

# RIPON FORUM

With Senators  
**ROBERT PACKWOOD**  
and  
**WILLIAM SAXBE**

NOVEMBER, 1969

VOL. V, No. 11

ONE DOLLAR

## JAPAN: The Nixon-Sato Talks Analyzed



**ALSO: Commuter Taxes, Year-after Poll, GOP and Labor, Beal on Fisher**

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*A special Christmas gift envelope is enclosed in this month's FORUM. All envelopes returned to this office will be acknowledged the same day by first class mail informing the recipient that he will be getting the FORUM by the first of the year.*

## MESSAGE OF THE MONTH

To: The Vice President

*If there be any among us who would wish to dissolve this union or to change its Republican form, let them stand undisturbed as monuments of the safety with which error of opinion may be tolerated where reason is left free to combat it.*

Thomas Jefferson  
First Inaugural Address

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# Land Reform: The Peaceful Revolution

Over the past 60 years, four great civil wars have erupted and claimed over a million lives apiece — in Mexico, beginning in 1910; in Russia, starting in 1917; in China, beginning in the 1920's; and in Vietnam, starting in 1945—with an even more virulent phase beginning about 1960. Each of these was essentially a peasant revolt.

The Mexican Revolution was reformist but largely nonideological, and it created one of Latin America's most politically stable and economically progressive regimes. The other three uprisings occurred under Communist banners, and brought into play successively greater degrees of American involvement—culminating in the tragedy of Vietnam, which has thus far cost nearly 40,000 American lives and more than 100 billion American dollars.

But for all our knowledge about these peasant revolutions, we have not fully understood what has happened and why. And I fear that until we do, we are doomed to repeat our Vietnam experience again and again.

### RURAL REVOLTS

Let us first be sure that we understand the largely agrarian nature of these revolutions:

● *Mexico*, in 1910, was two-thirds rural, with 95 percent of its rural population living as landless peons or as sharecroppers. The spark of revolution came after the Indians' last remaining lands had been seized by speculators, when a presidential candidate offered to give back the land. Zapata accepted the offer.

● *Russia*, in 1917, was 80 percent rural. Roughly three out of every five rural families were landless. And, though Karl Marx had written in the *Communist Manifesto* of the "idiocy of rural life," one of Lenin's

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### THE AUTHOR

*Senator Robert W. Packwood, Republican of Oregon, has asked that the following acknowledgment be given for his article on land reform: "I am deeply indebted to Professor Roy Prosterman of the University of Washington School of Law for the help that he has given me in writing this article. I further am deeply appreciative of all of the advice that he has given me both in my Senatorial campaign and since on the subject of land reform throughout the world generally and in Vietnam specifically."*

two great decrees in the first week of the October Revolution vested immediate ownership of all land in those who actually tilled it. Without the peasants' support of the revolution the ensuing civil war would have had a different result.

● *China*, beginning in 1927, was the scene of Mao's explicit break with the Marxist concept of revolution based on the urban industrial proletariat, and of his effort to fashion a peasant revolt. With an 80 percent rural population, three-quarters of which was landless, China was ripe for revolution. Chiang Kai-shek's efforts to fight Mao's land reform with military hardware lost a nation of half a billion people in two decades.

● *Vietnam*, from 1945 on, saw an application of much the same tactics that had succeeded in China. In the Viet Minh stage, the promise of land-to-the-tiller was effectively tied to a nationalist revolution. Here again, 80 percent of the population was rural, and the bulk of that segment was substantially landless (tenant farming accounted for around 50 percent in the central and northern reaches, and for nearly 75 percent in the populous Mekong Delta). The prognosis for revolution was again excellent.

### A DOZEN VIETNAMS

Today there are dozens of Mexicos and Russias and Chinas and Vietnams in the making. Three-fifths of the total population of the developing nations is rural, and a staggering percentage of these people are landless laborers or tenant farmers. In places like Vietnam, these farmers may pay one-third to one-half of their tiny crop in rent every year to an absentee landlord. In return, they are granted no security or tenure whatever. Or, if their situation is like that of laborers on Latin American plantations, they may make \$15.00 a month to feed and clothe a whole family.

These discontented peasants are searching for a better life—and wherever the Communists offer it, they rush to the Communist banner.

A paradox arises, however, when one considers further our four great revolutions. The Mexicans kept their promise; they redistributed half the crop land in the country, so that 75 percent of the rural families now own their own land. The pleased peasants not only have refrained from overthrowing a Mexican

- continued on page 21

# Political Notes

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## NEW HAVEN: the ninth, but a narrow loss

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The Republicans lost the mayoralty election again in New Haven this year. That makes nine straight. But the New Haven election offered some instruction and some hope for the future.

In a race complicated by two splinter law-and-order candidates, Democrat Bartholomew Guida won with some 47 per cent of the vote, edging liberal Republican Paul Capra by less than 1700 votes—the narrowest margin since the GOP last won, by two votes, in 1951.

The press and the polls have attributed Capra's defeat to the 2500 votes taken by conservative Republican John Moffitt, who ran as an independent. Whether or not that is the case, the 30-year-old Capra proved that a Republican can capture blocs of voters that were given up for lost during the 16-year incumbency of Democrat Richard C. Lee. Capra took large majorities of the Jewish vote, the Yankee vote and the Yale vote. Most surprising, however, was the black vote, which abandoned its virtually unanimous Democratic tradition to give Capra over 40 per cent of the four-man field in nearly every black ward. This was the doing of Capra, who consistently advanced enlightened proposals on racial issues; of Guida, who amassed an anti-black voting record in his 22 years on the Board of Aldermen; and of an impressive young Republican National Committee worker named John Marttila, who organized the drive that got the word to the black community.

Where Guida won was in the working-class Italian neighborhoods. The Democrat knew where his strength was. His campaign ads emphasized the fact that Capra was a Yale Divinity School graduate, a datum that did not just expose Capra as a Yalie, but, what's worse, revealed him to be a protestant.

This year's election leaves the Republicans with seven aldermen (the first to be elected since 1963), a good shot at winning Connecticut's 3rd Congressional District from Rep. Robert Giaimo, who is presently under fire for alleged Mafia connections, and a credible mayoralty candidate for 1971.

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## KENTUCKY: numerous defeats

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Basically, November 4 was a disaster for the Kentucky GOP. Republicans lost almost every office in Louisville, from mayor on down, lost the County Judge seat in Lexington, dropped approximately 15 seats in the

General Assembly, and blew the only statewide race (for Auditor).

There are, naturally, some silver linings. The candidates that ran best across the state were moderate to liberal Republicans. In Lexington, the best races were run by liberal Larry Hopkins for County Commissioner, a 32-year-old stock broker, and moderate Dr. David Stevens, a 36-year-old newcomer to Lexington. Hopkins received 49.97% of the vote and Stevens about 49.5%. The leadership of the Fayette County GOP will apparently fall to the control of these two bright young figures and their supporters, including former State Representative Don Ball, 34, and 1969 state Senatorial candidate Gene Cravens, 33. Behind the scenes in the local campaign were two impressive young political movers, John Hardwick, son of a former GOP State Chairman, and 22-year-old Stephen Driesler, a student at the University of Kentucky who astounded many by managing the Hopkins campaign to a nearly dead-heat finish. County Judge Joe H. Johnson, a promising young liberal, lost by nearly 7,000 votes at the top of the ticket, mainly because of his recent well-publicized (by the Democrats) divorce. Johnson received only 42.3%.

In both Louisville and Lexington, a group of young pragmatic and progressive Republicans appear to be picking up the pieces. This development bodes well for the party, but the demoralizing effect of Tuesday will take long to wear off.

Governor Nunn was without doubt discredited by the electoral set-backs. However, he still remains the only state or local figure with the power to influence elections. It remains to be seen whether the new young progressives will be able to spread their influence across the state before the 1971 Governor's race.

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## NEW JERSEY: Cahill's sweep and the consequences

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New Jersey has a simple, consistent lesson of political life for Republican candidates: the statewide victor has been the candidate who has received the bulk of the state's one million independent votes, which make up a third of the total vote. Liberal Republican U.S. Senator Clifford P. Case regularly wins in a walk against anyone the Democrats can field by capturing this swing vote. Four years ago, however, incumbent Democratic Governor Richard J. Hughes trounced rural Republican State Senator, Wayne Dumont, Jr., and Johnson buried Goldwater by 900,000 votes in 1964. But New Jersey had gone for Nixon last fall, and this November went for Cahill by a margin that far eclipsed the President's.

Much of the Cahill-Meyner campaign was a mundane, mud-slinging, personal brawl over charges of conflict of interest. This killed any chance of a Lindsay-like call

for high ideals, but it also hurt Meyner's elder statesman image and projected Cahill as a hard-hitting, no-nonsense advocate of putting the cards on the table.

Cahill hammered away at the failures of Meyner's two-term administration in the mid-Fifties: the fact that New Jersey exports more than half of its young people to other states for higher education, the chaotic condition of the state's commuter facilities, the horrendous traffic jams which clog major arteries throughout the state.

After the June primary, Cahill mended his fences early and managed to call upon the full range of the state's Republican Party in his uphill fight. Working closely with the Republican National Committee as well, Cahill brought in virtually every national party figure from Reagan to Finch to raise money and make headlines. Even President Nixon took a much-touted campaign swing into Republican strongholds in Morris and Bergen counties a week before the election.

Despite the presence of the party's big guns in New Jersey, this remained essentially a local election. Meyner tried to broaden the issues to include Vietnam late in the campaign (winning the support of the New Jersey Democratic Coalition) but most voters just wanted a change after 16 years of one party in the statehouse.

Thus, William Cahill was elected Governor by half-a-million votes — the greatest margin ever given any candidate for Governor. He won every possible ethnic group, save Negroes, who gave Meyner 70% of their vote. Cahill carried everyone of the state's 21 counties, save Warren, Meyner's home. He got Democratic Jersey City on a silver platter from old-style Hudson County Democratic boss, John V. Kenny, whose hatred for Meyner goes back to partonage fights in the early 1950's.

The Republican Party swept the election for the Assembly, tightening its 3 to 1 majority in the lower house. The Senate, which was not contested this year, is also 3 to 1 Republican. So, William Cahill comes to Trenton with the greatest power ever in the hands of a New Jersey Governor: a smashing mandate to govern behind him, buttressed by an ably-led majority in both houses of the General Assembly, able to appoint his administration. from Attorney-General, Secretary of State and Treasurer on down.

If the party fails to make dramatic strides with an urban program there will be no Democrats to blame. The GOP this year even has mayors in Paterson, Plainfield, and Kearny. All the Democrats have is a \$500,000 campaign debt.

Cahill's problem is to chide the sometimes-reluctant Republican legislative majority into action. If he fails to enact a comprehensive program with such lopsided majorities, New Jersey's independent-minded electorate could easily swing back to the Democrats.

The political consequences of the massive Cahill margin are several. First of all, New Jersey must re-apportion itself next year. A Republican Governor and a Republican legislature could conceivably redistrict six Democratic Congressmen into less-than-safe districts. A popular Governor like Cahill could have a tremendous effect on congressional voting next year.

The results of the gubernatorial race clearly put Democratic U.S. Senator Harrison A. Williams in jeopardy. Williams, who benefitted from the landslide Democratic victories in winning his two terms, in 1958 and 1964, has never achieved the eminence of Senator Clifford P. Case and is apparently fair game for almost any Republican in 1970.

The leading contender for the nomination to oppose Williams would have to be GOP State Chairman Nelson G. Gross of Bergen County. Cahill hand-picked Gross as state chairman after the Hackensack lawyer engineered Cahill's nomination in the brusing June primary by providing him with the support of his powerful Bergen County GOP organization. Gross, a moderate, no-nonsense Republican, proved to be an energetic, tireless campaigner, and a truly charming, engaging man on the stump. His smooth style, and his command of the state party put Gross clearly in the lead, if, indeed, he wants the nomination. An intimate of President Nixon's, Gross could expect White House approval of his candidacy.

Another contestant could prove to be Congressman Charles Sandman of Cape May, the conservative whom Cahill beat in June, and whom many believe still hankers after higher office.

The entire Republican leadership of the New Jersey Senate, President Frank X. McDermott, Majority Leader Raymond H. Bateman and Majority Whip Harry Sears, participated in the gubernatorial donkeybrook last June. They might repeat this divisive performance in 1970. The prime possibility for the GOP Senate threesome is Harry Sears, a towering Boonton lawyer, who, by virtue of the rotation system in the New Jersey legislature, becomes Majority Leader in January. Sears proved most popular in his first foray into state-wide politics last spring and could cut a wide swathe in a Senatorial primary. However, Sears' possible appointment as Attorney-General by Governor Cahill could cut short any Senatorial hopes he harbors.

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President Nixon could have kept the Democrats from winning another in a series of off-year congressional races if he had said a word for Gene Boyle, Republican restaurateur, in New Jersey's Eighth Congressional District. During his visit to the state, Nixon avoided this usually Democratic stronghold, an uncertain spotlight he chose to by-pass. Boyle lost by a surprisingly slim 960 votes.

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## **OHIO: vying for the senate: Rhodes vs Taft**

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When Governor James A. Rhodes announced his candidacy for the U.S. Senate on November 6, Ohio's gala 1970 election year was off to a flying start. Besides the Senate seat being vacated by Democrat Stephen M. Young, the Governor's office, five other state-house jobs, and the state legislature will be up for grabs.

Rhodes, the two-term Republican Governor, could not have succeeded himself again. His early announcement was seen by some observers as an attempt to keep other contenders—especially Congressman Robert Taft Jr. of Cincinnati—out of the senatorial primary. Rhodes has been a popular Governor—a *Life* expose of his alleged misdeeds last spring seemed to have little effect on Ohioans—and his name at the top of the ticket would enhance GOP prospects on down the line.

Taft, who was narrowly defeated by Senator Young during the 1964 Goldwater debacle, has only recently announced his intention to run for the Senate. Since his return to the U.S. House in 1966, Taft has been one of the Republican leaders, serving as chairman of the Research Committee.

With Rhodes in the Senate race, however, Taft was being pressured to run for Governor, even though he might face a primary contest. There was speculation that Taft would prefer to remain in the House and move up in the leadership; but party leaders throughout the state had believed he would accept the call to run for Governor, if it was strong enough.

The Republican gubernatorial primary could develop into a free-for-all, especially since Taft did not seek the nomination. Progressive Congressman Charles Whalen from Dayton's Third District has indicated some interest. Three dark horses are Lieutenant Governor John Brown, State Auditor Roger Cloud, and Attorney General Paul Brown, all of whom have held elective offices in the state government for several years. None of the three has a well-defined political position, though Cloud and Paul Brown are somewhat more moderate than the clearly conservative John Brown.

The Ohio Republican organization may face a challenge from the party's right wing in 1970. Congressman John Ashbrook, chairman of the American Conservative Union, has said that if the prospective candidates for Governor and Senator are not suitably conservative, a right-wing slate will enter the primary.

Furthermore, Representative Donald E. (Buz) Lukens, the energetic young conservative from the 24th District in southwestern Ohio, has made no secret of his interest in the Senate. He is brash enough to enter the primary regardless of the opposition, even if it includes Governor Rhodes.

Ashbrook himself must be considered a possible candidate for Governor or Senator, but his interests may collide with those of his ideological friend, Lukens. A single conservative candidate would have a respectable chance of winning in a primary with a large field and no obvious favorite, such as a gubernatorial primary without Taft.

Meanwhile, on the Democratic side, former astronaut John Glenn—who became another Young victim in 1964 when a freak bathroom accident forced him out of the Senate race—has been sounding more and more like a candidate.

Another Democrat to watch is Cleveland lawyer and parking magnate Howard Metzenbaum, a former state legislator and two-time campaign manager for Senator Young. Metzenbaum recently acquired control of most of Cleveland's suburban newspapers, and has openly indicated interest in the Senate race—to which he would bring a name that is less than a household word, but also a strong record on labor and civil rights, a generous store of political savvy, and plenty of money.

Former Cincinnati Congressman John Gilligan, who was defeated by Taft in 1966 and by Senator William Saxbe in 1968, has continued to speak before Democratic groups all over the state and is probably the front-runner for the 1970 gubernatorial nomination. Gilligan's abrasive personality has cost him friends within his party and votes throughout the state; but he is an attractive, hard-nosed campaigner who gained many youthful admirers at the Democratic National Convention and in the 1968 campaign. He would give any Republican nominee a real battle next year.

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## **MISSOURI: Danforth for governor, for senator . . .**

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Top Republican leaders in Washington are reported to be sounding out Missouri Attorney General John C. Danforth about running against U.S. Senator Stuart Symington next year.

Vice President Agnew invited Danforth to Washington to discuss the matter, and after talks with Agnew, Republican National Chairman Rogers Morton, Senate Minority Whip Robert Griffin, Senator John Tower (chairman of the Senate Campaign Committee), and HUD Secretary George Romney, Danforth admitted that "they talked big." Danforth capped his Washington trip by meeting with President Nixon.

However, Danforth has said he is reluctant to make the race because Symington would be extremely hard to beat. The Attorney General is reported to be more interested in running for Governor in 1972.

Last year, Danforth became the first Republican since 1946 to win statewide office in Missouri. While Nixon-Agnew and a strong Republican state ticket went down to defeat — and the congressional seat of Tom Curtis (who ran for the Senate) was lost to Democrat James Symington, the Senator's son — Danforth compiled an impressive victory margin, after a positive campaign stressing the need for equal justice.

Now Danforth is planning to lead a statewide campaign to put a constitutional amendment giving the vote to 18-year-olds on next year's ballot.

In other news, Democratic members of the state Senate voted 15 to 8 to caucus recently to oust Senator Earl Blackwell as president pro tem. Blackwell opposed the revenue measures of Democratic Governor Warren Hearnes throughout this year's legislative session, with the result that practically nothing was accomplished.

If this move is made official at the next session of the Legislature, Senators are expected to nominate their own man for president pro tem, and there is some talk among Blackwell Democrats of helping to elect the GOP candidate.

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## CONNECTICUT: a host of '70 contenders

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Connecticut Republicans took satisfaction this fall in their small but perceptible gain in the voter registration figures released by the Secretary of State. The figures showed that the Democratic lead had dropped by 2,229 votes in four years, from 76,722 in 1965 to 74,432 in 1969. The Democrats' margin of course, was still formidable in this small state, where the total registration is just under 900,000; but the slight shift in voter registration encouraged a basketfull of GOP hopefuls for the 1970 races for Governor and Senator.

Wallace Barnes of Farmington, the Minority Leader in the state Senate, and 37-year-old Stewart McKinney of Fairfield, the GOP Leader in the House, are both active if undeclared candidates for the Governor's chair, now occupied by Democrat John Dempsey.

Another interested Republican is State Senator T. Clark Hull of Danbury, while Malcolm Baldridge, Jr. of Woodbury, state GOP Finance Chairman and head of the Scovill manufacturing empire, is waiting in the sidelines as a possible compromise candidate.

GOP contenders for Thomas Dodd's Senate seat have jumped in early. Palmer McGee of Farmington, a lawyer and former state legislator, has begun a liberal,

issue-oriented campaign. Although McGee lacks major backing as yet, he appears willing to offer himself as a Don Quixote if the GOP will address itself to some of his concerns. But McGee realizes he will have to count himself out of the Senate race if Barnes, a fellow Farmington resident, declares for Governor. Two major candidates from the same small suburban town just won't do politically in a state that has been traditionally divided between a New York-oriented southern fringe and the state capitol in Hartford.

Another U.S. Senate hopeful, who announced his candidacy September 18, is State Senator John Lupton, financial advisor to Choate School and a frequent candidate for public office. One of the chief organizers for Goldwater in 1964, Lupton is seeking to moderate his image. At his press conference in September, he combined a conservative stance on self-help and volunteerism with an attack on the draft ("a system to shanghai our young men") and a broadside at the slow pace of U.S. withdrawal from Vietnam.

Geography may further influence the GOP lineup, in that another Senate candidate, former Congressman Abner Sibal, has just moved to Weston, which is Lupton's home town. Sibal — who lost the 1968 Senate nomination to Edwin May, Jr. before May was overwhelmed by Democrat Abe Ribicoff — announced his candidacy just three days after Lupton.

But all these Senate contenders may have to await the pleasure of the state's two Republican Congressmen, Tom Meskill and Lowell Weicker, Jr.

As a freshman Congressman, Weicker is publicly eschewing the 1970 Senate race. Should he decide to run, however, he is well equipped, with a library of carefully thought-out position papers and a strong young staff. Weicker has demonstrated his independence from the Administration by opposing the ABM and by supporting the October 15 Moratorium.

Meskill was re-elected by an overwhelming margin last year from the essentially non-urban Sixth District, despite a wide Democratic lead in registration. Meskill's handicap may be a lack of background in foreign affairs (though he has served as Mayor of New Britain) and a widespread feeling that his strength does not go beyond his district.

Dodd is very vulnerable. He is being challenged for the Democratic nomination by McCarthy leader Reverend Joseph Duffey and may also be challenged by a candidate, yet to be selected, of State Chairman John Bailey's. This Democratic disarray gives the Republicans the best opportunity for a Connecticut Senate seat in years. Not a few Connecticut Republicans, aware of this fact, are determined not to miss that opportunity. They are worried that none of the current crop of Senate candidates could win and are looking around for a fresh face to challenge for Dodd's seat.

# Bailing Out the Cities

America's cities are nearly broke. The costs of traditional municipal services are skyrocketing. Organized city employees are demanding (and getting) higher pay; city residents are demanding higher quality services. Most of the phenomena of poverty are disproportionately located in the central city cores of our metropolitan areas. Combatting poverty requires infusing large sums of new funds into these areas. Finally, urban renewal means more than building offices and apartments. It includes the replacement of antiquated social capital — schools and streets and public buildings — and all these cost money.

Various proposals for bailing the cities out are receiving serious consideration. In Michigan Milliken has offered to make education a state-financed service. President Nixon intends to nationalize welfare and has sent a revenue sharing bill to Congress. But national and state taxpayers have a right to ask that metropolitan areas put their own fiscal structures in order and marshal effectively their own resources before they get large amounts of new financing. This essay proposes increased reliance on a metropolitan income tax as an important part of such reform.

### THE FIGHT FOR REVENUE

Most commentators have felt that the cities will be unable to meet their growing needs from their own resources. The basic reason is that there is very little automatic growth built into the urban tax structure. Cities must fight, or at least pay, for every additional dollar of revenue they get. Since 1945 the national wealth in land and structures has been growing 1.38 times as fast as GNP, so the principal base of the property tax is expanding fast enough to yield increased revenues. On the other hand, Dick Netzer cites various studies of the income elasticity of the property tax, all of which conclude that it ranges from 0.47 to 1.08, much lower than the growth rate for wealth in land. The revenue has not expanded as fast as the base because every increment of revenue requires a highly visible, usually unpopular decision: raise the rate or raise the assessments. Prop-

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*Mike was assistant research director for William Saxbe's 1968 Senate campaign.*

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erty tax rates, in consequence, are usually determined residually. That is, the rate is set by preparing the budget, deducting expected state and federal aid, and calculating what rate, when applied to the total city assessment, will yield the balance. Voters seem particularly conscious of the tax consequences of any increase in the budget; taxpayer "revolts" are aimed directly at expenditure programs. City councils must raise rates just to keep pace with population growth and inflation, yet each of these rate increases incurs the same public disapproval as increases for new programs or improved services.

Other factors inhibit use of the property tax to finance increased local expenditures. Most states impose strict limitations on property tax rates and the amount of local debt financing, so that cities could not raise rates very much even if their electorates were predisposed to do so. Furthermore, cities compete with one another for large taxpayers, and city officials think they must compete by keeping property tax rates favorable. City interest groups which benefit from low rates may be counted upon to argue that high rates will frighten off potential new residents and to threaten to move out if the rates get much higher. Property taxes are probably not a very important consideration in the *relocation* decisions of most businesses, much less individuals; but the important thing is that city officials think the rates are important.

### PROPERTY TAX DEFECTS

Even if the property tax could be expanded fast enough, it is undesirable for localities to place so much reliance on this public finance instrument.

In the first place, the property tax is highly regressive at lower levels of the income distribution: the poor are likely to pay a much higher proportion of their income for property tax than any other segment of the population, although the tax becomes progressive in the highest income groups. The property tax is also less visible to the poor than to the middle classes because the latter pay it directly in two or four large chunks while the former pay it indirectly as a portion of their rent. This may lead to a distortion of assessment practices in which multiple dwellings are assessed at a greater percentage of their market value than single-family dwellings, an obvious inequity.

Second, the property tax has a distorting effect on consumption in all income ranges. The tax in most places is largely a tax on housing — and housing is

taxed at much higher rates than apply to the consumption of other goods. This effect is only partially offset in income brackets over \$10,000 by the deductibility of the property tax and interest expense from the federal income tax base. It is not offset at all for those people who use the undifferentiated standard deduction. And of course apartment dwellers may not deduct the tax at all because it is not imposed directly on them, although they bear most of its burden indirectly. It is irrational to tax consumption of housing by low income persons so heavily while we strive to increase the supply of low income housing.

### **DISCOURAGING DEVELOPERS**

Third, the property tax has a deterrent effect on central city urban renewal, at least insofar as it involves commercial property. New buildings are an obvious target for the assessor, and commercial property in general tends to be assessed at more nearly its market value than residential property. But developers must pay taxes out of income and property taxes do not decrease when income falls off. Unlike the individual or the industrialist making a location decision, the developer is making an investment decision. If he expects taxes to rise and rental values to remain stable, he may hesitate before locking himself into an investment with a steadily decreasing rate of return.

Fourth, the manipulation of assessment/market value ratios offers an opportunity for inequities. Despite legal requirements for uniform assessment, cities may display systematic discrepancies from neighborhood in the ratio of assessed value to market value. (See Oldman and Aaron's study for Boston, *National Tax Journal*, March, 1965.) Such discrepancies are seldom advertised — it may take expensive research to uncover them.

### **A NEW SOURCE**

A metropolitan income tax could relieve much of the burden on the property tax. A levy on income, with a fairly broad base and locally determined rates, could provide many cities with a flexible fiscal instrument to supplement the property tax.

The income tax would increase local fiscal autonomy. All current and proposed schemes of state and federal aid are subject to the pork barrel effects of appropriations politics. The various revenue sharing proposals suggest giving the states a percentage of the federal income tax base, routed through a trust fund to divorce it from appropriations maneuvering. But the percentage so set aside would be subject to amendment; and apart from some minimum pass-through to the cities, would be subject to the vagaries of state politics. The local income tax, on the other hand, would leave the raising of more funds up to the localities. While I noted at the outset that local taxpayers are more reticent in spending than state and federal legislators, this has not always been true, nor is it true

in all cities. The goals of equalization and national minima which federal aid should serve should not prevent local taxpayers from opting for more public goods, if they so choose.

The municipal income tax has proven its revenue raising capabilities in those Ohio and Pennsylvania cities which have used it for twenty years and more. It involves significant economies of scale, so that it is much cheaper for a large city than a small one. By the same token, most of the administrative costs (enforcement excepted) are fixed in proportion to population, so rates can be increased without much change in administrative cost.

### **EASING THE BURDEN**

The income tax has in fact resulted in less dependence upon the property tax in those cities which have used it for any length of time. Already in 1954 the major cities using the tax had property tax rates less than half the national average for cities over 250,000 in population.

Since the progressivity of a tax is defined in relation to income, the progressivity or regressivity of an income tax is highly visible and easy to determine. If tax progressivity is an accepted goal of tax equity in a given city, the income tax can be most easily adjusted to meet that requirement. Although some state constitutions prohibit graduated income taxes, either for the state or for municipalities, some such constitutions permit exclusion of the first \$1,000 - \$3,000 of income, creating a mild degree of progression. At the very least, a uniform rate if levied on a comprehensive base, will produce a tax proportional to income. And that would be a major improvement on both property taxes and sales taxes, both of which bear heavily on the poor by taxing the things they need most to consume.

The revenue from the income tax is much more income elastic than the revenue from the property tax. More important, the increased revenues are automatic. As income increases, employers merely withhold larger sums. There is no need for expensive reassessments; there is no need for politically catastrophic rate increases. Taxpayers are accustomed to the idea that the absolute amount of withholding increases as pay goes up, making the income tax more politically acceptable, once it has been enacted. (I know of no city where there has been a significant movement to repeal the tax once the first collection has been made.)

### **TAX ALL COMMUTERS**

Perhaps the most attractive feature of the metropolitan income tax is that it permits expansion of the central city's tax base to far more people than are covered by the property tax. Under well-established principles of constitutional law, a state may tax all of the income of its residents and as much of the income of nonresidents as arises from sources within the taxing state. In this case what a state may do itself it may constitutionally permit its

cities to do, so that cities may with state permission tax the income earned in the city by persons who live outside the state. But if a state allows a city to tax these nonresidents, it must also allow the city to tax such income when earned by residents of the state who live outside the city. Although no case in point has arisen, it is very likely that the Privileges and Immunities Clause of Article IV of the Constitution would protect out-of-state commuters from discrimination here. The city must be allowed to tax all its commuters if it is allowed to tax any of them.

The importance of this expansion is attested by the continual complaints of most big city mayors about their shrinking tax base. The mechanics of this process are fairly well known. Under the impetus of World War II expansion, heavy manufacturing moved out from the center of the city, either into the suburbs or near the border. Since the war, retailing, services, and residents have been following in growing hordes. The dispute among professionals now is over whether corporate headquarters and banks will follow, depriving the city of thousands of office-work commuters. Raymond Vernon argues (In "The Changing Economic Function of the Central City" in Wilson, *Urban Renewal*) that there are some professions which require face-to-face communications and cannot work well away from a centralized business district. Others point out that representatives of such professions have already moved out of Manhattan, though not in significant numbers as yet.

### **A LOT OF BREAD**

If the pessimists are right, taxing the income of commuters will not relieve the central city very far into the future. But for the present, commuters are a significant force. In 1963 the central cities of the forty largest Standard Metropolitan Statistical Areas accounted for only 46 percent of the population of those areas, but 67 percent of the wholesaling jobs, 69 percent of the service jobs, and 49 percent of the manufacturing jobs. The city can never reach these commuters with the property tax, but they might provide large increments of income tax revenue. Nonresidents provide 15 percent of Philadelphia's income tax revenue, 25 percent of St. Louis's, 40 percent of Lexington's, and 20 percent of Dayton's. Cities with large commuter populations, like Boston, could expect at least 25 percent of their income tax revenue from commuters.

In addition, enactment of the metropolitan income tax might provide cities with a way to fight the out-migration of some businesses. If businessmen realize the advantages of a compact business district but are leaving it, they may be doing so in search of more modern office facilities. These offices may only be built where the developer can get a good return on his investment, which is hampered in central cities by high property tax rates. Shifting some of the burden to the

income tax would permit the city to grant tax incentives, either across the board or on a parcel-by-parcel basis, for the building of modern office structures downtown — a method used by Boston to great advantage with the Prudential Center and more recent redevelopment.

To the carrot of tax incentives may be added the stick of increased site value property taxation. This approach taxes land according to its locational value and regardless of whether the owner has built anything on it. (See Henry George, *Progress and Poverty*, for a radical defense of this tax.) Obviously it puts a premium on increasing the income flow from land, rather than holding it for speculation, as the taxes are due whether or not there is any income.

### **CLIP THE RICH**

While the income tax will cut into the salaries of business executives, it will probably have little locational effect. Sigafos observed no such effects in 1955. There will be no incentive to move to the suburbs personally (except in cities like New York which tax the commuter at lower rates). And property tax incentives will make it unprofitable to move the business.

Is the taxation of nonresidents justified as well as feasible? Yes, on a number of counts. Economists have often emphasized that the metropolitan area is a unit or at least a system economically, and that economic activity in the central city is the prime generator of income for the metropolitan area as a whole. But the multiple taxing jurisdictions which characterize these areas seldom reflect or parallel the underlying economic reality. The city income tax helps overcome this jurisdictional fragmentation. It parallels on the revenue side the provision of services like water and transportation by central cities to suburbs where suburbs cannot afford separate facilities, usually because of economies of scale.

Economic and legal thought merge in justifying the tax. Economically, the central city provides the governmental protection and service climate in which income is produced. It provides the traditional gamut of municipal services which the commuter uses: police and fire protection, street lighting, paving, sanitation, water, mass transit, and so forth. Some of these are consumed in different, measurable quantities, and a user charge is the most appropriate way of getting commuters to pay their fair share. But other services, like police and fire protection, are difficult to produce in consumer-oriented priced packages; besides, no one wants people to consume police protection only if they can afford to pay for a discrete lump of it. These services are usually financed out of the property tax, to which the commuter does not contribute.

### **ALL WILL BENEFIT**

In addition, the city has an overburden, compared with suburbs, of welfare costs — education, health care, public assistance. These

services are consumed by central city residents, rather than commuters. The effects of these services will "spill over" city borders. Some central city residents will migrate to other cities, making the benefit of the services national. But some will remain in the metropolitan area, and all area residents will benefit from having healthy neighbors and educated co-workers. Nonresidents now contribute to these services, from which they benefit, only through state and federal aid programs. In sum, there are economic benefits of central city services which nonresidents receive and for which they may be expected to pay.

Legal theory buttresses this argument. The city cannot constitutionally prevent the commuter from entering and consuming these services on equal terms with inhabitants of the city. The Equal Protection and Privileges and Immunities Clauses forbid it. But the law also enables the city to tax those who consume municipal services. Recognizing that it would be impossible to apportion taxes exactly to benefits received, the Constitution permits a community to levy a general tax on all those who submit themselves to its jurisdiction by using its services in a sustained way. As Mr. Justice Pitney ruled in *Shaffer v. Carter*

That the state, from whose laws property and business and industry derive the protection and security without which production and gainful occupation would be impossible, is debarred from exacting a share of those gains in the form of income taxes for the support of the government, is a proposition so wholly inconsistent with fundamental principles as to be refuted by its mere statement. 252 US 37. 50 (1920)

Thus the jurist's analysis of the flow of benefits from the city to the commuter is much less refined than the economist's. But they arrive at the same conclusion: it is just to tax the commuter for the benefits he receives. (Opinions differ as to how heavily the commuter should be taxed — Pennsylvania school districts are forbidden to tax nonresidents' income on the theory they receive no benefits from local schools.)

### NECESSARY PERMISSION

The key to metropolitan income taxation is adequate state enabling legislation. Few cities which have not adopted the tax could do so now without explicit permission from their state legislatures. Most of the cities which have the tax will be able to make needed reforms only when current enabling legislation is significantly amended.

First of all, there should be no rigid percentage limit on the income tax rate. I have argued above for a partial replacement of the property tax with the new income levy, but this cannot occur when cities are limited to a one or two percent rate. The most such a limited tax can accomplish is to prevent further increases in the property tax.

Second, cities should fight to have the tax restricted to central cities of metropolitan areas or, what is much the same, cities of a certain size. If any suburban general government may enact the tax and force the central city to grant credits against the commuter tax for income taxes paid to the "bedroom" suburb, the economic benefits of the tax will be severely diluted. Another solution would be to allow the suburbs to impose the tax only at a low rate or with no requirement of a credit on central city tax for commuters.

A political coalition for such an enabling act should not be too hard to build in states with a number of fairly large cities. Voting divisions of upstate against downstate, often reflective of partisan divisions are maintained and strengthened by the need to stand together when the bounty of state aid is being carved up. What one gets then depends not so much on one's size as on one's friends. This proposal speaks to the self-interest of cities according to size, rather like large federal-aid authorization bills. It abstracts from the competitiveness of the appropriations process to enable large cities to vote for one another's fiscal autonomy. Rural interests, in addition, should favor legislation which potentially decreases the demand for state funds. Suburbanites who have successfully fought metropolitanization for several decades might be beaten by a proposal which speaks so loudly in their own rhetoric of home rule.

MICHAEL R. MERZ

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## **The Economics and Politics of the Sato-Nixon Talks**

While the attention of the American public has been focused on U.S. involvement in Vietnam, the attention of the Japanese has been concentrated with equal fervor on U.S. control of Okinawa and the Ryukyu Islands, as well as on the broader issue of economic and political dependence on the United States. Thus, it was in a mood of great urgency that Prime Minister Eisaku Sato visited Washington this month for the purpose of completing negotiations for the reversion of Okinawa. The outcome of these negotiations will be vital to the very survival of the Sato government. Indeed, Sato himself has said that he has staked his political life on achieving the return of Okinawa.

The consequences for the United States are equally significant, though possibly not quite so immediate. The disposition of Okinawa is not going to change the structure of world power in and of itself; but it is one of the decisions to be made in the next few years which will effectively determine our future course in world affairs. Therefore, it is extremely important that the issue be understood — and that it be debated in a more rational manner and with greater perspective than it has been in the past. For after a century of shortsighted American attitudes toward Asia, it will be tragic if another series of ad hoc decisions made for short-term political returns produces an Asian policy that ties our hands diplomatically at a time when change and flexibility are of paramount importance.

### **EXPLOSIVE ISSUE**

The crux of the issue is not, however, the return of Okinawa, but rather the conditions under which it will be returned. Though no definite date has been set, the United States has agreed in principle to return the islands to Japan. The basic difficulty — and the question that has been most politically explosive in Japan — lies with the future of the Treaty of Mutual Cooperation and Security between the United

States of America and Japan, as it relates to nuclear weapons and provisions for Japan's defense. No Japanese Prime Minister can openly oppose public opinion on this question and hope to maintain his position.

The Security Treaty, ratified in 1952, was revised in 1960 to the effect that the Japanese government must be consulted before the United States can either maintain nuclear weapons in Japan or use American bases there as a means of carrying out operations for the defense of other countries. The understanding reads as follows:

Major changes in the deployment into Japan of United States armed forces, major changes in their equipment, and the use of facilities and areas in Japan as bases for military combat operations to be undertaken from Japan other than those conducted under Article V (for the defense of Japan) of the said Treaty, shall be the subjects of prior consultation with the Government of Japan.

When Okinawa is returned, unless otherwise stipulated, U.S. bases on the island will be subject to the same restrictions as those in Japan. The leftist opposition parties in Japan insist that these restrictions be extended to Okinawa, though they would rather see the Security Treaty abrogated altogether. Public opinion generally favors the opposition point of view, and particularly demands restrictions on the storage of nuclear weapons and agents of chemical warfare on Okinawa.

But the U.S. base on Okinawa has become increasingly important in the past few years in the defense of South Vietnam, and Okinawa is now an important link in the implementation of U.S. foreign policy. Okinawa is unmatched as a strategic location — close to but physically separated from China, Korea, Japan, Taiwan, and the Philippines. In view of the probability of continued instability in Southeast Asia — and with Kim Il Sung heightening tension in Korea — the U.S. is not anxious to be restricted in the operation of one of its most important bases in the Far East. Though there are alternatives to Okinawa, they would not provide the U.S. with the same amount of flexibility. Furthermore, any transfer would add a considerable burden on an already strained military budget.

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## TOUCHY SITUATION

Despite these considerations, the U.S. does not want to act in a way that will upset the Sato government, which has tacitly if not openly supported U.S. Asian policy. The situation is made all the more touchy by the revival of the entire Security Treaty question in 1970. As revised in 1960, the Treaty bound the signatories for ten years, after which either party could abrogate it. In June, 1970, the Treaty will again be discussed in the Diet, and the Prime Minister will need the full support of his party in order to assure the U.S. of his country's continued commitment. Thus, both Sato and the U.S. have been looking for an agreement that will not inflame public opinion against either of them.

It is difficult for Americans to grasp the importance the Japanese will attach to the Okinawa question and related issues. For the U.S.-Japan negotiations evoke the whole range of Japanese attitudes towards defense, nuclear weapons, dependence on the United States, and the Vietnam war.

According to the Constitution of 1946, the Japanese forever renounce war as a means of settling international disputes; to effect this renunciation, "land, sea, and air forces, as well as other war potential will never be maintained." This provision reflects a rather clumsy attempt by the occupation forces to prevent Japan from ever having the potential to ravage Asia again. But it was not long before Washington concluded that it was necessary to build a strong Japan in order to resist hostile forces in China and the Soviet Union. This conclusion was reinforced by North Korean advances in June of 1950. From this point on, the U.S. began putting pressure on the Japanese to rearm, while maintaining that the "war potential" clause in the Constitution did not include weapons for defense.

## FOR DEFENSE ONLY

In 1950, Japan established a Police Reserve, which later became known as the Self Defense Force. Secretary of State Dulles encouraged the Japanese to rearm, and Vice President Nixon branded as a "mistake" General MacArthur's inclusion of Article IX in the Constitution. However, although many Japanese have deplored the "MacArthur Constitution," the great majority have insisted on the sanctity of Article IX; and many have maintained that both the Self Defense Force and the U.S. military preserve are flagrant violations of the Constitution.

This pacifist sentiment undoubtedly is an outgrowth of what is often referred to as Japan's "nuclear allergy." The holocaust of Hiroshima and Nagasaki, understandably, is still a fresh and painful memory in Japan, the only country ever to be the victim of a nuclear attack. Though the Japanese recognize the value

of atomic research for peaceful uses, any suggestion that Japan should develop nuclear weapons or even tolerate them on her soil is anathema to the public. This is a major issue whenever a nuclear submarine visits U.S. bases in Japan, and atomic testing by any power, regardless of its particular ideological association, is universally condemned.

Running almost as deep in Japanese public opinion is a general concern about being too dependent on the United States. It is felt in many quarters that this dependence, both economic and political, could involve Japan in an American war. It can be argued that regardless of treaty obligations, the nature of Japan's political system necessarily involves it very closely with the politics of the West; that any war large enough to involve Japan would rain nuclear destruction on everyone regardless of diplomatic commitments; and that even if Japan were to step out from under the U.S. nuclear umbrella, it would be forced to rearm itself even further, possibly with nuclear weapons. However, these arguments do not carry weight in Japan. Indeed, some of them can be, and are, used to support the contention that there is no need for a treaty with the United States.

Many Japanese believe Japan should take a position of "unarmed neutrality," standing between the great powers without having to rely on them or to develop its own nuclear weapons. But the government has not felt that it can rely on the good will of its neighbors for the defense of Japan. Largely because of pressure from the U.S. and from a growing number in Japan who feel the country must take a more active role in its own defense, Japan has been steadily building up its forces.

## THE MAINLAND HORDES

A white paper recently drawn up by the Defense Agency notes the growing threat of Communist China, and calls for an expanded force capable of handling at least small-scale localized conflicts. The October 3 *New York Times* quoted Takeo Fukuda, the present Minister of Finance, as saying: "We have to change our policy on national defense completely so that the Japanese themselves have the responsibility to defend their own country." Opposition to this trend toward rearmament has been behind many of Japan's tumultuous protests in the 1960's, and it promises to increase in the coming months.

American involvement in Vietnam is of course part and parcel of these same problems. Though the present Japanese government supports U.S. policy, the Japanese people have generally tended to sympathize with North Vietnam, and to deplore the fact that the United States misjudged Asian nationalism as Japan itself did in the 1930's. However, while the Vietnam issue has provided a focal point for existing antagon-

isms, it does not appear to have greatly increased anti-American feeling. The Japanese are more "anti-Vietnam war" than "anti-American," and Japan's ties with the U.S. remain strong.

But the very nature of current public issues puts the Prime Minister in the awkward position of standing between Japanese public opinion on the one hand and U.S. policy and interest on the other. The Prime Minister's immediate concern must be the way these issues affect the power of the groups through which they are articulated.

### CONSERVATIVE MERGER

The Liberal Democratic Party (relatively conservative despite its name), headed by Prime Minister Sato, has been the dominant party in Japan since 1956, when it was formed by a merger of the two leading conservative parties. The LDP is closely allied with "big business" and with those great industrial organizations known before the war as the "Zaibatsu." In fact, there is a much closer relationship between businessman, bureaucrat, and politician in Japan than there is in the United States. Many of the LDP's Diet members are retired government bureaucrats or retired businessmen; few are life-long politicians.

The party is divided into several well-disciplined factions, and it is the struggle between these factions which delineates the political process. The Prime Minister's ability to remain in power depends on his skill in maintaining the support of these factions by granting political rewards, the most coveted of which is a position in the Cabinet.

Thus factions tend to be based, not on ideology, but rather on the relative power of their respective leaders. A good deal depends on the ability of these leaders to finance the campaigns of faction members — and this is where the influence of industry plays an important role. The recent attempt by former Foreign Minister Miki (also former Minister of International Trade and Industry) to replace Sato as the president of the LDP was a prime example of the factional disputes within the party. Had Miki become Prime Minister, there would have been a substantial shuffle of leaders within the LDP — but no substantial change in government policies.

### IKE AND THE FACTIONS

On the other hand, these factional struggles can be significant, when different sides take up different positions in opposition to the government. This was the case at the time of the renegotiation of the Security Treaty in 1959, when the Kono faction shifted its stand in a bid for power. The result was dissent within the LDP, which prevented a united front against the opposition parties. This factional split was at least partly responsible for the 1960 disturbances, which in turn led to the cancellation of President Eisen-

hower's visit to Japan and the downfall of the Kishi government.

Prime Minister Sato is well aware of the importance of maintaining discipline in his party as the old issues come before the Japanese people once again. His failure to get a firm commitment on the return of Okinawa might result in a realignment of the factions within the LDP, as well as giving rise to another wave of disturbances throughout Japan.

Japan's several minority parties — which, taken all together, still constitute a minority in the Diet — can still wield considerable influence, e.g., the election of Ryokichi Minobe as Governor of Tokyo by a united Communist-Socialist effort. Though ideology seems to play a more important role in the opposition parties than it does in the LDP, the labels "socialist" and "communist" have little value. What is probably more significant is the alignment of various factions within these parties with the policies and ideologies of the major socialist countries on the one hand, and with interest groups like students, labor unions, and religious movements on the other. (Though the vast majority of those opposing the LDP are to its left, there is a militant Right in Japan which sometimes goes unnoticed. Right-wing groups, notably the Nihon Aikoku-to or Japan Patriot's Party, have been held responsible for assassination attempts of leftist leaders.)

The leftist parties are generally in agreement in their stands on nuclear armament, the Security Treaty, the return of Okinawa, and the war in Vietnam. It seems unlikely that in the foreseeable future any minority party will come into power, or that any collection of such parties could sustain itself in power for very long. It is conceivable, however, that their collective strength could deprive the LDP of its majority, and require a coalition government.

### DOWN WITH COMPROMISE!

In 1959, several opposition groups formed a shaky alliance in a "Peoples' Council," and were able to put considerable pressure on the Kishi government. These groups are again active in preparation for the 1970 security debates, and they will be prepared to protest whatever compromise package Sato brings home. Sato, of course, would like to upstage his opponents by getting an unconditional commitment on Okinawa. He could then call a general election and win a strong majority for the forthcoming debates on the issues of Japanese defense.

Though deeply divided, the splinter group that captures most of the headlines is the militant Zengakuren or All-Japan Student Federation. Since breaking away from the Communist Party, this organization has maintained a more militant posture, which extends not only to international issues but to social and campus issues as well.

Disturbances led by this and other extremist

groups were on the increase throughout 1968, and reached new peaks of violence in 1969. Earlier this year police entered the campus of the University of Tokyo, Japan's leading university, to break up a year-long strike led by a militant core who had barricaded themselves in the main tower of the university and were defending their position with Molotov cocktails. On Okinawa Day last April and then again on October 21, extremist students rampaged through the streets of Tokyo, destroying property and clashing with police. These escalating acts of violence are being handled by the police with a corresponding increase in severity. There seems to be a growing conservative reaction against student protests, particularly among politically powerful groups in the rural areas. A conservative reaction may occur among students as well. As one Japanese student recently put it, "The majority of the students including me are against these crazy students . . . They are just empty minded marionettes."

### EXTREME EMOTION

The extremists in Japan are not supported by either the Socialists or the Communists. But they can be a force to reckon with, particularly if they can seize upon a strong emotional issue. Japanese capitulation to American demands that nuclear weapons remain on Okinawa, though highly unlikely, would be such an issue; but the extremists are not likely to be satisfied with the negotiations in any case. They even tried to keep Sato from leaving the country for Washington in the first place.

The Okinawa negotiations, it must be remembered, are only part of the tangled question of U.S.-Japanese relations. Though both Japanese and American officials insist that there is no connection between the political bargaining and such economic issues as textile quotas and capital liberalization, there is no question that they are closely related and that action in one area is likely to influence action in the other. Throughout the summer and fall, both political and economic issues have been considered at the same time by the two countries, though in separate sessions. The questions of capital liberalization and voluntary export controls were discussed along with Okinawa at the joint Cabinet-level talks held in Tokyo at the end of July; bilateral talks on the textile issue took place while Foreign Minister Aichi was discussing the Okinawa problem with Secretary of State Rogers in Washington this September; and further bilateral trade negotiations were held immediately before Prime Minister Sato's visit to Washington. Though a package deal, as such, is virtually impossible, the Okinawan negotiations must be considered — and are being considered, despite official statements — in the context of outstanding economic issues.

### WAR-TORN NO MORE

The present dispute over Japanese trade policy dates from 1945, when Japan's war-torn economy was virtually isolated from the rest of the world. Though Japan's trade, stimulated by U.S. procurement during the Korean War, picked up rapidly during the 1950's, imports were limited by a complicated maze of restrictions that gave the government complete control over foreign transactions. At first, Western countries tolerated these controls, since it was obvious that Japan had to ration scarce foreign exchange in order to acquire those materials most needed for reconstruction. As the Japanese economy continued to expand, however, there was increasing pressure, from the European countries in particular, for the removal of restrictions on the flow of merchandise and capital into Japan. These restrictions delayed Japan's admission to the General Agreement on Trade and Tariffs (GATT), and resulted in discrimination against Japanese goods.

The imports issue came up again in 1960, at the same time the Security Treaty was being renegotiated, but it was not until 1964 that Japan really committed itself to trade liberalization by accepting Article VIII status in the International Monetary Fund and joining the Organization for Economic Cooperation and Development.

But liberalization was not an easy thing for Japan to accomplish, since special bureaucratic and industrial interest groups played a powerful role in determining government policy. Furthermore, there was genuine concern that trade liberalization would damage existing industries through an increase in imports, and that it would put serious macro-economic strains on the economy by leading to deficits in the balance of payments. Therefore, the Japanese established so-called "countermeasures for liberalization," which to them were perfectly reasonable mechanisms to keep the economy in balance, but which to the Western eye were nothing but blatant violations and evasions of international obligations.

Again in 1966, pressure began to mount against Japanese import policies, as the economy entered what has now become the longest boom in Japanese post-War history. By 1968, Japan's gross national product exceeded \$135 billion, second only to the United States in the free world. Japan is now among the world's leading producers and exporters of steel, ships, electrical machinery, precision instruments, and many other commodities; it presently has a surplus in its balance of payments, and its foreign exchange reserves have risen to more than \$3 billion. Exports to the United States have been steadily increasing, and so has Japan's trade surplus with the U.S. (more than \$500 million in 1968).

## UNDUE PROTECTION

It is therefore perplexing when the Japanese claim they must maintain quantitative restrictions, in violation of the GATT, until 1971 or 1972, to ensure that their industries can withstand foreign competition. But there is some element of truth in this argument. In agriculture, for instance, the Japanese have been trying to encourage a switch from rice to other products, in order to conserve foreign exchange and to solve the problem of surplus rice production. Imports from the United States, they believe, would upset this program, by discouraging farmers from making the switch.

On the other hand, the Japanese position contradicts the economic basis for trade liberalization. International specialization for mutual benefit is unlikely ever to be achieved, if each country is going to wait until it can out-compete the others in every field.

A possible greater obstacle at the moment, however, is that the United States, too, has been arguing the protectionist case, in attempting to persuade the Japanese to restrict voluntarily their exports of steel, synthetic textiles, and footwear to the U.S. The Japanese have steadfastly refused to accept any more voluntary restrictions than they have already assumed. Secretary of Commerce Stans made a trip to Europe and Japan last May in order to negotiate "voluntary" restrictions, but he was rebuffed in both places. He received a particularly direct snub by the Japanese, who passed a resolution in the Diet just before he arrived, calling for absolutely no compromise on the issue. The Ministry of International Trade and Industry has taken a very strong stand against voluntary quotas, though it has indicated that at least it would be willing to discuss the matter. In short, the Japanese, while admitting that their import quotas are in violation of the GATT, nevertheless feel that voluntary export quotas represent an even worse violation.

## NIXON'S IOU'S

President Nixon's problem is that in the Carolinas at least, protection of domestic textiles shared top billing in his 1968 campaign with a promise to go easy on school integration. Quotas, hopefully voluntary, but not necessarily so, were an integral part of the "Southern strategy." Now the Administration is under pressure from Strom Thurmond and other Southern Senators, and Nixon apparently feels that it is essential to get a commitment from the Japanese soon. He does not want to lose the support of these Senators, but neither does he want his hands tied by a bill that would require him to violate the GATT and establish quotas on textile and footwear. Such a bill is now in the Senate.

The issue of capital liberalization is in many ways even more complicated. The Japanese have been extremely reluctant to allow foreign capital to enter the

country, though again they have been gradually easing their restrictions. The explanation for this reluctance is found in Japan's genuine fear of foreign capital, the nature of its dual economic structure, and the power of its special interest groups.

For more than a century, the Japanese have been wary of importing foreign capital. They saw its influence in China during the latter half of the 19th Century, and accordingly minimized its use in their own economic development. Present pressures for capital liberalization are often looked upon as the second coming of Commodore Perry's "black ships."

Probably of greater significance is concern that foreign capital will buy up existing Japanese industries, disrupt domestic markets, and weaken the effect of governmental monetary policy.

## "DUAL ECONOMY"

The Japanese economy, often referred to as a "dual economy," is divided between a small-scale sector characterized by low productivity and low wages and a large-scale sector characterized by higher productivity and wages. Small firms are tied to the larger ones through a network of subcontracts, by which the smaller companies are obligated to accept deferred payments, fixed prices, and marketing restrictions. In return, the larger firms supply capital and other resources which otherwise would not be available to the smaller companies.

Since one or two major banks customarily hold some two-thirds of a firm's liabilities, mostly in the form of loans and debentures, these institutions exercise what amounts to veto power within their affiliated industries; and the government maintains considerable control over the economy through these financial institutions. Because the asset structure of Japanese firms makes them extremely vulnerable to foreign take-overs, and because it is feared that foreign-dominated companies will be less responsive to the pressures of Japanese planners and policy makers, the government does not want any more outside capital than is absolutely necessary to mitigate foreign demands.

As a result, negotiating a joint venture or a technical assistance contract has for many years been a long and frustrating process, involving first negotiations with the company concerned and then negotiations with the Japanese government. Even after two rounds of capital liberalization, there remain many restrictions, prohibitions, and general complications. For example, an "existing firm," assuming that it is "non-restricted," can have no more than 20 percent of its equity capital owned by foreigners and no more than 7 percent owned by any individual foreigner. The liberalization of 1967 involved raising these percentages from 15 and 5 respectively. Foreigners can own 100 percent equity

in "newly established" companies in stated categories; however, many of these categories include industries in which U.S. firms are either uninterested or unable to compete.

### **PULL OVER, TOYOTA**

The most publicized case in the area of capital liberalization has been the effort of the U.S. automobile industry to establish either wholly-owned subsidiaries or joint ventures in Japan. The Japanese government has steadfastly refused to consider this industry for liberalization, although Japanese automobiles are making inroads into the U.S. market, and although the American auto industry has maintained a liberal trade position and accepted low tariffs on cars imported into the U.S.

It took intense pressure from U.S. government and industry, plus more than two years of hard negotiations, before Japan finally announced in October that it would allow 50-50 joint ventures to be established in the automobile industry by October of 1971. It is not unreasonable to speculate that Japanese concern over the Okinawa issue may have played a significant role in the timing of this decision. Nevertheless, the policy is still unsatisfactory to the American companies, who see no reason why they should have to wait. For this and other reasons, the U.S. has made capital liberalization, as well as trade liberalization, one of the main goals of its negotiations with Japan.

### **MYOPIC ON VIETNAM**

What then should be the U.S.' approach in the ongoing negotiations with Japan? First, we are spending too much of our energy on the tragic situation in Vietnam, without adequately considering the problem's Asian context; we should begin to think in terms of a long-range Asian policy. This means that we should not view the Okinawa decision only in context of our short-term needs in Vietnam. It may be more in our interest to have a friendly government in Japan than to maintain full control over our Okinawa bases, or to store nuclear weapons there, for a few more years. If Prime Minister Sato cannot win an agreement that will neutralize his leftist opponents, or if no agreement is reached, the U.S. may find itself dealing with a government that wants no part of any American military activity.

Secondly, it is time America made good on its promise to return Okinawa to Japan. As one Japanese leader has said, "The return of Okinawa will be the end of the war for Japan." The American attitude all too often seems to be that we are dealing with funny little yellow men whom we still cannot really trust or treat as equals. But Japan is now an industrial power in its own right, and it is fully capable of making its own decisions about the future of Okinawa.

Third, though the U.S. should not hesitate to push the Japanese hard for concessions we feel are vital to our long-term goals, we should not squander our bargaining position to satisfy the demands of special interest groups. In other words, we should not use the Okinawa issue as a club with which to beat the Japanese into economic concessions on textiles and similar matters. If President Nixon is forced to default on his promise to Strom Thurmond and the Carolina textile magnates, so be it; he will just have to remind them of all the other things he has done for them. The future course of U.S. policy in Japan, and Asia in general, should not be made to depend on the continued prosperity of Dan River Mills.

## **"SHREWD" ... "Penetrating" That's Us!**

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## BOOKS: National Priorities and International Conflict

*The Economy of Death* by Dr. Richard J. Barnet, Atheneum, New York, 1969, 201 pages, \$4.95 hardbound, \$2.95 paperback.

Many books belabor the evils of our time, and many such books pass unnoticed. But *The Economy of Death*, by Dr. Richard J. Barnet, comes at a time when we are trying to combat the almost heartbreaking determination of our young people to pour lemming-like over any available cliff in the name of reason, human goodness, or legalized pot.

The book is particularly timely because the nation's elders, and especially those in power, must be resolute in trying to jettison that which is blatantly unsupported in our society. Dr. Barnet, co-director of the Institute of Policy Studies in Washington, shows clearly that our national flank is exposed by our runaway militarism. More important, he offers us a way out of this vulnerable position.

The author describes a militarism with a self-generating, power-grabbing, back-scratching continuity that can ruin us morally and financially. Initially, he points out that the United States is well down the road to being the most warlike nation in history, and that this belligerence comes not from dreams of grandeur or hopes of conquest — the ill-founded but traditional reasons — but from fear, and from the belief that we can enhance our security by stockpiling more and more nuclear weapons.

As a member of the Senate and a veteran of the ABM major engagement and the minor skirmishes over the C5A and the battle tank, I was not surprised to read that at least 70 percent of every tax dollar goes for war-related spending. But at the same time, it was shocking to learn that the U.S. is preparing for three major wars at one time, and that it is pledged to defend 42 countries from external attack.

Is there any hope of shedding this trillion dollar burden and turning our attention to new human priorities? We must first recognize that it is impossible to achieve our humanitarian goals as long as we carry the burden of arming half the world. No doubt the military will pooh-pooh the new priorities as beyond the capacity of our fragile society; but we must further recognize that war is an unacceptable way of settling disputes in a nuclear age.

What does the author suggest as our last best chance? That Congress sustain and enlarge this year's effort to achieve domination over the military; that citizens be encouraged to participate in setting national priorities; and that various committees and councils initiate and then review programs to convert a "death economy" into a living economy. As Dr. Barnet explains these steps, they just might work.

SEN. WILLIAM B. SAXBE

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*International Conflict for Beginners*, by Roger Fisher. Harper & Row, New York, 1969, 220 pages, \$5.95.

Like the weather, American foreign policy is one of those things people customarily criticize without proposing anything to do about it. Finally, someone has structured his criticisms in terms of proposals for improving our foreign policy. Professor Roger Fisher of

Harvard Law School has written a short, practical handbook that, if heeded, should revolutionize the tactics of those who want changes in American foreign policy and of those who determine it in the first place.

As if that were not enough, Professor Fisher's book also provides the reader with a fascinating general analysis of how best to exert influence over an adversary (or doubtful ally) in a conflict. Indeed, were Fisher more pompous in his formulations, he might well have titled his book *On Exerting Influence*, to demonstrate its applicability to most conflicts, not just international ones.

Influence, of course, is not the only way to gain an advantage over an adversary, but it is usually the quickest and the cheapest way. If you have lots of time, you can try education. But it usually takes too long to convert an adversary to one's general way of thinking, especially if all you want is cooperation on a specific issue. If your goal is inherently attainable by unilateral action, you can go to court or send in the Marines; then the judge or the troops will take the objective away from your adversary and hand it over to you. But this approach requires you to have overwhelming legal or physical superiority before you start.

Whether the topic is trade with China or trade with Rhodesia, apartheid or DeGaulle, colonialism or nonproliferation of nuclear weapons, some questions are more likely to play a more constructive role than others. Today, perhaps, the most frequent questions run something like this:

What happened?

Whose fault was it?

What do you think is going to happen?

Why?

Do you agree with what we are doing?

A set of questions more likely to stimulate rational action in the future might run something like this:

What would you like to have happen next?

Whose decision can bring that about?

What kind of decision could we realistically expect them to make?

Why haven't they made such a decision already?

What might we do to make such a decision more likely?

What alternative courses of action ought to be considered?

What are the costs and risks of trying to affect their decision?

The reader's first reaction may be, "Of course — that's what I do all the time." Unfortunately, it's much easier to put such an interpretation on one's efforts after the fact than to do the hard thinking required to pose the right questions in the heat of conflict.

History records that when Columbus returned from "the Indies," not having fallen off the edge of the earth, jealous courtiers in Madrid tried to minimize his accomplishment by claiming they had known all along that the world was round. Similarly, today's courtiers — bureaucrat and intellectual alike — will claim that they were using Fisher's approach to conflicts long before his book appeared.

But the best test of a modern courtier's claim is whether or not he can specify a "yesable proposition" he has recently put to an adversary. A yesable proposition, in Fisher's scheme of things, is one to which an adversary can respond with the simplest committing

- continued on page 22

# RIPON POLL

WE THINK IT IS IMPORTANT TO DEVELOP AN IDEA OF HOW MODERATE REPUBLICANS HAVE REACTED TO ALMOST A YEAR OF THE NIXON ADMINISTRATION AND THE NIXON PRESIDENCY. THEREFORE, WE ASK YOU TO JOIN IN JUDGING AND PROGNOSTICATING. WE HAVE PREPARED THE FOLLOWING POLL WHICH WE HOPE YOU WILL PARTICIPATE IN. SIMPLY FILL OUT THE POLL AND MAIL IT (OR A XEROX COPY) IN THE INSERTED ENVELOPE BEFORE JANUARY 1, 1970. RESULTS WILL APPEAR IN THE FEBRUARY ISSUE OF THE *FORUM*.

- 1) Did you vote for Nixon?      Yes                  No
- 2) Rate Nixon's overall performance as President so far.      Exc.      Good      Ave.      Fair      Poor
- 3) How does Nixon's overall performance compare with your expectations of him as of last January?
- |                             |                            |
|-----------------------------|----------------------------|
| Much better than I expected | Worse than I expected      |
| Better than I expected      | Much worse than I expected |
| About what I expected       |                            |

4) For each of the following subjects, give Nixon a grade (A + through D - to F) on his handling of or response to it, and rank the ten issues you consider the most important.

Subject	Grade	Subject	Grade
a) SALT talks	.....	o) Knowles appointment	.....
b) tax reform	.....	p) Knauer appointment	.....
c) the Vietnam moratorium	.....	q) Burch appointment	.....
d) Agnew's outbursts	.....	r) Burger appointment	.....
e) reconnaissance plane shot down by North Korea	.....	s) drug law reform	.....
f) welfare reform	.....	t) Operation Intercept	.....
g) halting inflation	.....	u) Apollo 11 moon flight	.....
h) minority enterprise/black capitalism	.....	v) post office reform	.....
i) law and order	.....	w) ABM fight	.....
j) the Vietnam war	.....	x) draft reform (incl. firing Hershey)	.....
k) his Asian tour	.....	y) college demonstrations	.....
l) his European tour	.....	z) aid to education	.....
m) Haynsworth appointment	.....	aa) Social Security benefits	.....
n) Burns appointment to the Federal Reserve	.....	bb) Okinawa	.....
		cc) Middle East situation	.....
		dd) Latin American policy	.....

5) Grade the performances of the Cabinet members. (Again, A + through F.)

Blount .....	Hickel .....	Mitchell .....	Schultz .....
Finch .....	Kennedy .....	Rogers .....	Stans .....
Hardin .....	Laird .....	Romney .....	Volpe .....

6) Grade Vice President Agnew's performance so far.

7) If he continues as he has, will the President be re-nominated?      Yes                  No

8) Leaving aside the many "ifs" and giving just a "gut" reaction, do you think Nixon will be re-elected?

Yes ..... No .....

(OVER)

9) Check the traits that you believe describe Mr. Nixon. Leave blank those that do not apply.

	YES	NO
He has extensive knowledge of and a well-defined position on the war in Vietnam.	---	---
He is knowledgeable and competent in foreign affairs generally	---	---
He understands the problems of the cities and has specific proposals to alleviate them	---	---
He understands the problems of the American farmer and has specific proposals to alleviate them	---	---
He understands the causes of poverty and has offered programs which will help the poor help themselves	---	---
He is substantially helping the American Negro achieve social, economic and political equality	---	---
He is a capable manager of the economy	---	---
He has shown sufficient administrative ability as President	---	---
He makes decisions only after careful deliberation	---	---
The conduct of his Administration in Washington will help elect Republicans everywhere	---	---
He is a loyal party man	---	---
He has the confidence of young people	---	---
He has the physical stamina required by the Presidency	---	---
He has the confidence of the working man	---	---
His personal life sets a good example for all citizens	---	---
He has no clear-cut position on the war in Vietnam	---	---
He is knowledgeable in his conduct of foreign affairs	---	---
He does not understand the problems of the cities	---	---
He does not appreciate the plight of the American farmer	---	---
He does not have any proposals to eliminate poverty	---	---
He does not understand the management of economy	---	---
His Administration has further alienated the American Negro from the mainstream of American life	---	---
He does not have the confidence of youth	---	---
He does not have the confidence of the working man	---	---
The conduct of his Administration in Washington will be a handicap to other Republicans running for election	---	---
His personal life is not satisfactory	---	---

10) Of the national leaders of either party, which one do you personally view as the man most worthy of your enthusiasm and support

Scott	Percy	Griffin	Muskie	Finch
Nixon	Mitchell	Wallace	Harris	Baker
Agnew	Reagan	Lindsay	Edw. Kennedy	Other
Rockefeller	Brooke	McCarthy	Hatfield	
Romney	Laird	Humphrey	Rumsfeld	

11) What is your age?

under 30      31-40      41-50      51-60      61 and over

## Land Reform - from page 3

government for half a century, but they have also more than tripled their agricultural production since the 1930's; and their higher incomes have fueled the growth of urban industry to supply consumer goods and agricultural inputs. A similar promise was made and kept in Bolivia—with less bloodshed—and made and kept without any revolution at all in Japan, Taiwan (ten years too late), South Korea, and Iran. Such a promise has recently been made in Peru.

### UNKEPT PROMISES

But the Russians, Chinese, and North Vietnamese didn't keep their promises; once the revolution had succeeded, they launched into a second stage of "land reform," which involved the collectivization of holdings under the state as a kind of super-landlord. The Russian "land reform" killed or deported millions; the Chinese killed 800,000 or more; the North Vietnamese, 50,000 to 100,000. This was the "land reform" path also followed by the Cubans.

And the peasants' unhappiness with the arrangements in these countries could be detected in their drastically reduced productivity. Russia took until 1953 to return to its 1928 (pre-collectivization) level of agricultural production. China is about even now. Taiwan, by contrast, has doubled its rice production since the land-to-the-family-farmer reform has begun. Cuba is still behind the pre-Castro level.

Thus, we have a rather strange set of facts:

1. Mexico, Japan and other countries have carried out massive land reform basically on the family-farm pattern and have reaped the twin benefits of long-term political stability and a sustained increase in production.

2. Russia, North Vietnam, and other countries that have ruthlessly collectivized the land have secured a consistently miserable production record from their sullen peasants.

3. Nonetheless, those who call themselves Communists have been able in much of the developing world—including Vietnam and Latin America—to hold themselves out as the genuine agrarian reformers.

### AN EFFECTIVE ALTERNATIVE

The problem, it seems to me, is that the United States has not effectively offered an alternative; and until we do, we will be faced with a continuous series of Vietnam-type crises built on peasant unrest around the world.

Our alternative is land reform—broad land reform, with fair compensation to the landowners, that gives the great mass of peasants a stake in their society and an incentive to produce. Land reform eradicates the key appeal that has been used in starting "wars of national liberation"; and it can "revolution-proof" the developing world against such enticements, as it has

most notably done for the Bolivian peasant against the call of Che Guevara and for the South Korean peasant against the efforts of the North to start a behind-the-lines "people's war."

There is no sounder, higher-priority use of our foreign aid dollar than in the reform of land tenure. We must think in terms of four related ideas in order to use that land reform dollar most effectively and with maximum leverage:

1. *Information.* We are woefully short of detailed data on the land-reform problem around the world. Too many political officers in overseas embassies send back their assessments of rural unrest based on what they have heard at English-speaking, urban cocktail parties—instead of on what they have observed while bounding along back roads in a jeep.

In Latin America, a preliminary assessment based on non-government scholarship indicates that countries on the "critical list," as prime candidates for peasant-based revolutions over the next decade or so, include Brazil, Ecuador, Paraguay, and most of Central America. In Asia, the list includes the Philippines, Indonesia, India, Pakistan, and Nepal. Systematic gathering of comparative data on tenancy, agricultural labor, land values, credit needs, and related matters in these and other developing countries should be initiated at once.

2. *Compensation.* In most nations, politically viable, non-revolutionary land reform programs must first assuage the landlords' doubts that the bonds they receive for their property will ever be paid off. To resolve these doubts, a central element in our land-reform strategy should be the creation of a multilateral agency to act as guarantor of land reform bonds issued by individual countries. Under such a plan, the U.S. could pledge one dollar to the capital of such an agency for every dollar (or two dollars) put up by other developed countries and for corresponding, though lesser, amounts put up by the developing nation.

### E.G., NORTHEAST BRAZIL

Brazil, for example, badly needs a land reform program in its teeming Northeast, where 70 percent of the 30 million population is rural and 70 percent of that element is landless. According to a preliminary estimate, it would cost about \$1 billion to carry out such a program over a period of seven to ten years. If the Brazilians wanted help—and most of the nations in Brazil's position are desperate to find a way out consistent with not bringing their governments crashing down—they would enter into an agreement with the insuring fund. For an approved plan (one giving the bulk of its benefits to the landless tenant and plantation worker), the fund would guarantee the principal and interest of the land reform bonds to be issued.

The chief source of bond retirement would be a sinking fund established under agreed-upon rules, into

which the peasants would make payments for their land over a period of perhaps 15 years. Meanwhile, the original landowners would know that the international community stood behind the bonds (which, however, they would be allowed and encouraged to transform into needed non-inflationary capital goods from the start).

Very preliminary calculations suggest that \$1 billion of land reform in Brazil could be bought at a net outlay by the U.S.—through the international fund—of only \$100 to \$200 million. For the above-named “critical” countries as a group, preliminary data suggest that land reform with a gross cost of some \$6 to \$8 billion would likely “revolution-proof” most of the developing world for the next couple of decades, and that the net cost to the U.S.—through the fund—would probably be less than \$2 billion, or what it costs us to fight in Vietnam for a month.

3. *Credit.* The fund should also be a vehicle for credit and supporting services to the smallest farmers. Too much U.S. agricultural credit assistance—including that for the “miracle” rice and wheat programs—appears to be going to the solid, traditionally credit-worthy farmer, and not to be benefiting the masses of rural poor in any way. (Even if more rice is produced, they still can't afford to buy it.) Credit might be generated partly by fund guarantees to commercial banks, and partly by direct establishment of a revolving fund to be replenished by peasant repayments. For the “critical” countries, this package of supporting services might come to a further \$3 to \$4 billion with a net U.S. outlay of less than \$1 billion.

4. *Bilateral aid.* In a few spots, notably Vietnam, our support for land reform will have to be quick and bilateral. The failure to carry out land reform sooner is perhaps the greatest tragedy of the whole Vietnam involvement. Fortunately, the Vietnamese at least seem to be moving strongly on a radically simplified, sweeping land reform program, with a total cost of \$400 to \$500 million (no peasant repayment, since we are competing with a purportedly “free” Viet Cong program). The U.S. should bear as much of this as needed—the whole amount is a week's cost of the war—to keep the program moving *fast*.

## AVOIDING NEW TRAGEDIES

In certain proximate countries, like Panama or the Dominican Republic, a few tens of millions for land reform now may help avoid tragedy in the 1970's; and strategic considerations may suggest immediate bilateral assistance.

In summary, with the right priorities and with imaginative programs, and at a total cost of perhaps \$3 billion spread over a decade or more, the U.S. can become the “champion” of land reform; help bring about markedly increased political stability in the developing world; and help motivate a marked increase in agricultural production.

For a tiny fraction of what it has cost us in Vietnam, the United States can buy insurance against future Vietnams, and can bring a higher standard of living and a more meaningful existence to millions of people whose lives are now more reminiscent of the Middle Ages than the 20th Century.

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## Book Reviews - from page 18

answer of all, “yes,” and know specifically what he is agreeing to. Such propositions have been few and far between in the foreign policy field, as well as in our less cosmic affairs.

The beauty of a yesable proposition is that even if it is not accepted immediately, it exerts considerable influence on an adversary, because it instantly defines what he is fighting for. The mere statement of such a proposition renders every threat one makes and every bit of pain one inflicts more meaningful, because the adversary can avoid it all by accepting the offer on the table.

In most conflicts, however, the only way for an adversary to yield is to cry “Uncle,” to confess total discouragement and total defeat. In so doing, the adversary yields, in advance, to whatever specific demands the victor may impose. This prospect, understandably, has had little appeal for our adversaries on the international scene. It is not enough to call yourself a reasonable man and to claim limited goals in a conflict, as Presidents Johnson and Nixon have done in Vietnam. Hanoi is not reassured to see that West Germany and Japan have enjoyed unprecedented prosperity — and undergone unprecedented internal changes — after surrendering unconditionally to the U.S. and its allies. For the very act of crying “Uncle” would put an adversary at our mercy — and subject it to unpredictable decisions, which a bitter enemy must fear above all else.

To develop a yesable proposition, one need only refer to Fisher's “map” and “balance sheet.” The map is a three-by-four matrix whose 12 cells force a clear definition of the problem and the yesable proposition. Fisher poses four questions — who, what, when, and why — about a given objective and the offer and threat planned to achieve that objective. For example, the objective must be formulated in terms of the opponent who can decide to hand it to us, exactly what decision he must make, by what moment must he make that decision, and what reasons can he give to his other adversaries — his domestic rivals — to gain their acquiescence.

The balance sheet is a means of summarizing the consequences of accepting or rejecting the yesable proposition. As in the influence map, the offer and threat are analyzed, but this time only in terms of their costs and benefits as perceived by the adversary.

Fisher closes out the book with a remarkable *tour de finesse* — yesable propositions for working-level State Department officials, which can be put to them by the Secretary (or which can first be put to the Secretary, if necessary, by the Senate Foreign Relations Committee.)

My yesable proposition to the reader of this review is that he go out and buy Professor Fisher's book, and then read it. Even the proudest of courtiers should welcome a treatise that will help him to outmaneuver his rivals and to advance his own aims more effectively than ever before.

CHRISTOPHER W. BEAL

# 14a ELIOT STREET

Ripon Research Director **Robert D. Behn** has taken a position in the Massachusetts State House as an aide to Governor Francis Sargent on Urban Affairs. Bob has made major contributions to Ripon as editor of *The Lessons of Victory*, Ripon's book on the 1968 elections, and as director of the Ripon Research Consortium which has supplied research on a confidential basis to several Republican Senators, Congressmen and Governors. He will continue to be active on Ripon's National Governing Board and in its Boston chapter. Behn will be replaced as Research Director by **Howard L. Reiter**, who has been a frequent contributor to the FORUM.

Effective November 8, **Josiah Lee Auspitz** has returned to the Ripon Presidency after a stint at the White House on the President's Advisory Council on Executive Organization.

Ripon's Seventh Anniversary Dinner will be held at the Statler Hilton in Washington, D.C. on January 17. Principal speaker will be **The Hon. John B. Anderson** (R. - Ill.), Melvin Laird's successor as Chairman of the House Republican Conference. Sponsors of the dinner are: **Edward Burling, Jr., John Sherman Cooper, Peter H. B. Frelinghuysen, Jr., Stephen Horn, John V. Lindsay, Dan W. Lufkin, Charles McC. Mathias, Paul N. McCloskey, John A. Nevius, Ely M. Peterson, William B. Saxbe, Richard Shields** and **Wylle H. Whisonant, Jr.**

The Cambridge chapter met with State Rep. **John A. McGlennon** to discuss his 1970 campaign for Congress in Massachusetts' Third District. The chapter plans to meet in December with **S. Lester Ralph**, the newly elected reform mayor of Somerville (a town lying to the north and east of Cambridge). Ralph's campaign was masterminded in part by Cambridge chapter member **Maris Vinovskis**.

The *Seattle Post Intelligencer* recently wrote an article on **Bruce Chapman**, Ripon's National Director and speechwriter for **A. Ludlow Kramer**, defeated Republican candidate for mayor of Seattle. Comparing Chapman's position papers and statements to the work of the late **Adlai Stevenson**, the author went on to praise Chapman as one of the "new breed" of young political activists, like the **McCarthyites** and the **Lindsay** campaigners, who believe "the system can be reformed from within."

Chairman of the Boston Finance Commission, **John Sears**, joined the Boston chapter for luncheon on November 24th. In addition, the chapter has been coordinating the Mass. GOP State Committee, interested Republicans from the Roxbury community and a representative of the Republican National Committee to explore the possibilities of establishing an Action Center based upon a similar project successfully launched two years ago in Detroit (see June, 1969 FORUM).

## LETTERS

### PRaise FOR YOUTH

Dear Sirs:

The Progressive Action Society would like to praise the Ripon Society most highly for the progressive ideas and positions which you set forth in the September special issue on youth of your magazine. We have rarely seen these positions expressed so clearly and eloquently. The Ripon Society has done all of us a tremendous favor and we are indeed indebted to you. You are the true Republicans.

William C. Bullock  
The Progressive Action Society  
Sacramento, Calif.

### CORRECTION

Dear Sir:

Your special November newsletter was greatly appreciated for the political insights it offered on the elections, the Moratorium and Vice President Agnew.

You state, however, that, "in Philadelphia, the Specter-Gola ticket won a solid victory for District Attorney and Comptroller in a city run by Democrats for the past 30 years." The GOP did win a "solid victory" of a 100,000-vote plurality, but the Democrats have not held power for 30 years. Philadelphia, and thus the entire Commonwealth of Pennsylvania, was solidly Republican until Joseph Clark defeated the GOP machine for the first time in many years in 1947. Ex-Senator Clark then served as Philadelphia's mayor a little later, and subsequently was followed into that office by fellow Democrats **Richardson Dilworth** and the present mayor **James H. J. Tate**.

Since the Clark days, the city was in local elections solidly Democratic until former-Democrat-turned-reform-Republican **Arlen Specter** defeated **D.A. James Crumlish** in 1965. Specter lost to Mayor Tate by 13,000 votes in the mayoralty race in 1967, and **Hubert Humphrey** swept the city with a 267,000-vote plurality to capture the state. While the Democratic grip on Philadelphia has been so strong, at least in national and statewide elections, that GOP Chairman **Devlin** perennially

talks of holding the Democratic plurality in the city below 200,000, it has only been a relatively recent reversal of Republican control in 1947 that shifted the city's vote, particularly in the black wards of North Philadelphia.

Scott R. Kelly  
Franklin & Marshall College  
Lancaster, Pa.

Ed. Note: The figure incorrectly printed in the election newsletter was a typographical error.

### AGNEWISM

Dear Sir:

President Nixon should be advised to re-lease Spiro Agnew and John Volpe. Otherwise, his Administration will be thought to contain an elite core of imprudent slob.

William D. Phelan, Jr.  
Cambridge, Mass.

### SAVE LINDSAY

Sir:

There is quite a bit of talk that **John Lindsay** will be joining the Democratic party. If he does it will be a fatal blow to the Republican party.

Ever since he was a Congressman, **John Lindsay** has been scorned by the party regulars as being too liberal. And as a result he has been shunted off to the side and ignored.

He is a most valuable asset to the Republican party. He is or was proof that the Republican party cares about the needs of the cities and that progressive leadership could flourish in the Republican party.

If he goes over to the Democrats, it will show otherwise.

I hope the Republican party can prevent this from happening. If it doesn't it could be the beginning of the end — for the Republican party.

Raffy Chengrian  
Dorchester, Mass.

# Winning the Working Class

Not since the 1930's has organized labor in America been under such internal pressure and strain as in this first year of the Republican ascendancy. At the annual AFL-CIO convention in Atlantic City this fall, the leadership of organized labor found itself on the defensive — angrily defending or justifying its record on race relations and inflation and its support for the war in Vietnam. The Atlantic City confrontation was a public airing of the issues that have increasingly divided union leaders and their followers, while at the same time causing the estrangement of the labor movement from its friends in the liberal and intellectual communities.

What are the forces at work behind labor's retreat from its posture as a progressive standard-bearer in the American policy? What is happening is that the labor hierarchy is trying to maintain credibility with its blue-collar constituency, which feels threatened by the apostles of change and reform. This constituency is frustrated with the educated and liberal-minded leaders who seem attuned to the plight of working-class blacks, but not to that of working-class whites; it is also militant in demanding higher wages, and too proud to "lose" a war.

### KEEP BLACKS OUT

It is no wonder, then, that white union leaders have reacted negatively to the Nixon Administration's attempts to integrate minority-group workers into the skilled construction trades. The attitude of the middle-class union member, fearful of losing his job to a black man, holds greater persuasive power for a union leader than do the Government's assurances of a booming construction industry with jobs enough for all.

Even if they win higher wages, the union heads may be unable to deal with the restiveness of their members. The labor leadership has been struggling in vain to maintain the kind of organizational strength it has wielded in the past.

The appearance of anarchy in the ranks of organized labor may seem, at first blush, to be a blessing for the Republican Party. The labor hierarchy can no longer exercise adequate control at the top, and it is faced with a revolt from below. Freed from the shackles of anti-Republican union propaganda, the

working man conceivably could become an element of a modern Republican coalition. And the fact that 75 percent of the labor force is non-union can only add to the optimism of the GOP. But a number of caveats are in order.

First, there is the problem of inflation. The Democrats created it, but it will be a Republican albatross if President Nixon fails to deal with it. If the inflationary spiral continues at its present rate, the working man—as a consumer—will vent his aggression on the Administration. If inflation is slowed at the cost of the employment rate, the GOP will similarly be the target of the frustrated blue-collar worker, whose fears of joblessness will be compounded. Increases in unemployment have traditionally led the rank and file to line up solidly behind the union leadership.

### MILITANT HAWKS

Second, there is the war. It is almost certain that a majority of middle- and working-class Americans do not share the anti-war feelings of the students and most of the upper middle class. The 40,000 American men who have died in Vietnam were, for the most part, sons of the working class. Should a Communist government ever come to power in Saigon, President Nixon will have to answer to the parents, relatives, and friends of these war dead.

It is easy enough to imagine George Wallace making a Vietnam "defeat" the guts of his 1972 campaign for the Presidency. In this light, it is also easier to understand President Nixon's reaction to the Vietnam Moratorium — a conscious accommodation to these members of the "silent majority."

Finally, there is the decisive question of whether the Republican Party, and Richard Nixon in particular, can appeal to the often legitimate frustrations of middle- and working-class voters. Questions of style are important here; appeals which smack of vote-getting and not of conviction are likely to produce an adverse reaction. The candidates who made significant inroads into the labor vote in 1968—Wallace, Kennedy, and even McCarthy—did so by taking an anti-Establishment stance. A conservative, in the traditional sense, cannot make much headway with these voters. Reform is the byword, and a touch of populism is of paramount importance.

The blue-collar voter is not adverse to government spending and government involvement; in fact, he demands that the government take action to solve these problems. And the administration that makes a substantial beginning on these great issues will win not only the votes of white working men, but also the support and gratitude of the vast majority of Americans.

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#### THE AUTHOR

*William J. Kilberg, a graduate of Harvard Law School and a member of Ripon's National Governing Board, presently is a White House Fellow with the Dept. of Labor. His views do not necessarily represent those of the Secretary or the Dept. of Labor.*

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