the American business community. The Administration has resolved the disagreement over how much money the world can accept by deciding to spend less and thereby to reduce the American deficit.

The Administration has chosen to cut back travel and investment while our political and military spending is left untouched. The dollar must give up its job of financing economic exchanges that benefit the people of nations because it has more important work to do among the nations themselves in the service of an ever-expanding idea of the American national interest. A currency that was created to facilitate transactions is thus being used to distort economic choices and opportunities because our government needs it to "defend freedom." I support the appeal of this policy depends a good deal on what you consider a higher priority for the country: our financial and cultural links with Europe or the war in Vietnam.

INTERNATIONAL-IST APPROACH If we do value international cooperation above intervention we must change our posture of self-righteousness toward the rest of the world. We could, for example, cut out at least some of our political spending even as a token gesture. We could bring troops or their dependents back from European bases. We could reduce our military aid. We could use the time we gain from these measures to begin negotiating with the Europeans for a mutual adjustment of economic variables to make the stop gap measures truly temporary. A long term adjustment involves the follow-

Table 1
MONETARY RESERVES BY TYPE OF RESERVE AND BY HOLDER (1958 AND 1967)
(measured in billions of US dollars)

Type of reserve asset	Holdings Dec. 31, 1958			Holdings, June 30, 1967			Growth (+) or shrinkage (-) 1958-67		
	USA	Rest of World	Total	USA	Rest of World	Total	USA	Rest of World	Total
Gold	20.6	17.4	38.0	13.2	27.4	40.5*	-7.4	+9.9	+2.5
Foreign-exchange assets:									
US dollars	—	9.6	9.6	—	16.3	16.3	—	+6.6*	+6.6
Other currencies	0.0	7.4	7.4	0.7	7.5	8.3*	+0.7	+0.2*	+0.9
Reserve position in International Monetary Fund	2.0	0.6	2.6	0.4	5.5	5.9	-1.6	+4.9	+3.3
Total reserves	22.5*	35.1*	57.6	14.3	56.7	71.0	-8.3*	+21.7*	+13.4*

Memoranda:

Excess of US monetary reserve assets over monetary-reserve liabilities	12.9	-2.0	-14.9
Gold Holdings of IMF	1.3	2.7	+1.3*
Gold production			+11.2
Reported Soviet gold sales			+2.5
			+13.7

SOURCE: International Monetary Fund, International Financial Statistics, December 1967, pp. 15-18.

* Apparent discrepancy of \$0.1 billion between this and related figures arises from rounding of figures given in source to nearest \$1 million.

ing points. We must reduce the spread between American and European interest rates. The most constructive way, I think, would be a general fall in rates with European rates falling somewhat farther and higher taxes in the U.S. to reduce our demand both for assets and goods from Europe. To ease this adjustment a small devaluation of the dollar relative to European currencies would be desirable; this could be achieved by a mild upward movement of European exchange rates. This would also help the pound.

What can we promise in return for European cooperation in revising interest and exchange rates? Even though the economic adjustments are mostly favorable to Europe, in that our higher taxes will permit them to have lower interest rates and more rapid growth without raising their own taxes, and their currencies will appreciate in value, we probably will have to offer more. If the Europeans were willing to have this adjustment, they could achieve it unilaterally, and they have not taken any steps in this direction. The political price of an adjustment is going to be higher. We probably will have to share the power we wield through our foreign economic and military aid programs. This might be accomplished by allowing this money to be spent by some multilateral agency like the U.N. We will also probably have to accept limitations on the immense advantages we enjoy under the present system in which the dollar is the chief reserve asset. We ought to look to the gradual displacement of the dollar in this role by some other multilaterally controlled asset. Professor Hart in his guest editorial introduces the most practical of current proposals to accomplish this.

POLITICAL ADJUSTMENTS After the Second World War we had overwhelming economic and military power, and world institutions, both economic and political, adjusted to that fact. The dollar was supreme not because of any magical spiritual goodness but because no other money could buy goods. We established our habits in international financial dealings at a time when other governments were hungry for dollars and accepted our use of dollars to manipulate international politics because it protected them. Today other countries are productive, strong, and proud. We have to change our habits to conform to these new facts.

The settlement I have sketched involves some loss on our part of political as well as economic power. In some quarters where economic nationalism is virulent it will be looked on as a "defeat" and "abject surrender to the French." The theme of this essay is that international finance and international politics are inextricably connected and that our difficulties with the dollar reflect our inability to achieve inflated world political goals with our resources. We must realize that we cannot use the dollar any more to dictate political settlements or interest rates to the rest of the world. Our power to print a universally acceptable world money will disappear. Either we will run out of gold and other nations will stop accumulating dollars, or we can chip away at the universal acceptability of dollars with our own controls, restrictions and legislation, or we can negotiate the reserve role away in return for an economic adjustment of mutual benefit.

The Republican mission this year is a hard one for a politician of educating the public to reality. A revision of our monetary policy to conform to reality can at worst be a Pyrrhic defeat. —Duncan Foley

An Alternative for Reserves

The present U.S.-dollar version of the gold-exchange standard is becoming unworkable. An orderly reconstruction is urgent to avert a run on the dollar which might parallel the collapse of the previous gold-exchange standard in the 1930's. The crisis of the '30's caused by a run on the British pound, entailed competitive currency depreciation, quantitative restrictions on trade and pervasive exchange controls.

A basic defect mars the present structure of international monetary reserves. The stock of reserves consists in good part of credit elements (above all, of U.S. dollars); each holder of reserves is entitled to convert entirely into gold; yet in the case of a rush for gold, the United States (which informally holds the role of "banker" in the international reserve pool) has inadequate defenses.

In an ordinary banking situation, there are double defenses against a run. (a) Each bank is backed by a national government and central bank, which have power to print paper money, and in the last resort would use this power to provide banks with unlimited cash to meet panicky withdrawals. (b) Each depositor feels sure that no run will be started by others. Safeguard (a) — symbolized in the United States by Federal Deposit Insurance — has no international counterpart; and in its absence, safeguard (b) is much weaker.

A few years ago (as may be seen from the 1958 data in Table I, on page 10) the U.S. had such a wide margin of monetary-reserve-assets over monetary-reserve-liabilities that no holder of dollars had any cause for anxiety. The United States gold holdings — over half the world total — were far greater than the amount of reserves foreigners held in dollars. But year after year, our monetary-reserve-liabilities have grown while our gold reserves dropped. Now we have a growing shortage of monetary-reserve-assets.

The dollar is still safeguarded by the fact that most national monetary authorities want to help defend the gold-exchange standard: they have no wish to get into a scramble where owners of all the claims represented by the \$71 billion of total reserves would be trying to cash them out of the \$40-billion world stock of monetary gold. (plus a billion or two that the International Monetary Fund could release, minus whatever speculators would take out of the pool). Besides, many monetary authorities appreciate having a form of reserves on which they can draw interest.

But each monetary authority must ask itself how long it can afford to go on holding dollars when there is a growing danger that others may push withdrawals so far that the United States feels compelled to stop the issue of gold-export permits. To look only at U.S. monetary-reserve-liabilities understates the hazard. In addition, Europeans can turn in their holdings of U.S. stocks and bonds; traders can speed up payments on the \$40 billion-a-year of U.S. imports or slow down payments on the \$45 billion-a-year of U.S. exports; gold speculators can build up their hoards; or American citizens can take it into their heads to increase slightly the share of their wealth they hold abroad.

Relatively modest shifts in the holdings of foreign central banks may take on critical size for us. To illustrate, suppose that foreign monetary authorities had decided last summer to scale down from 29% to 20%

the proportion of their reserves held in U.S. dollars. The resulting gold drain would have pulled our gold stock down from \$13.2 billion to \$9.2 billion.

ALTERNATIVE STRATEGIES

For the world's monetary authorities (and especially for the United States at the center), several alternatives can be mapped. (I leave out of account as out of the question in the present state of public opinion several interesting proposals from fellow economists, such as that the U.S. should suspend purchases of gold, announce its intention to sell off its gold stock rather rapidly, and try to break the market.*) The more feasible alternatives seem to be as follows:

(1) We might pretend that if we wait (and work behind the scenes to intensify "voluntary cooperation" by other countries) the problem will go away. But we have already played this game for several years; and while it could be argued that the adverse drift of reserves was decelerating before the 1967 monetary crisis, it can scarcely be claimed that a reversal is in sight. In all likelihood this "policy" will bring us in a matter of years or months to a breaking point. Restrictions of capital transfers and tourist expenditures should ease the problem somewhat, but will not solve it — certainly so long as the Vietnam war continues as an indicator of U.S. willingness to take on bottomless overseas commitments.

(2) The gold price might be drastically raised — either by concerted action or by a unilateral U.S. action which others would match. Had we decided last summer to value gold at \$70 per ounce, we could have claimed that we had \$27.5 billion instead of \$14.3 billion of monetary-reserve-assets to set against our \$16.3 billion of reserve-liabilities. Such a shift would at least give us a breathing spell. But it would cure the basic structural defect. Besides, it would have a colossal operating cost. At \$35 per ounce, the world is already paying the gold-mining industry some \$2 billion a year (net of the value of industrial uses) for the privilege of doing the world's book-keeping in "gold" units. If the benefits would flow to a representative cross-section of the underdeveloped countries that need reliable sources of income, I would cheer; but for South Africa and Russia?

(3) the United States can take the lead in internationalizing the present gold exchange standard. Foreign reserve funds held in dollars would be converted into deposits in the International Monetary Fund. These deposits would be backed by transfer from the U.S. the same amount of gold and interest-bearing U.S. bonds. IMF can be made secure from a run — as the United States could not — by including in the revised Articles of Agreement an obligation for each member country to hold a large slice of its reserves through the IMF. The U.S. would gain, because its short-term liability to foreigners would be replaced by long-term liability to the IMF.

Of these alternatives, (3) is overwhelmingly the most attractive.

NEED FOR ACTION

If we had to thrash out all the necessary adaptations of the monetary structure, internationalizing the gold-exchange standard might be too slow a process to be feasible. But fortunately, a dedicated group of economists led by Robert Triffin have worked out prac-

* This alternative is described in a brief note at the end of the paper.

tical and detailed schemes and have familiarized a number of the responsible officials with them. As soon as authorities recognize that the IMF needs to be redesigned to internationalize reserve-pooling arrangements, the world might be in striking distance of a permanently workable system.

If before we reach a breaking-point it is plain that the key governments had agreed in principle on such a transformation, the world can avoid a liquidation process which would be a serious evil in itself, and whose favorable results could not be guaranteed. The task of statesmanship is to mobilize the general awareness that the world faces a monetary emergency and to start the process of orderly transformation.

—Albert Gailord Hart

Mr. Hart is Professor of Economics at Columbia University and co-author with Peter B. Kenen and Alan Entine of Money Debt and Economic Activity (Englewood Cliffs: Prentice-Hall, 1948, 1953, 1961; 4th edition now in press).

Demonetizing Gold

Once President Johnson — or his successor — realizes that he has a good chance of breaking the world's gold market by selling off the U.S. supply (one-third of the world's total by figures in Table I), he will threaten to do so. President Roosevelt was widely hated in the 1930's for allegedly setting the price of gold every morning before breakfast. This time, however, there is a convenient foreign enemy to serve as a scapegoat — de Gaulle.

If the President's bluff is called and the gold market does break (from \$35 to \$10 an ounce, perhaps), the French, the Soviets, the South Africans and other gold hoarders and producers will find their international positions seriously damaged. The gold hoarders and producers may even be forced to devalue or to impose restrictions on their own citizens in order to gain enough dollars for their reserves to make up the loss in value of their gold. At the same time, loyal holders of U.S. dollars, like Canada, Japan, and Italy, will gain relative to the gold hoarders and producers. In short, the United States would punish its enemies and reward its friends.

If world trade and investment are disrupted after the United States sells its gold, other countries will lose much more because foreign transactions are more important to their economies than to ours. In any case, a show of sweet reasonableness when the threat is first made will suffice to shift the blame from the United States whose currency has "financed" the world's economic growth since World War II, to de Gaulle for irrationally foregoing U.S. dollars and interest payments for gold simply to embarrass the United States and confer prestige on France. Since a similar French petulance triggered the monetary crisis of the 1930's, the shoe will fit — and pinch.

Ultimately, most economists are agreed that gold will lose its monetary function. The United States will most likely either demonetize gold unilaterally or use the threat of unilateral demonetization to structure a new international credit system almost as favorable to it as the present one. While such a demonetization may not be equitable, it will correspond to America's interest in spending each year a maximum of the world's newly created credit.

—C.W.B

VIETNAM CROSSROADS

As this analysis reaches your hands, the Administration may already have committed the nation to a major escalation of the ground war in Southeast Asia. A dangerous convergence of events has already occurred: a swift build up in American forces in South Vietnam (47,000 in the month of January 1968 alone), an apparent American refusal to follow up a secret shift (early December 1967) in the North Vietnamese negotiating position until it was made public (December 29), signs of unpublicized threats on Russian and China in early January, and disputes among high American officials over the preparations for an escalation.

If President Johnson were an all-knowing statesman, this dangerous convergence of events might simply be a careful balancing of carrots and sticks to gain an optimal settlement. Unfortunately, the degree of internal dispute within the U.S. government suggests that the decision to escalate will be the result of a bureaucratic power struggle rather than of a careful weighing of alternatives. The most important remaining question to be decided appears to be when and where the escalation will occur.

The Ripon Society has already (in the September Ripon FORUM) presented constructive proposals for limiting the war in Southeast Asia without a precipitant American withdrawal and without immediate need of North Vietnamese cooperation. This analysis does not, therefore, endorse escalation, though it does see it as increasingly inevitable within the present structure of policy. Nor do we contend here that the Administration will consciously pass up an easy chance for peace; we state simply that the decision-making process will be insufficiently conscious of openings for talks.

Meanwhile, new military plans have already been made, as we began to document in last month's FORUM, in the article "Towards a Wider War." Since publication of that article there has been a 47,000 man increase in troops bringing the total American force in South Vietnam to 525,000 — the maximum authorized without calling up the reserves.¹ This gives General Westmoreland a sizeable force for a new offensive. Even before this increase, two new American divisions were assembled for large unit actions, yet neither has been so deployed.²

FOUR OPTIONS

The Administration has prepared four possible escalations on which the new troops might be used — assuming that they are not dissipated by a simple expansion of present operations or tied down by a North Vietnamese spring offensive. "Hot pursuit" into Cambodia, the most publicized option, might eliminate some VC rest camps, but the Ho Chi Minh Trail would remain untouched.

An extension of the "barrier" across southern Laos

has long been favored by Secretary McNamara and Senator Mansfield, as an alternative to bombing or invasions of North Vietnam. A fully patrolled barrier to the Mekong would, according to its opponents, require 250,000 American troops to maintain it, an increase of our present force to over 750,000. Yet Senator Mansfield, the barrier's best placed advocate after McNamara's resignation, has already opposed an expansion of our force to three-quarters of a million. Senator Mansfield's opposition to an army large enough to support a barrier shows that he has given up hope on its chances for Presidential approval in competition against hot pursuit into Cambodia or an invasion of North Vietnam. If Senator Mansfield has given up on it, the barrier proposal is dead.

A third option would be a major U.S. effort in the Mekong Delta. Some Congressmen were told last summer that the recent troop build-up would be devoted to the Delta and Senator Mansfield described the Delta as "the real sanctuary." Still, the President is not likely to begin a new operation now which would take years to succeed — during an election year when draft calls already must be high just for replacements.

The fourth possible escalation would be an invasion of North Vietnam. The last issue of the Ripon FORUM cited logistical preparations already made which would support an invasion. Within the limits of his present policy, the President may have decided to ignore Hanoi's new formulation, to warn the Soviets and the Chinese to stand clear, and then to cut off the Ho Chi Minh Trail at its source, the North Vietnamese city of Vinh.

Certainly, the outlook for negotiations is bleak. Until the Administration defines carefully exactly *what* is being defended in South Vietnam from which of Saigon's enemies, no public North Vietnamese statement can lead automatically to a negotiated settlement. The speech by North Vietnamese Foreign Minister Trinh early in January did, however, clearly test the Administration's willingness to present a negotiable position. Trinh said, for the first time, that after the U.S. stops the bombing "unconditionally", we will hold talks . . . on questions concerned."

For the first time, then, Hanoi publicly met the leading verbal demands of both the Soviet Union and the United States that it abandon the coy position of January 1967 that "there could be talks" after the bombing stops. Premier Kosygin's wishful misrepresentation first stated in February 1967, that Hanoi would "at the same time start negotiations" in return for a bombing halt has finally been substantiated. Trinh's speech also met Ambassador Goldberg's challenge before the UN in September 1967, for anyone to produce an "authoritative message from Hanoi that there would in fact be negotiations if the bombing were stopped. We have sought such a message directly from Hanoi without success."

SECRET SHIFT

Though the North Vietnamese apparently did not at first communicate their new position directly to the Administration, they did convey their shift secretly through an intermediary with reason to be more friendly to Washington than to Hanoi. In "early December," the North Vietnamese Ambassador to Indonesia told the Indonesia Foreign Minister that Hanoi would "promptly enter into peace negotiations with the United States after an unconditional bombing cessation." Hanoi would also "gladly accept" Indonesia

1. New York Times (AP, Saigon), January 4, 1968.
2. The Americal Division has five brigades (instead of the normal three), only two of which were committed on December 19 to an operation not announced until January 15. The Second Cavalry (Airmobile) Division is now being formed from two brigades of the 101st Airborne Division and South Vietnamese Ranger and Marine units to form "a mobile shock force." Newsweek, January 1, 1968, p. 19; New York Times, January 18, 1968; Brig. Gen. S. L. A. Marshall, Boston Globe, December 31, 1967; Washington Daily News, November 18, 1967.

as a mediator between the two countries.³

North Vietnam's leaders probably had four reasons for changing their terms for negotiations. The first would be to retain Soviet aid by demonstrating to Kosygin that the Americans would not stop the bombing even if Hanoi agreed to talk as Kosygin had promised. A second reason would be to encourage the Administration to formulate negotiable American objectives for Southeast Asia, in order to ascertain if a settlement with the United States would be less disadvantageous than an increasing dependence on China as the war continues.

A third reason would be to restrain American military actions, either to stop the bombing or to delay an impending escalation. By promising to negotiate "promptly" (LBJ's word in September and Hanoi's private word through Indonesia, though not repeated publicly), Hanoi may hope to strengthen the anti-bombers within the Administration sufficiently to stop the bombing. At the very least, the North Vietnamese could expect to see Goldberg threaten to resign if LBJ won't stop the bombing after Hanoi meets his challenge before the UN. If the North Vietnamese expect a major escalation — they claim to be prepared for an invasion — they may expect the Administration not to escalate while an apparent offer is still out on the table. Finally, even if Hanoi doesn't expect to restrain the United States militarily, it may hope to reinforce widespread international suspicions that the Administration will not pursue opportunities for a negotiated settlement and thereby keep the United States isolated. Though the third and fourth reasons may be partly valid, their abstention for several weeks from a concerted propaganda campaign exploiting the Administration's apparent hesitations may indicate that retaining Kosygin's good opinion and testing Johnson's objectives have initially been more important to the North Vietnamese.

Unfortunately, there is no sign that the Administration responded to the Indonesian contact, and it is perhaps for this reason that Trinh made the offer public. Secretary Rusk held his first press conference in three months within a week after the Trinh's public statement. Rusk's answers consistently implied that Hanoi's shift was a recent one and not already a month old.

Another misrepresentation of the North Vietnamese shift is the South Vietnamese complaint — apparent-shared by the Administration — that Hanoi is being "too noisy to be sincere."⁴

When, after three weeks' delay, Hanoi made its shift in position public, there was no overt effort to embarrass the United States. The shift was buried in a long, dull speech to diplomats from Mongolia (a Soviet, not a Chinese satellite) and its importance was first noted by Victor Zorza, a Western journalist with extensive contacts within the Soviet bloc, rather than by a government official.⁵ Right after the speech was broadcast — but before Zorza's column was published in the West — Hanoi asked Burma, Cambodia, and Laos for the use of their capitals in case the Administration agreed to preliminary talks.⁶

THREATENING GESTURES Instead of responding with a negotiable definition of American goals, the Administration countered with threatening gestures against both of Hanoi's

3. New York Times and Boston Globe (UPI, Saigon), January 5, 1968.
4. Boston Globe (Darius S. Jhabvala and James Doyle), January 18, 1968.

big supporters, the Soviets and the Chinese. On January 3, according to later Chinese protests not contested by the U.S. Defense or State Departments, a Communist Chinese freighter was bombed in the North Vietnamese port of Cam Pha.⁷ Five days later, American and Chinese diplomats met in Warsaw for the first time in seven months. Though no communique was issued, the American Ambassador afterwards referred to "frank and serious discussions," a diplomatic phrase indicating unpleasant exchanges.⁸ Several days later, the Chinese protested that Royal Laotian planes supplied by the U.S. had attacked Chinese territory, killing and wounding an unspecified number of inhabitants—on the day before the Warsaw meeting. This was the first alleged American-sponsored border violation during the Vietnamese war to result in Chinese deaths. The Chinese Foreign Ministry claimed that the U.S. was preparing "to spread the flames of war" into Cambodia and Laos. "State Department officials" were reported by a reputable diplomatic correspondent to be thinking that "the alleged incident was being used as a base for a wrap-up condemnation of what Peking may suspect the United States of doing or planning to do."⁹

Though the Chinese frequently complain of unchallenged violations of their borders, the Soviets admitted to a considerable humiliation in Haiphong harbor just before Ambassador Dobrynin held "two quiet meetings" with Secretary Rusk and then returned to Moscow. According to the Soviets, three American planes separated from the rest of their squadron over Haiphong, circled a Soviet freighter in the middle of the channel on a clear day at less than 2000 feet, and surrounded the ship with eight delayed-action mines which went off at twelve-hour intervals. Unable to move for fear of setting off a bomb underneath it, the freighter was eventually so badly damaged that it will have to be towed three thousand miles back to Vladivostok.¹⁰ Instead of simply handing a protest note to the American Embassy in Moscow, as in past bombings of Soviet ships, the Soviets sent Ambassador Dobrynin directly to Secretary Rusk on the evening after the attack. Dobrynin saw Rusk again on the following evening and then returned to Moscow "for consultations."¹¹

All of this suggests on the one hand that the Administration is not able to perceive significant changes in Hanoi's negotiating position and, on the other, that it is carrying out diplomatic preparations to assure that the Soviets and China will not intervene in the next stage of escalation.

JUSTIFYING ESCALATION The likelihood of an escalation is indicated by serious disputes within the Administration over how to justify it — disputes similar to those that have preceded past escalations. In Saigon, North Vietnamese infiltration for December was estimated at 5,000 to 6,000, but in Washington estimates between 30,000 and 40,000 have been produced and used to discredit Hanoi's recent shift.¹² In Washington "American

5. Boston Globe (Chalmers M. Roberts, Washington Post), January 2, 1968.
6. New York Times (AP, Vientiane, Laos), January 5, 1968.
7. New York Times (AP, Tokyo and Washington) January 8, 1968.
8. Boston Globe, January 9, 1968.
9. Washington Post (Chalmers M. Roberts), January 13, 1968.
10. New York Times, Boston Globe, and Washington Post, January 6, 7, and 8, 1968.
11. New York Times (Peter Grose, Washington), January 10, 1968.
12. New York Times, January 7, 1968.

military leaders" denied that bases worth attacking could be detected in Cambodia — only to be answered from the field by claims of four, six, or twenty important sanctuaries.¹³ Last December, General Abrams, second in command in South Vietnam, denied that hot pursuit would be "a realistic military proposal" until large American bases were available near the Cambodian border. Yet two weeks later "informed U.S. military sources" revealed the completion of "two new U.S. bases complete with runways for heavy transport planes" within four miles of the border and that "two more will be established soon."¹⁴

Ambassador Bowles described his visit to Cambodia as "successful" and repudiated all loopholes: "'Hot pursuit' is not our intention and should never be necessary. We said flatly that 'hot pursuit' was not an issue."¹⁵ Yet the Bowles visit was described as only "useful" at the Texas White House, and the appropriate State Department official in Washington (William P. Bundy) contradicted Bowles by reaffirming the right of

13. *Washington Star* (Orr Kelly), December 17, 1967; *Newsweek*, January 15, 1968; *New York Times* (Hanson Baldwin), December 28, 1967; *New York Times* ("Week in Review"), December 31, 1967.

14. *Boston Globe* (UPI), December 31, 1967; *Boston Globe* (UPI), January 13, 1968.

15. *New York Times* (Joseph Lelyveld, New Dehli), January 13, 1968.

The 'SMIC' Boondoggle

(continued from page 4)

intervened on Australia's behalf when U.S. Government authorities were discussing capital outflow restraints and possible restrictions on American investments overseas; several U.S. corporations were being questioned about programs involving the investment in Australia of sums of between \$15 million and \$250 million (italics added).²³

Clark, the *Times* related, came to the rescue: "That's when I got into the act," Clark confesses. "The authorities who were doing the questioning backed off . . . maybe just to get rid of me."²⁴

Small wonder, then, that when the Johnson Administration announced a belt-tightening restriction on foreign investments at the beginning of January 1968, Australia was exempted from the restrictions imposed on investment in Europe.

CONFLICT OF INTEREST

The Clark appointment is not — with all its crassness — atypical. Another Johnson advisor, Justice Fortas, served as director of various SMIC-related corporations. Before ascending to the Supreme Court, Justice Fortas was part of the highly successful New Deal law firm of Arnold, Fortas and Porter, a Washington firm specializing in lobbying and tax law. He defended Johnson — subsequent to the Texas Senatorial election of 1948 — against charges of election fraud in a case taken to the United States Supreme Court. In 1963 he undertook the defense of Bobby Baker, another chore presumably of the utmost political importance to Mr. Johnson.

Fortas, then, is more than simply a "Johnson advisor"; he is a trusted political ally. So when Fortas acted as the President's envoy in settling the details of the Dominican crisis, he carried with him at least the aura of Johnson's personal endorsement.

It is therefore particularly distressing that at the time of the Dominican mission Fortas was a member

23. Gordon, Harry, "When a Texas-Style Diplomat Hits Australia," *The New York Times Magazine*, October 8, 1967, p.117.

24. *Ibid.*

"combat penetrations" into Cambodia.¹⁶

There is even a dispute over whether the Soviets have given Styx-type anti-ship missiles to North Vietnam. American officials now differ over (1) whether the Soviets have sent such missiles and (2) whether the Chinese have stolen them from their railroad cars.¹⁷ The last issue of the Ripon FORUM explained how the dispatch of such Soviet missiles might, by threatening to improve Hanoi's coastal defenses, precipitate the American invasion that has so far been held in abeyance.

It is impossible from the outside to be sure of what the Administration — or rather, its different factions, will do after the Tet truce ends in early February. There have been strong signs of an escalation behind a calm exterior: a swift, unpublicized increase in troops, an unwillingness to respond to a new North Vietnamese formulation, threatening gestures against Hanoi's major allies, and bitter internal disputes over potential elements in another escalation.

Right now, it looks as if the Administration is approaching another crossroads in Vietnam, speaking softly, carrying a big stick — and thinking not at all.

—Christopher W. Beal

16. The quoted phrase is that of the *Times*, not of Bundy. *New York Times* (Peter Grose), January 13, 1968.

17. *Parade* ("Intelligence Report"), January 14, 1968; *New York Times* (Neil Sheeham), January 11, 1968; *New York Times* (C. L. Sulzberger), January 7, 1968.

of the Board of Directors of the SuCrest Corporation,²⁵ a major purchaser of Dominican sugar. That Johnson sent him into so obviously compromising a situation is evidence of the President's almost incredible insensitivity to the issues raised by conflict of interest.

Fortas and Clark are merely representative personalities. Throughout the last thirty years, people who have played ball with Johnson have found that he plays ball with them. As President, he has elevated this habit into a new style of administration, "cronyism," in the furtherance of which public spending is distributed like private largesse.

Clever exploitation of political power for personal gain has, of course, many precedents in American history. But this ought not obscure the effects of the Johnson-SMIC combine on America and the future course of its foreign policy. The recent trends described above are not simply a matter of mink or vicuna coats. A powerful segment of the national leadership, perhaps including the President himself, is deriving enormous economic benefits from the prolongation of the war in Asia. The result is a conflict of interest of grave proportions and worldwide significance.

When President Eisenhower left office, he indicated the inherent danger in the relationship between government and the defense industry, and he has noted that a rapid expansion of military spending tends to undermine democratic institutions, much as the influence of Congress has been reduced in the past four and a half years.

It need hardly be added that the reelection of Lyndon Johnson in 1968 will increase the influence of SMIC in the White House and cause a commensurate loss of independent judgment in the formulation and execution of American foreign policy. Surely, Mr. Johnson's cronyism will be and should be an issue in the coming campaign.

—A.E.I.

25. *Cl.*, Poor's Directory of American Corporations, 1967, p. 1508.

TRANSPLANT ETHICS

Publicity on the recent heart transplants in South Africa and the United States has vastly overdramatized the purely surgical aspects of these experiments and ignored the ethical questions raised by the sudden availability of this new technique.

I do not mean to detract from the achievement of pioneers like Dr. Barnard by pointing out that the surgery of heart transplantation is straightforward and rather easy compared to such routine procedures as kidney transplants; such is simply the case. A heart is large and easily manipulable. The great arteries and veins that carry blood to and from it can be rejoined with less difficulty than the much smaller vessels of the kidney. A new heart carries with it intact its own system of blood supply so that the surgeon needn't worry about whether the transplanted organ will be properly nourished in its new host. And if a heart is promptly removed from a donor, kept cool, and put promptly in place, it can be started beating without much trouble.

The great medical problem standing in the way of routine exchange of organs between all persons except identical twins is the rejection of transplants by the body's immunological system, which is able to recognize foreign tissues and destroy them. Indeed host rejection remains of formidable problem with kidney transplants despite the development of some methods of suppressing the body's immune activity. There is cause for optimism, however: experiments in animals seem to indicate that different organs have different antigenic potentials — that is, they seem to indicate that different organs differ in their capacities to provoke an immune response in a new host. In fact, it appears that kidneys have a rather high antigenic potential whereas hearts do not. Perhaps, then, heart transplants will fare better than kidneys; we simply don't know at the moment.

But even when doctors can transplant hearts routinely, they will not have solved the most difficult problem: Where will the hearts come from?

Unlike a single kidney, a heart cannot be donated willingly because it is essential to life. Rather it must be taken from a dead person — and taken as close to the moment of death as possible. Now, if people died as they do in epic movies — a memorable Last Statement, a gasp, and a roll backwards of the eyes — hearts might be obtained with little fuss. But people do not die that way — at least not in modern hospitals. Current medical practice makes the whole concept of a "moment of death" outdated.

Few who have worked in a hospital have any notion of how death comes. For those patients in the terminal stages of chronic illnesses like cancer or brain tumor, death is a gradual and progressive loss of body functions over a period of days or weeks and the continuance of those functions by artificial means.

When a person can no longer eat, he is fed intravenously; when he can no longer breathe, he is connected to a respirator; if his heart stops, it can be got going again, at least for a time. "Death" may then become the moment of decision to discontinue these supportive measures.

These techniques of maintaining life also blur the line between life and death for those meeting with a sudden catastrophe either of external cause, as in automobile injury, or internal, as in brain hemorrhage. Such patients almost never arrive at a hospital emergency room in such a condition that the doctor on duty is able to say, "This man has just died." They either arrive unquestionably dead (in which case their organs are not useful) or else alive enough so that resuscitative measures are warranted.

Of course, there is one sure way to establish a moment of death and that is to remove a heart; it will work every time. Our society, however, constrains the medical profession to prolong life not to end it. One wonders, then, how doctors get or are going to get human hearts suitable for transplants. The question really is whether a person near death will have as many reasonable medical efforts made in his behalf at a hospital not interested in heart transplants as at one where a surgeon has been "waiting for a heart."

We read that the heart used in the first adult transplant in the U.S. was obtained from a woman with a "fatal brain hemorrhage." By whose criteria was the hemorrhage fatal? To what extent did the need for a heart and the correlation of the woman's blood type with that of a potential recipient influence the decision not to pursue resuscitative efforts?

These questions are not meant as accusations but points for open discussion. The medical profession has come to feel that ethical problems of this sort are best kept behind hospital doors to be decided by committees of doctors. It can do this because laymen are unaware of what terms like "fatal brain hemorrhage" really mean.

Heart transplants are only one of the ways medical science is trying to prolong life by unconventional means. It may be that transplants will become a practical method of treating incurable heart disease. Or it may be that current research on artificial hearts will produce a far more practical replacement for a diseased heart. Regardless, the kinds of questions raised by this new operation are with us to stay and to grow more unsettling.

Instead of concealing the ethical dilemmas, hospitals should invite informed laymen to join them in public consideration of the issues. The tendency to keep discussion of such matters secret can only make it difficult for society to work out consistent and humane policies on even more complicated techniques in the future.

GOP INITIATIVES

Everybody talks about the cities, but nobody does anything about them — at least that characterizes the urban affairs record of the 90th Congress to date.

When the 90th arrived in Washington a year ago, it appeared that urban problems would be a major item on its agenda. The riots of 1966 had propelled urban problems into the spotlight. The important hearings conducted by Senator Abraham Ribicoff's Government Operations subcommittee had provided a background for significant action. Unhappily, the first session of the 90th failed to deliver, although Republicans provided an unusual amount of pressure for meaningful action.

Congress normally looks to the White House for legislative leadership; and with the Great Legislative Leader of modern times enthroned at the other end of Pennsylvania Avenue, this is especially true of a Democratic Congress. Thus it was with great disappointment that the urban-problems Congressmen of both parties greeted President Johnson's 1967 State of the Union message. Seldom has so little been said about so much — only three brief sentences on urban problems. The legislation subsequently submitted by the Administration did little to assuage this dismay. It consisted in its entirety of a poorly-conceived measure known as the "rat control bill" and an assortment of miscellaneous housekeeping amendments to existing housing laws.

FOUR PRINCIPLES

Republicans, particularly in the Senate, quickly sensed the existence of the urban affairs vacuum created by Presidential silence. In late January of 1967, 28 of the 36 GOP Senators joined in a statement expressing disappointment at the President's failure to lead the way and observed that the responsibility for leadership in this vital area had, by default, passed to the Congress. They also set forth four major principles applicable to new city-aid programs: a sharply increased emphasis on making home ownership available to lower income families; a major new effort to involve the free enterprise system in urban improvement; a recasting of present and future Federal programs away from welfare paternalism and toward individual and community self-help; and redoubled attempts to integrate programs of physical and human improvement, so often conducted independently in the past with most unhappy results.

Early in the session Senator Ribicoff (D.-Conn.) began to introduce measures conceived by him during his extensive 1966 hearings. Aside from this, however, the Democratic leadership in Congress offered no new proposals of their own, expecting — vainly, as it turned out — eventual Presidential leadership.

HOME OWNERSHIP

Then on April 20, all 36 Republican Senators and over a hundred Republican Representatives, led by Senator Charles Percy of Illinois and Congressman William B. Widnall of New Jersey, introduced the first major piece of urban legislation of the 90th Congress — the National Home Ownership Foundation Act. Based on the four principles enunciated in January, this bill (S. 1592) would have chartered a private nonprofit National Home Ownership Founda-

tion to supply mortgage funds and technical assistance to community-based sponsors of home ownership programs for lower income families. A subsidy in the form of a "coupon mortgage" would have aided the families to meet monthly payments, with the net amount of the subsidy phased down and even repaid as family income increased.

The Administration's response to this Republican initiative was swift. On orders from the White House, HUD Secretary Robert C. Weaver issued a hastily-prepared, ill-founded and condescending attack on April 21. While Republicans did not immediately reply to the attack, it was criticized extensively in the professional urban affairs fraternity as an extremely unfortunate tactic, inasmuch as Republicans, hitherto not conspicuous for urban affairs initiatives, should not be discouraged from bringing forth constructive ideas of their own.

DEMOCRAT IMITATORS

As the Republican home ownership initiative gained support from the public and media, Democratic members of Congress stopped waiting for the President to act and began to submit housing and community development measures of their own. The result was a rash of bills, many of them bearing a strong resemblance to the Republican measure. On the Executive side, there were intensified efforts to improve the workings of HUD, then as now under strong attack from community organizations and Negro groups for repeatedly demolishing hard-core slums in favor of middle-income housing and commercial enterprises. Republicans clearly put the Johnson Administration on the defensive, and pushed Congressional Democrats into some belated creative thinking of their own.

Why this long inactivity, by a President characterized by near-frenzied output in every area of legislative concern? Some believe that the President's major urban affairs proposal of 1967 was to have been an Urban Development Corporation — the so-called "COMSAT for Housing." The *New York Times* had reported that a draft proposal had been forwarded to the White House in late November, 1966. For one reason or another — perhaps even due to the *Times* story — this proposal was shelved at least for 1967. Instead of attempting to invent another major proposal in its stead, the Administration decided to push hard for funding for its two major urban affairs programs of the previous Congress, rent subsidies and model cities. (They were only moderately successful. The \$312 million for model cities and \$10 million in rent subsidy contract authority were far below the sought-for appropriations of \$662 million and \$40 million.)

SELF RESPECT

From these 1967 developments, one basic principle emerged with respect to meeting the needs of the urban poor — and particularly the Negro urban poor: ways must be found for the people of the slum to regain the ownership and control of their environment. As Republicans were first to recognize, those who have a tangible stake in our society have an incentive to increase it and conserve it. Not only does individual and community ownership bring enhanced dignity and self-respect, but it is a powerful factor in reducing the tendencies to civil disorders. The mere fact that so many Republicans came to accept this principle, however gropingly, while so many Democrats persisted in efforts to pour more money in the present paternalistic pipeline, may be one of great and

lasting importance.

The Percy-Widnall Home Ownership Bill, endorsed by the Republican Coordinating Committee, was aimed at restoring the control of housing to lower income slum families. The Prouty-Curtis Human Investment Act, with 150 Republican sponsors, sought through tax credits to encourage private employers to invest in the skills of the present and potential labor force. The Javits Domestic Development Bank promised capital end expertise to ghetto entrepreneurs, thus helping to expand business and industrial ownership by the people of the slum. Less publicized efforts by House Republicans, led by Charles Goodell of New York, Albert Quie of Minnesota, John Dellenback of Oregon, and William Steiger of Wisconsin, would have encouraged community corporations and freed much of the OEO Community Action program from the stifling control of City Hall.

These ideas and others like them, based on the principle of restoring ownership and control to lower income families with respect to housing, business, job skills, and community decision making, have an enormous potential appeal to a group of voters (and non-voters) traditionally considered automatic Democrats. The critical question is whether the GOP is organized to build the support these ideas deserve. If the party fails to put its message across to those who are ready to hear it, the advantage of bold new Republican thinking will never be translated into the electoral successes the party must achieve to assume leadership of a nation of cities.

—John McClaughry

John McClaughry, a Fellow of the Harvard Institute of Politics, was director of research for Senator Percy's Senatorial campaign and assisted in drafting the home ownership bill. His is the first in a regular series of articles on The Cities, to be edited by George Brown, Assistant Professor of Law at Boston University.

STATE - BY - STATE

Indiana

Aides to Senator Hartke have denied reports that the Senator, who opposes the Administration's Vietnam policy, will enter the Indiana Primary as a favorite son candidate in order to allow the state's Democrats to express their opposition to the war. Hartke is said to feel that such a move would further endanger Democratic Senator Birch Bayh's already precarious bid for reelection. Aides have also discounted any rumors of a rift between the Senator and Governor Branigan, who has been regarded as 'Johnson's man' in Indiana.

A strong Republican resurgence here has put Democrat Birch Bayh's Senate seat in real danger. *Newsweek* has rated the GOP chance as excellent. This is somewhat optimistic but with a strong presidential ticket the GOP will stand a good chance of a gain. As of now, no certain candidate has emerged. The governorship, barring a 1964-like disaster, should easily go to the Republicans. At this writing it looks as if GOP Secretary of State Whitcomb will be pitted against Democrat Lieutenant Governor Rocke in that race.

At this point it looks as if Nixon will be the only entrant in the GOP primary. If Romney does enter he will have to overcome what polls show to be a 3:2

Nixon edge. This edge could in part be eroded by a Reagan write-in vote. There is already such a movement in the state.

Kansas

Senator Frank Carlson has announced, with appropriate bows to the great people of Kansas, who consistently elected him to every post he ever sought, his retirement from the United States Senate. In the background at the announcement press conference was 1st District Congressman Robert J. Dole, who represents the primarily rural western half of the state. Dole was elected as a conservative and was, in 1964, the most outspoken advocate of the Goldwater candidacy among the Kansas office-seekers. As a consequence he won reelection by the narrowest margin of any of the Republican incumbents, and indeed by a lesser margin than Chester L. Mize, up for election for the first time.

Dole was an incumbent thrown into the "New First" district with Democrat J. Floyd Breeding, also an incumbent, following the 1960 redistricting that cost Kansas a seat in the House. Dole, like six other Republicans in similar races throughout the nation in 1962, defeated his down-the-line Administration opponent.

Several pictures of the recent Carlson announcement showed Dole in the background, and were run on the front pages of many of the state's most prominent newspapers. The next day newspapers all over the state carried "Dole for Senate" advertisements that had obviously been ready to go for some time.

Bob Dole will run in the primary as a "unity" candidate. He did not immediately set up campaign staffs in the home areas of former Governor Tom Avery and Eastern Kansas Congressman Garner Shriver, two possible primary opponents. He said that he would wait for them to announce before contesting for their backyard votes. He refuses to renounce his conservative leanings but has increasingly been calling himself a progressive and speaks freely of the changes in some of his attitudes. He seems almost to leave a wake in the political waters as he moves toward a moderate position; his campaign will almost certainly try to establish him as a moderate candidate.

New Hampshire

The turning of the publicity tide for George Romney seems to have come while he was candlestick bowling. On the campaign trail, he gamely tried to knock down ten thin pins with the small ball that is thrown half-sidearm in this New England state. The first few times, he hit only a few pins. But he kept trying for a strike while a crowd gathered round to cheer him on.

Finally, on the 33rd round Romney put on his reading glasses. He promptly demolished all ten pins and stalked off in triumph. Most people saw it as a testimony to Romney's perseverance, and the press has been respectful ever since of his determined style of campaigning.

But one might also see the incident as proof that a presidential candidate must occasionally put on his reading glasses. Romney did, after all, have his reading glasses on when he delivered his speech advocating neutralization in Vietnam. He may have the sense to put on his reading glasses when he talks about urban problems and foreign aid (his forthcoming book, *The*

Mission and the Dream will treat these areas).

The combination of Romney's magnetic campaign style and reading glasses may yet provide some surprises for Richard Nixon in this primary state.

New York

Richard Nixon has lately begun to take an unusual interest in the New York political scene. Observers here attribute this activity, including efforts to solicit support for Republican candidates in certain looming Congressional contests, to a desire on Mr. Nixon's part to develop a credible position as one of the leaders of the Republican Party in New York State. His appearance at the Javits testimonial dinner in December, in apparent good fellowship with the principals of the GOP here, apparently marked the inauguration of this effort.

Those in a position to know in New York have no doubt that there will be insurgent candidates favoring the nomination of Richard Nixon in the races here for seats in the New York delegation to the Republican National Convention. Many of these insurgents, particularly in Queens County, are the same individuals who successfully won seats at the 1964 Convention and cast their votes for Goldwater.

● Despite the wonderment with which the national media greeted Congressman Laird's favorable nod in Nelson Rockefeller's direction, experienced New York observers, favorable to a Rockefeller candidacy, regard the Laird statement as an attempt to draw Rockefeller out into the open where partisans of Nixon and Reagan can take full swings.

The Laird statement is seen as putting pressure on Rockefeller. Among other things, it lays the groundwork for countering a future Rockefeller appeal to delegates committed to Nixon by opening the New York Governor to the charge that he was warned publicly by Laird, in January, that time was running out, and that his belated appeal evinces a lack of respect for delegates' difficulties under pressure from many candidates.

Other Lairdologists prefer a more straightforward interpretation. The Congressman, they say, wants to wield power on behalf of a Republican majority in the House. Not only does Rockefeller's candidacy offer the best prospect of winning the Northeastern seats necessary for such a GOP majority, but it also gives Laird himself the most room for maneuver. With Nixon or Reagan in the White House, Melvin Laird would be little more than an errand boy for the President. With Rockefeller he would wield perhaps greater power than Gerald Ford as a broker between a moderate President and conservative GOP congressmen.

Ohio

The Republican nominee to oppose arch-conservative Democratic Senator Frank Lausche next fall will be William B. Saxbe, currently state Attorney-General. Saxbe announced his candidacy just after Rep. Robert Taft, Jr. backed out of the race to retain his Congressional seat. The other Republican possibility, Cincinnati attorney Sherman Unger, has decided to wait for another year, perhaps so he will be able to join the staff of Richard Nixon, for whom he has served as advance man in 1960 and convention strategy planner in 1964.

Saxbe's chances for the Senate seat may skyrocket shortly. The state Democratic Committee, irritated by

Lausche's right-wing voting record, endorsed Cincinnati city councilman John J. Gilligan against Lausche for the May Democratic primary. Gilligan was the freshman Congressman who narrowly lost to Taft in 1966, and his campaign against Lausche is certain to point up Lausche's age and ineffectiveness.

Pennsylvania

The biggest annual happening in Pennsylvania GOP politics does not take place in Pennsylvania, nor is it organized by or for Republicans. It is the Pennsylvania Society Dinner that is held every year in New York at the Waldorf-Astoria around the first week of December. Congressmen, state senators, county chairmen, captains of industry, along with office aspirants and court followers come in droves to catch up on the latest political gossip and sandwich in some Christmas shopping at the same time.

Besides postmortems on the Specter defeat for the Philadelphia mayoralty, the big topic of conversation this year was the Presidency in 1968. Usually the dinner's principal speaker is of subsidiary political importance to the lobbying and buttonholing that is done in the receptions and private parties. Governor Nelson Rockefeller, the main speaker this year was expected to make an exception to the rule. But he read a lack-luster, statistic-filled speech on the growing cost of state governments that emptied half of the tables. Meanwhile, Tom Evans, a partner in the Nixon law firm, quietly circulated through the lobbies and hotel rooms seeking out supporters and making an effective case for his candidate.

One surprise in the list of those who showed interest and enthusiasm for Nixon's nomination was Congressman James Fulton of Pittsburgh, a liberal member of the Pennsylvania Republican delegation. The other Congressmen seemed evenly divided between the Former Vice President and the New York Governor. Nixon then, notwithstanding Rockefeller's appearance at the dinner, was the only candidate who in effect was covering the affair to consolidate and enlarge his area of support.

That is not to say that Rockefeller is without powerful supporters in Pennsylvania. At the dinner, former Governor Scranton mentioned to the press that the New York Governor would be the best choice to lead the party to victory in 1968. Reporters interpreted his remarks to mean that moderates must unite behind Rockefeller now that Governor George Romney's candidacy has floundered. Both Scranton and Senator Hugh Scott had implicitly endorsed the Romney effort. William Murphy, one time aide successively to Scott and Scranton, joined the Romney staff last year. (He has since left.) William Kiesling, once Scranton's speechwriter, helped advance a Romney foray in Philadelphia last September.

But Scott and Scranton, whatever their position on Romney versus Rockefeller and however much weight and prestige they have nationally, have little if any control over the Pennsylvania delegation's decision at the Miami convention. That role belongs to Governor Shafer, who has more patronage jobs at his disposal than any other elected official in the nation. Ranking in delegate strength only behind Governors Rockefeller and Reagan, Shafer is even more independent than his prickly neighbor, Governor Rhodes of Ohio. At the Waldorf dinner, some rumors circulated that Shafer

had made a deal with the Rockefeller forces at the recent Governors Conference in return for support for GOP Platform co-chairmanship. Another story was that Shafer favored Reagan, a presidential choice that would most naturally dovetail with his Vice-Presidential ambitions, though Nixon might also offer this incentive.

When asked by the press about his putative sympathy for Reagan, Shafer recently replied that he favored a "Nixon-Rockefeller ticket or the other way around." Shafer, like Rhodes, has never been impressed by Romney and has smarted under efforts by Scranton and Scott last spring to maneuver him out of a favorite son candidacy and into an implicit support of the Michigan Governor.

At this moment only one prediction can be safely made about Pennsylvania's course of action in Miami. On the first ballot Pennsylvania will be solid for Raymond Shafer, its favorite son. For subsequent ballots, Shafer could probably deliver a solid delegation for either Nixon or Rockefeller. But for Reagan, the Pennsylvania Governor would have to exert all the possible political muscle of his strategic office.

Texas

Shake-ups in several County Republican organizations, particularly in Harris County, has given some concern that there is a strong Reagan influence in Texas. Senator John Tower has been a strong Nixon man, and the Texas delegation was expected to go to the National Convention pledged to Tower as a favorite son, but with support to go to Nixon at the proper time. Observers seem to agree that Reagan "fat-cats" in Texas pressured Tower out of managing Nixon's campaign. Harris County GOP Chairman James Mayor, who won out over a Birch-supported candidate a year or so ago resigned his position early in December and plans to run for a County Commissioner office. He is expected to be succeeded by Dudley C. Sharp, Secretary of the Air Force during the Eisenhower administration, who has publicly stated that "I am interested in advocating his (Reagan's) nomination and several people have asked me if I would cooperate." Sharp is also one of a group of influential Harris County Republicans who were instrumental in employing Robert Walker of San Diego, California, as a special consultant to the Harris County Republican Executive Committee. Walker was recommended to Sharp and his group by Thomas C. Reed, a former appointments secretary to Governor Reagan. Walker's last job was with the campaign for Shirley Temple Black. He worked with her campaign from August to October when he either quit or was fired after a hassle with Shirley's husband.

Since Texas operates on an open primary system, a great many of those who normally vote Republican in November vote in the Democratic primary in May, as most local and state elections are settled at this time. Only those voting in the Republican primary on May 4 may take part in the precinct Conventions which are normally held 30 minutes after the primary polls close. Precinct conventions control the selection of delegates to the National Convention. Consequently, the hard core of precinct workers, most of whom are still loyal Goldwater types, will be those who will control the convention next year. A number of these view Nixon as a "loser," but cannot bring themselves to support a moderate and progressive candidate.

Yet there are a surprising number of conservatives

in the State Committee who are beginning to say nice things about Rockefeller. The New York Governor, incidentally, is the only contender who would have use for John Tower as a running mate. This and reports by Evans and Novak that the Texas Reagan organization is floundering may sound encouraging to moderates, but in this state it will be the precinct conventions that count.

Vermont

Vermont Republicans exude confidence over their prospects for the 1968 elections. Informed observers predict sweeping victories for Senator George Aiken and Congressman Robert T. Stafford, and for the Republican Presidential nominee, whoever he may turn out to be. A number of outstanding candidates at the state level, lightweight Democratic opposition, and a colossal fiscal fumble by the Hoff Administration promise Republican victories in all six state-wide elective offices.

Behind the leadership of dynamic Elbert Moulton, who became State Chairman in October, party unity has reached a new high. Moulton has received unexpected help from the Highway Department of the once-glamorous Democratic Governor Philip Hoff. Hoff's highway experts planned a politically indispensable road building project in three southwestern counties. They unfortunately underestimated the cost of the road by over \$200 million. Hoff must now either cut back the project and lose all semblance of Democratic support in these counties or raise the state gasoline tax and lose support statewide.

● The Republican majority in the state legislature, meanwhile, have enacted the nation's stiffest and most original highway beautification proposal. It is all very simple: there shall be no more billboards. Instead, Vermont will provide state-owned information plazas with placards for all the local motels, antique shops and tradesmen. Motorists pulling into these plazas will have use of a state-provided phone line to make reservations in any hotel in the state.

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TWO DIPLOMATS

These two memoirs* are especially interesting to those who care what men do to make foreign policy and what diplomacy makes of men. They are very different. Kennan is a professional diplomat of the old elite Foreign Service. His lonely occupation was to tell an indifferent America what precise ways the world was choosing to fall apart. He was grateful to the Service for giving him an identity and something to do in life, but while he did the bidding of incompetent Ambassadors, he tried to describe foreign politics as he saw them and the hell with the politicians back home.

Hilsman is more modern: a child of the vast bureaucratic fungus that was growing in Washington while Kennan lived in Riga, Berlin, Lisbon and Moscow. "I was never a man for causes," Kennan says: he was always a sad observer of events, inside the government and out. Hilsman, though an academic political scientist by training, is just the opposite, an operator who kowns his way down every corridor and makes a cause out of the routing of every memorandum. For him "conflict and consensus building" among warring bureaus and agencies is what makes foreign policy go, whereas for Kennan they are hindrances to creative thought and efficient execution.

INTELLECTUAL ANALYSIS It is fascinating to see how the two men go about preparing their major statements of foreign policy. In February, 1946, Kennan received in Moscow a trivial query the answer to which would allow him to pour out his analysis, ten years in gestation, of Russia's postwar intentions. He set out to compose a long telegram.

for eighteen long months I had done little else but pluck people's sleeves, trying to make them understand the nature of the phenomenon with which we in the Moscow embassy were daily confronted . . . So far as official Washington was concerned, it had been like . . . talking to a stone . . . Now, suddenly, my opinion was being asked . . . Here was a case where nothing but the whole truth would do. They asked for it. Now, by God, they would have it . . .

Six months earlier this message would probably have been received in the Department of State with raised eyebrows and lips pursed in disapproval . . . All this only goes to show that more important than the observable nature of external reality, when it comes to the determination of Washington's view of the world, is the subjective state of readiness on the part of Washington officialdom to recognize this or that feature of it.

Take it or leave it, in short. (It amazed Kennan when they took it and made his reputation.)

*Memoirs: 1925-1950, by George F. Kennan. Atlantic, Little Brown, 1967. 583 pp. \$10.

To Move a Nation: The Politics of Foreign Policy in the Administration of John F. Kennedy, by Roger Hilsman. 602 pp., \$6.95.

BUREAUCRATIC POLITICS

On another planet, Rogers Hilsman read over the speech he wrote with no fewer than six aides in the Fall of 1963. He was about to make the Administration's stab at a more tolerant China policy before a San Francisco audience. Staring out his window (he was then Assistant Secretary for Far Eastern Affairs), Hilsman calculated the subtle changes in the politics of his speech occasioned by Kennedy's death.

I was closely identified with President Kennedy, and since I had known President Johnson only slightly, I would be particularly vulnerable to attack . . . [But] as an academic and former professor, I had some credentials that would tend to blunt the criticism of the more ardent liberals . . . At the same time I also had some credentials that would tend to blut the criticism from the right. I was the son of a regular Army officer, and myself a graduate from West Point; I had fought with Merrill's Marauders and been decorated as well as being severely wounded, [etc., etc.] . . . and I had a long background in such places as Princeton's Center of International Studies as an advocate of tough policies for dealing with the strategic problems of an age that that encompassed both missiles and limited wars . . .

He is good at protecting his rear, but watching him is uncomfortable. Kennan — to his considerable cost — always thought such reasoning infantile.

In a way, of course, Hilsman has the better of the argument. Foreign policy in this country is bureaucratic politics, and the man who ignores that will be ignored, condemned to what Kennan calls "the curious art of writing for one's self alone." Deep insight and a superb prose style fry no pancakes; it is not enough to be intelligent. One's ideas must compete for favor under the straying glances of high officials' notions of political acceptability, and not even the President is excused from the competition. Even the prickly old elitist Kennan had to bow to it, as on two occasions on which he sneaked his policies past uninterested superiors by going directly to FDR.

Hilsman played this game with mastery, being sophisticated in his jargon, modest in his hopes, and crisp in his recommendations. Those who are nostalgic for the Kennedy years may well think him one of the best of the "pragmatic idealists" who, worshipping their President, lovingly sharpened themselves into the hard instruments of his policies. Roger Hilsman's ideas were not always good ones, but they never missed being what the political scientists call "viable."

COMMON APPROACH

Yet if there are risks in staying aloof from the struggle of rival ambitions and perceptions that determine policy, neither is there safety in losing oneself in the flow of process. Kennan and Hilsman were bound together in a curiously similar fate. Both of them thought primarily in diplomatic terms, rather than in ideological or military ones: that is, they thought other countries to be nation-states rather than agents of Manichaeon adversaries or machines that would and could do anything they were wound up to do.

Kennan was the more diplomatically minded. He disliked the flavor of Holy Alliance in wartime cooperation with Russia. Since he thought America was helpless to prevent Russian occupation of Eastern Europe

after the war, he tried to dissociate America from Russia's aims. At the same time, he never believed Russia might penetrate Western Europe except by political means. Logically enough, therefore, he helped design the Marshall Plan and with equal logic objected to NATO as pointlessly provocative. By containment of Russian aggression, he here insists, he invariably meant political and not military containment.

KENNAN'S DETACHMENT

It was his long exile that got him to think diplomatically and when he returned to Washington to head the Policy Planning Staff, it was as a stranger to America. His painfully acquired detachment repelled him from doctrinally committed men. He travelled a depressing road. He was first labeled gadfly, then nuisance, and last and most sad, institutionalized dissenter. As did George Ball in the current Administration, he disagreed so regularly with his colleagues that soon his only function was to gratify their sense that all sides had been heard. "There were times when I felt like a court jester," he writes, "expected to enliven discussion, privileged to say the shocking things . . . but not to be taken seriously when it came to the final, responsible decisions of policy." He resigned.

Poor Hilsman might have hoped that his instinct for bureaucratic maneuvering would save him. He was a brave man, who moreover had Kennedy's support. He had not needed to disguise his diplomatic sense. Perhaps his finest service was to transform the Department's Bureau of Intelligence and Research into something like Kennan's old planning staff, by lopping its size in half and protecting it from the perils of intellectual daring. In other ways, too, his work paralleled Kennan's. The core of his recommendations on China policy treated China as Kennan had Russia, a power to be contained by political means. He helped Averell Harriman (a towering figure in both these memoirs, as a brilliant rescuer of our country from its self-dug pits) work to neutralize Laos. He argued steadily throughout 1963 for keeping down American commitment to Vietnam, advising small actions from secure bases to gain territory and political allegiances. Eventually he too came to resign.

TRAGIC ROLES

Neither he nor Kennan really had much of a chance. The jockeying of officials around the tiny incremental decisions that ultimately freeze irrevocably into policies is unkind to political thinkers. The process gives the edge to those who can talk in "tough" or "hard" language, who can be clear and quantitative, like the military, or who are fundamentally not accountable to anybody, like the CIA. Political, "soft" thinkers have only tragic parts to play. Sometimes all they can do is to expand the field of action for others. Kennan handed the Pentagon a principle of containment immediately translatable into military terms. Hilsman gave the escalators a beachhead by increasing the importance of advisers in Vietnam.

It gets rapidly too late for intellectuals who have devised potentially new rationales for interventionism to protest through the wreckage of their hopes that this was not, after all, what they had in mind.

Yet political thinkers are the blood and bone of the good in our foreign policy, and when circumstances have allowed it, they have returned from exile to become the authoritative voices of our diplomacy. The Foreign Service threw out Kennan's elitism and de-

tachment as a body does a foreign heart; still, those were the qualities that fed his insight. Because of them, for instance, he was able both to serve his government faithfully and to understand that it was one among many governments and not always the wisest. Unlike Hilsman, who is enough of an ideologue to assume the beneficent results of an American presence anywhere, Kennan worried about the burdens of occupation on the Germans and Japanese as well as on ourselves. Occupations mean empire, he thought, and we did not have the temperament to run an empire.

Kennan's great achievement was to think concretely. The striking descriptions of the places he has lived, as recorded in the bitter diaries of this book, are those of a mind that has taught itself to converse with its environment, changing it and being changed. He is at the farthest possible journey from the terrifying abstractness of policymakers who hide their actions in words that protect them from knowing the consequences. Kennan always saw the consequences. When the Foreign Service next wonders why its best men are all over 60, and why all the good young ones leave, it might learn the reasons from George Kennan's experience, which blighted his life.

—Robert W. Gordon

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LETTERS: Free Speech

(continued from page 2)

Dear Sirs:

I was frankly disappointed with the Guest Editorial appearing in the December FORUM. Unlike the usually well documented and thoughtful articles of the FORUM, this one consisted of glib generalizations not to mention apparent inaccuracies.

The author of that editorial cited *Reld v. Covert*, 354 U.S. 1 (1956), and *Burns v. Wilson*, 346 U.S. 137 (1953), to stand for the proposition that it is "clearly unconstitutional" to court-martial military personnel "for merely adhering to or expressing anti-administration views." In relation to the recent courts-martial criticized in the editorial, the proposition itself is nothing but a straw man, and what is worse, these cases do not support it whatsoever. The Supreme Court in *Reld* held only that civilian dependents accompanying members of the armed forces overseas in time of peace cannot be tried by courts martial. The Court in *Burns* denied habeas corpus to two servicemen who had been convicted of murder by a court martial, because the Court determined that the constitutional rights of the men involved had not been violated.

The editorial assumes what is yet to be proved, namely that the standards of free speech that exist for civilians are the same as for members of the armed forces. In fact, the two opinions cited lend support for a contrary conclusion. The Court in *Burns* said, "The rights of men in the armed forces must perforce be conditioned to meet overriding demands of discipline and duty. . . ." The Court in *Reld* recognized the great importance to the military of "the security and order of the group rather than . . . the value and integrity of the individual." Accordingly, it is not "obvious" that the persons in any of the cases given by the editorialist were exercising constitutionally protected rights of free speech.

Nor is it certain that the stern measures taken against Lieutenant Howe and Captain Levy, for example, were unnecessary to maintain discipline. The military system requires that a commander be able to punish persons for acts that are not considered illegal in civilian life, partially because the military is not a free and mobile society. In the military, men must function in the group to which they are assigned, and they are not free to come, go, and do as they please. The military system may require in some instances separating the speech from the results the speech produces, so that a person could while criticizing the war in Vietnam, do it in such a manner as to detract from military order.

At the very least, the argument is not as one-sided as the author of the editorial assumes.

JOHN D. LIEN
Cambridge, Massachusetts

MR. SCHNAPPER REPLIES:

However much one might disagree with their contents, the letters of Messrs. Lien and Medowar deserve praise and respect for implicitly recognizing that whatever is done about free speech in the armed forces cannot be left entirely to a handful of military men, but must be carefully appraised by all Americans as raising an extremely important and tacky question about the scope of our democratic rights.

I find it difficult to be as generous with some of their substantive remarks. Mr. Medowar suggests blandly and without qualification that it is treason not to "support" the country. Does this include all policies and problems — civil rights, foreign aid, recognition of Southern Rhodesia? Does it extend to any and all means of opposition — a demonstration, a petition, a talk with friends, a letter to one's wife? I would hardly think it treasonous for any man, civilian or military, to vote for a peace candidate. Can it be that anyone calling himself a "moderate, pragmatic Republican" would disagree?

Mr. Lien correctly points out that the military is not a "free and mobile society", and that it may require special restrictions. But that is only to say we must consider the questions raised by cases like that of Lieutenant

Howe; it gives no clue as to how they are to be resolved.

I accept, though with reluctance, Mr. Lien's invitation to swap quotations from somewhat outdated Supreme Court decisions. In *Ried v. Covert* Mr. Lien's phrase "great importance" does not appear — the Court merely recognized that the military establishment tends to emphasize security over individual rights, and precisely because of this goes on to hold that military courts ought not to be given jurisdiction over civilians. The Supreme Court did not hold in *Burns v. Wilson* that servicemen's rights to due process of law were in any way lessened or restricted by their being in the armed forces. The Court held to the contrary, and affirmed that "military courts, like state courts, have the same responsibilities as do the federal courts to protect a person from a violation of his constitutional rights." For a detailed discussion of these cases Mr. Lien might consult "Servicemen in Civilian Courts", 75 Yale Law Journal 384, by (former Lieutenant) William Iverson.

I assume that Messrs. Lien and Medowar would let Lieutenant Howe vote as he pleases, and continue to hold and express in private any views whatever. I, in turn, do not mean to suggest that soldiers have a constitutional right to urge retreat or defection in the heat of battle. In the final analysis we must face the difficult task of placing Lieutenant Howe in one category or another.

In that task we must not indulge, as does Mr. Medowar, in rhetoric about traitors and radicalism. Nor can we refrain, as did Mr. Lien, from asking for a detailed explanation of how each word or deed is likely to seriously endanger the national security. Ultimately we may come to see that the greatest danger to military order comes not from the Howes and Levys but from the short-sighted men who insist on publicizing their actions and on turning them into martyrs.

ERIC SCHNAPPER
New Haven, Connecticut

Vietnam Strategy

Dear Sirs:

The Ripon report of September 1967 on a confederal strategy for Vietnam foreshadowed considerable discussion of this possibility among U.S. foreign policy analysts.

Some analysts advocate "a general agreement recognizing the historical fact of three nations in Vietnam," as did Richard Dye in his letter to the *New York Times* of December 9, 1967, but proceed to suggest a division in terms of de facto Vietcong control and de facto ARVN control. In my own opinion any division of Vietnam should be based on natural ethnic and nationalistic divisions as recognized by the historically and politically conscious Vietnamese nationalists. Such a division would suggest an Hue-based Annam Republic, a North or Tonkin state, a South or Cochinchina state, and a Montagnard federated state similar to the federated Shan states of a few years ago in Burma.

The few remaining really dynamic Vietnamese nationalists with whom I have discussed the subject think that only such a four-part division would have a good chance of maintaining or achieving genuine independence for parts of Vietnam and of laying the base for the eventual creation of a non-Communist Indochina regional federation of Eastern (continental) Southeast Asia.

During the past few years I have informally advised some Republican political leaders. I have never advocated the support of natural political groupings in Vietnam as advocated by what I call the 'second generation nationalists' of this area, because I felt that the nationalism of the first-generation leaders, who wanted merely to replace the French with an independent Vietnamese state, was the most powerful force in Vietnam. Now I believe that the most powerful force is second-generation nationalism, which expresses the aspirations of ethnic and regional groups for self-determination.

ROBERT D. CRANE
Yorktown Heights, New York

Mr. Crane is author of a Hudson Institution Discussion Paper on "The Role of Ethnic Nationalism in the Modernization and Stabilization of the Third World."

Conversation with a Commissar

by Mahout

The commissar greeted me with a look of puzzlement. "I have been reading the rules of poker," he said. "I have heard that your President Johnson looks at Vietnam like a poker game. But surely he must know that he cannot get more than small winnings from this long war."

"Why is that?" I asked.

"Because his cards are not good enough to drive Ho Chi Minh from the table. The Vietnamese people will not fight for Johnson. He is a landlord. What does he know about peasants? What does he know about a guerrilla war? He thinks it is World War II. And so does your General Westmoreland."

I smiled tolerantly. "Poker is not simply a game of cards," I explained. "It is also a game of stakes. The players place bets on every new hand, and since our President's pile of chips is the biggest in the world, he can keep raising the stakes until Ho Chi Minh screams uncle."

"Aha," the commissar cried, "This is what they mean in the rule book by 'upping his ante.'"

"Now you're catching on," I told him. "We keep upping the ante. Suppose we call up more troops, say another 500,000. The North Vietnamese can't match that and they must either throw in their hand or we invade them. Unless, of course, you and the Chinese lend them a few chips."

"The Chinese will not lend chips," the Russian said with great assurance. They know you would bomb them. And we Russians shall lend only a little bit. Only enough to prove that we are good Communists. We enable Ho Chi Minh to keep fighting you, so that the only way you can win is by going to the Chinese border. It is simple shakhmati."

Now I was puzzled.

"You know, shakhmati, our national sport — chess. You Americans, you should play more chess. Do you know what a gambit is?"

I admitted that I didn't.

He smiled pityingly. "Well, since you have instructed me in poker, I will tell you: a gambit is a small sacrifice early in the game for big advantages later in the game. North Vietnam is the sacrifice, and we shall dangle it before you until you leap."

"And if we refuse?"

"Then you cannot win your poker game. Without North Vietnam it is just a game of cards, not a game of stakes. Playing cards you only win, how do you say it, small pickings. But your Johnson wants big pickings and he will accept the gambit. And then," the Russian rubbed his palms together, "we have three lines of advance elsewhere on the board."

There was a map behind his desk and he waved in the general direction of East Asia. "The first line of advance is in Japan. You capitalists are fighting in Southeast Asia to give the Japanese a safe place to invest, so they will not trade with China. We will give them something better. We will invite them to develop Siberia for us. They will understand our good intentions, for we are basically Asians at heart." He narrowed his eyes and bowed.

"And in 1970 when your security treaty with the Japanese needs renewal, we offer instead a joint guarantee against Chinese attack. A treaty between Russia, Japan and the United States. If you refuse, the Jap-

anese see that you are not really their friends."

"But," I pointed out, "by 1970 the Chinese may have already started a war."

"That," said the Russian, "would be ideal. You fight China, our enemy, while we offer comradeship to Japan, your friend. Just like World War II. Our great leader Stalin — may he be rehabilitated — watched while you fought Japan, Russia's old enemy in the East. He declared war nine days before the surrender." The commissar leaned back in his chair and laughed. "Now you blundering Americans will do us the same favor."

"But what if instead of fighting China, we encourage her to move north against you?"

He stopped laughing. "Now you are speaking like a chess player. But you forget the Vietnam poker game. You Americans are already on a collision course. Soon the Chinese will want to open a second front against you in Korea. Needless to say, we shall use our good offices to assure that the possibility of a Korean front always remains open. The beautiful thing is that this costs us nothing. We are free to move on our second line of advance — the Middle East."

"Like the Tsars," I said.

"Da, except the Tsars did not know about oil. We will have our hand on the fuel tap of Europe. And if your Texas oil producers lose their import quotas, we will have our hand on your fuel tap, too, because Middle East oil is the best and cheapest in the world — except, of course, for our own socialist oil which is not priced in a corrupt capitalist market and is therefore free."

"Then this foreign oil is of no real use to you."

"Not economically. But politically, I think the Europeans would love us more if they needed us more."

"Oh," I said, "are they your third line of advance?"

"Ho. Ha. You are perceptive for a poker player. Europe is the prize." His eyes turned misty. "We are really Europeans at heart. The Europeans will understand this. You tricked them with your Marshall Plan, but this time we have found a new brother to convince them of our good intentions."

"You mean De Gaulle, I suppose."

"De Gaulle," the Russian said with a snap of his fingers, "is in the babushka. I was speaking of West Germany, our new friend in Europe."

"But we rebuilt Germany. They are loyal members of NATO."

"You rebuilt them, but can you reunite them? Reunification is what they want most, and only we can give them that. And in politics it is an old Russian proverb 'who feeds the pig last is his best friend.' The year 1969 is feeding time: NATO must be renewed; the West Germans hold their national elections. We shall make it known that if the winning party quits NATO, Germany will be reunited on terms favorable to all peace-loving peoples." He smiled benignly.

"We will never allow such a thing to happen on your terms," I said.

"Then you incur the hatred of all Europe and isolate yourselves. Johnson is isolating you already with his poker game, played on one corner of our board. You will be there for the next generation."

"Even if Johnson is not president, Commissar?"

"I had forgotten. You Americans have elections. But will they make any difference? Won't your Republicans also nominate a poker player?"