

Letters to the Editor

Dear Sir:

Colin Gray is right in his conclusion (SALT II: The Real Debate, Fall 1979) that, despite all SALT II's obvious defects and imbalances, the main thing to grasp is that only its outright rejection could create the climate for the Western strategic turn-around on the grand scale that is now mandatory. This is especially the case in Europe where, however, the shock would be far greater because the Soviet military threat is closer and "détente" has eaten deeper.

For the majority of Europeans, especially in the weaker countries, the bottom would fall out of a world insulated from increasingly harsh strategic realities by two decades of addiction to illusions. Fortunately there is also a numerous and robust minority which would be relieved and invigorated by the challenge. But they would be hard put to stop a slide into panic diplomacy under the Soviet psychological warfare megatons.

It would be a close-run thing; yet, in view of the awful alternative and also of signs of a real change in the political climate, a gamble worth taking. I refer not only to the growing national feeling and defense-consciousness in America. Even more so in Britain, too, the new Conservative Government, returned with a clear majority and a mandate to reverse national decline at all levels, is setting about the task with exemplary vigor and consistency.

That this applies as much to defense as to the economy is demonstrated by the fact that

Britain, in addition to its wide existing range of nuclear and conventional commitments to NATO, has made no bones about accepting 160 GLCMs — and that without any of the cavilling that has been universal on the Continent.

There has been a similarly forthright response from the West German Opposition led by Herr Strauss. While respecting Herr Schmidt's efforts to hold his own against the powerful pacifist-neutralist leftwing of his Social Democrat party, one cannot but hope that Herr Strauss will win the absolutely crucial Bundestag elections next autumn and thus put the European turn-around firmly on the road and also ensure against Ostpolitik adventures.

Colin Gray is also right when he says that the continuous Western enthusiasm for SALT needs to be explained by a psychologist rather than a defense analyst. In the nuclear age the former may be even more important than the latter. In the matter of the neutron weapon the psychologist "antis" beat the establishment "pros" hands down.

In a nuclear-age alliance neuroses increase in direct ratio to numbers. The popular outcry against the neutron weapon was rather like the patient's fury when the psychiatrist leads him back to cold reality out of the sheltering illusions of his complexes.

What the Europeans want is deterrence provided by weapons that are so totally "non-warfighting" as to be unusable. The existing old and dirty tactical nuclear

weapons fitted admirably. As they could well do more damage to friend than to foe, the Europeans were happy in the comforting certainty that they would never be used. At the same time the Europeans persuaded themselves that these weapons, although "incredible" to them, somehow remained "credible" to the Russians.

These cozy assumptions were shattered by the neutron weapon, tailor-made to cause maximum loss of life and damage to foe and minimum to friend. This made it useable and, alarmingly, credible to friend as well as to foe. The fact that it was a vastly superior deterrent was not considered relevant.

The same attitude is responsible, however subconsciously, for objections to the proposed new long range theatre weapons. The Russians, it is felt, had accepted the existing, more-damaging-to-friend-than-foe type weapons. So why upset them by introducing the nasty credible newfangled stuff?

Deeper down is the desire to push as much as possible of the responsibility for the defense of Europe onto American strategic weapons. SALTs are trade guarantees, from both sides of the market, that everything is okay and money will be refunded if not satisfied.

America, in negotiations with the Europeans on these matters, will need great skill, superhuman patience, and the ability, when necessary, to put the fear of God into the Europeans as much as into the Russians. It might be a good thing to resuscitate Senator Fulbright, somehow contriving to make him terrifyingly credible to Europeans while ensuring that he

remains totally incredible to Americans.

R. H. C. Steed
Daily Telegraph
London

Dear Sir:

Colin Gray ("SALT II: The Real Debate" Fall, 1979) suggests we must reject the SALT II Treaty to generate the support needed for a radical response to a Soviet threat unconstrained by SALT. A closer look at the issues reveals the fundamental shortcomings of his argument.

First, does SALT II constrain the Soviet Union in a meaningful way which will serve our own national security interests? Secretary of Defense Harold Brown has testified that this nation would face a substantially larger threat without SALT II than with it. Without it, according to the Secretary of Defense, we could face 30 percent more total missiles and bombers, 50 percent more MIRVed strategic missiles, 75 percent more MIRVed ICBMs, and more than double the number of silo-killer warheads. In particular, since the Joint Chiefs of Staff have pointed out that none of our strategic programs will be effectively constrained by the treaty package, it makes little sense not to significantly limit the Soviets while leaving the U.S. unfettered.

Second, we need SALT to manage our defense programs more effectively. The Joint Chiefs of Staff testified that the unrestrained strategic competition we would face without SALT would delete

resources needed for our conventional forces — no matter how much more we would commit to defense. The rejection of SALT would distract our attention and our resources from the capabilities we need to have to meet the demands of Soviet adventurism around the world.

Third, the rejection of SALT would also diminish our knowledge of the threat we would face and must defend against, because the Soviet strategic buildup would be less predictable in the absence of SALT restrictions on Soviet weapons and SALT prohibitions against concealment from our national technical means of observing them.

Fourth, Mr. Gray refers to the dangers of euphoria under SALT. I submit that the rejection of SALT could bitterly polarize Americans about the most critical policy issue of our time — our national security. A minority can defeat SALT but we must rebuild a stable working majority on national security matters if we are to maintain our military strength. Regardless, the decisions to go with the MX, to meet the commitment to increase defense spending by 3%, and to modernize theater nuclear weapons clearly indicate that Mr. Gray's predictions about euphoria and appeasement are on shaky ground.

Gary Hart
U.S. Senate
Washington, D.C.

Colin Gray replies:

I would like to offer a brief response to the letters by Mr. Steed and Senator Hart commenting upon

my article.

Mr. Steed, I believe, is exactly correct. His letter is a very significant British contribution to the SALT II debate, and I hope that it is read (and pondered) widely in the United States. Unfortunately, I also agree with Mr. Steed that vis-a-vis the push to defense versus the pull to appeasement) “[i]t would be a close-run thing.”

As an Englishman living in the United States, and working within the U.S. defense community, I have noticed that far too many of my friends and acquaintances here are unduly sensitive to potential charges of “ugly Americanism.” In matters that bear upon international security, many Americans are far too polite in their face-to-face interactions with the citizens of allied countries. It is true that the defense of NATO-Europe is a vital American national interest, but that interest pales in comparison with the NATO-European interest in their own defense.

The United States, at the government-to-government and at the citizen-to-citizen level, should have no truck with (NATO) policy urges which are military nonsense. A very large fraction of U.S. defense expenditure is driven by the putative needs of NATO-European defense — the U.S. has every right to insist that NATO policy not be skewed in military irrational ways by what amount to half-baked or even — in some instances — actually treasonably motivated opinions that lurk within the ranks of some governing political parties in Europe.

Pacifism and treason in NATO-European political life cannot be accommodated — one cannot “strike a bargain” and offer, say,

300 or 200 modernized deep-strike theatre-nuclear delivery systems (instead of the proposed 572). The far left in Europe wants as little real defense as possible. Mr. Steed may not endorse all, or even many, of the thoughts expressed here, but at least I am confident we agree that there is a tougher, more resilient NATO-Europe, than often is perceived by Americans.

Senator Hart's letter is, I am sure, as sincere and thoughtful, as I believe it to be in error. His letter is such a standard pro-SALT II pitch that I am afraid of boring readers with a detailed, and surely familiar response. I will be as brief as possible.

(1) Senator Hart, citing Secretary of Defense Harold Brown as his authority, claims "that this nation would face a substantially larger threat without SALT II than with it." My response is as follows: duly licensed by SALT II, the Soviets can develop all the military threat that they need against our military and civilian targets (i.e., even if the Senator is right, it does not much matter); next, it is not at all obvious that the Soviets have the amount of "slack" in their high-technology production potential that the Senator (and Secretary Brown) suggests; and finally, this claim virtually amounts to an admission of (successful) blackmail.

(2) The Senator claims that "it makes little sense not to significantly limit the Soviets while leaving the U.S. unfettered." Is it even half-way plausible that the Soviet Union we know so well would place itself in such a condition? For the record, SALT II has already (just in prospect!) driven the Carter Administration to select a technically highly suspect basing mode for the

MX ICBM (the so-called "race-track," or "closed loop arrangement"), while the initiation of SALT III negotiations could well derail the MX program altogether. In addition, the "counting rules" for SALT II have malign implications for any ALCM deployment by NATO-European countries. More generally, SALT II, following SALT I, counts the wrong things — launchers, rather than missiles or payload. Finally, the Soviets are not fettered in any important way *vis-a-vis* strategic missions for the period 1980-85.

(3) Senator Hart raises the old *canard* of how an "unrestrained strategic competition" would "delete resources needed for our conventional forces." Absent SALT II, the strategic competition would not be unrestrained, of course. The strategic competition was legally unrestrained prior to March 1972 and I do not recall dire consequences that flowed from that fact. If the kind of strategic forces (offensive and defensive) build-up that I would like were to "delete resources needed for our conventional forces," then the Congress and the Administration would be guilty of grave neglect of the national interest. As I said, several times, in my article, I believe that our military security condition is becoming sufficiently parlous that we need to make a "non-incremental" response — and that includes a budgetary response. We lost a generation of military modernization as a consequence of the way in which the Vietnam War was mismanaged, and we continued to lose ground thereafter because of a fallacious arms-control ideology.

I repeat my argument that endorsement of SALT II has to en-

courage a “business as usual” spirit in the West — Mr. Carter’s three percent defense budgetary increase really makes my point for me.

Dear Sir:

Ernest van den Haag (“Should the Government Subsidize the Arts?” Fall, 1979) correctly assesses the value of elitism in the arts: quality should not be compromised to achieve popular support and government subsidies. But he carries his arguments to incorrect and extreme conclusions. Either as a result of having to elbow his way through the Met on a Sunday afternoon or having an extremely narrow view of what constitutes a subsidy, van den Haag concludes there is nothing wrong with returning possession of the arts to the wealthy elite.

Examine the word “subsidy.” What is the \$23 million the Baltimore Colts owner, Robert Irsay, is demanding from the governments of Baltimore and Maryland in stadium renovations — for his hope to “bring the fans back” and presumably make a bigger profit? Or New York City’s purchase and \$100 million renovation of Yankee Stadium, or the \$163 million spent on the Louisiana Superdome? (The entire National Endowment for the Arts budget for FY75 was \$74 million.)

Magazines and books receive preferential postage rates, the value of which was recognized by Benjamin Franklin, who believed the nation was well served by an unrestricted flow of information. But it’s still a subsidy.

Churches (from the Catholic

Church to the Moonies) have used their tax-exempt status to extraordinary advantage, amassing huge real estate holdings and other wealth.

Our museums and performing arts *are* intertwined with the fabric of our social and political life. With 10 million visitors a year, the Smithsonian’s Air & Space Museum is said to be the busiest museum in the world; Wright, Lindbergh and Armstrong *are* Americans. Chicago’s Museum of Science & Industry and the Ford Museum in Dearborn have inspired generations of youth to pursue the technical fields in which the United States excels.

Pianist Van Cliburn, a second-rate artist in the eyes of many music critics, became a household name through the *political* ramifications of his Tchaikovsky Competition victory in Moscow at the height of the Cold War — complete with a New York City ticker-tape parade, appearances on “What’s My Line?,” and so on.

If the arts are “socially irrelevant,” would advertisers use Arthur Fiedler and Roberta Peters to sell orange juice, Grant Wood’s farmers from “American Gothic” to put corn flakes on the breakfast table, Alexander Calder to decorate Branniff’s air planes, or Luciano Pavarotti to push American Express cards?

Don’t worry about the Isaac Sterns, Van Cliburns and Mikhail Baryshnikovs getting your tax dollars. Not only do the full houses they attract pay for their fees, but their names help to sell other events on subscription series as well. The typical symphony musician, ballet dancer (during his brief career), opera chorus singer, or legitimate stage performer does well to earn

what the average American worker earns.

Several polls including Louis Harris Associates, have shown that between 60% and 70% of the population would use a "check-off" on the IRS Form 1040 to contribute to the National Endowment for the Arts *over and above* what is taken out of their taxes.

James Benfield
Washington, D.C.

Dear Sir:

Ernest van den Haag has provided some interesting points on the abstract subject of "governments supporting art," but I feel that if he had a better idea of how the National Endowment for the Arts works; a clearer picture of how the arts — a labor-intensive growth industry — are growing all over America (and the financial difficulties they face); and if he focused more on the role the arts are playing and can play in our national cohesion, and less on the role they have played; then he might modify his conclusion and agree that it is appropriate for our government to help create a climate in which the arts can flourish so that they may be experienced by everyone.

The Endowment acts as a catalyst. By requiring matching private dollars for its grants, partnerships are engendered, local level support is tapped, community interest is spurred and organizations improve their fundraising abilities and insure their independent survival. Further, the grantees are selected by panels of artists and arts experts, not by government workers. These panels are rotated an-

nually to insure impartiality and a continually refreshed view of the field. This is different from what Mr. van den Haag refers to as subsidizing government-selected art.

The Endowment's budget has grown dramatically since its inception;¹ but it began small, is today roughly .00026th of the federal budget, and, over the past decade, has not kept pace with the growth of the arts constituency.² Not-for-profit cultural activities are plagued as never before by earnings-gaps,³ while the percentages of unearned income from federal sources are on the decline. Audiences have increased tremendously,⁴ yet there are still many who express a desire to have access to the arts who do not. These figures and factors point to one thing: the arts are coming to be appreciated as an essential, an indispensable, not a tacked-on frill,⁵ and their abiding value and ability to provide something, as Lewis Mumford said, "as essential to man as his daily bread" are being recognized.

The Government's role — through the Endowment — as a catalyst, a junior partner, in the arts world is best spelled out in the enabling legislation (which I helped prepare back in the early 60s) . . .

"The encouragement and support of national progress . . . in the arts, while primarily a matter for private and local initiative, is also an appropriate matter of concern to the Federal Government; and . . .

"the practice of art requires constant dedication and devotion and that, while no government can call a great artist into existence, it is necessary and appropriate for the Federal Government to help create and sustain

not only a climate encouraging freedom of thought, imagination, and inquiry, but also the material conditions facilitating the release of this creative talent.”

Livingston L. Biddle, Jr.
 Chairman
 National Endowment for
 the Arts
 Washington, D.C.

- 1) From \$2.5 million in 1965 to \$154.4 million in 1980.
- 2) Since 1965, number of Professional Symphony Orchestras has grown from 58 to 144; Professional Opera Companies from 27 to 65; Professional Theater Companies from 22 to 270; Professional Dance Companies from 37 to 200; State Arts Agencies from 7 to 56, spending today \$80 million in state appropriated funds to support the arts, rather than the \$4 million of 14 years ago; and Community Arts Agencies have grown from 150 to 1,800.
- 3) Theaters are estimated to earn 65% of their operating expenditures; dance 58%; orchestras, 55.5%; opera companies, 52%.
- 4) Opera audiences, for instance, were estimated at 1.7 million in 1964; 4.6 million in 1969; and 9.2 million in 1977.
- 5) A nation-wide 1975 survey conducted by the National Research Center of the Arts found that 93% of those interviewed felt that theaters, museums, concert halls, and the like were important to the quality of life in a community.

Ernest van den Haag replies:

I appreciate Mr. Biddle’s comment and, as instructed, I have tried to focus on the role “the arts are playing in our national cohesion.” Yet I am unable to modify my conclusions.

The Endowment “acts as a catalyst and requires matching grants and thus spurs fund raising and community interest.” No doubt “the grantees are selected by panels of artists and art experts, not by government workers.” But who selects these panels? And what justifies their expenditures of money taken from taxpayers who should be allowed to make their own selections? (On the selection process and the resulting selection, I refer the reader to Ronald Berman’s brilliant “Art vs. the Arts,” *Commentary*, Nov. 1979. Unfortunately he more than confirms my apprehensions.)

Mr. Biddle suggests that the Endowment’s budget has “not kept pace with the growth of the arts constituency.” Isn’t the “arts constituency” in large part the creature of the Endowment’s budget? Isn’t Mr. Biddle using the budget to create the constituency while justifying the budget by the constituency it creates? Although popular in Washington, this method of justification seems a little circular.

“Not for profit cultural activities are plagued as never before by earnings gaps.” I should think that this indicates that people are unwilling to pay for the cost of what they are given — a signal for reducing the cost, or the offerings. Mr. Biddle regards the gap as a signal for further federal subsidies. Why? “Audiences have increased tremendously . . .” Surely more is sold of anything at subsidized prices than otherwise. But the fact that “there are still many who express a desire to have access to the arts and who do not” no more justifies a subsidy than the fact that there are still many who would like to have access to caviar or flowers and do not, would justify a subsidy

to producers of either.

If "these figures" (indicating the popularity of art) show that art is "essential" or "indispensable," would figures showing the popularity of beer show that it is "essential" or "indispensable" and deserving of a government subsidy? If not, why are people willing to pay for beer but not for the more "essential" art? And why is the government willing to subsidize art? Perhaps "art is essential to many as his daily bread." But man volunteers to pay for his daily bread with his income; if he does not volunteer enough for art, in the eyes of the government, should the government take the money from him and give it to the art producers?

It is not the task of a democratic government to decide for the people what is essential to them and to buy it for them with money taken from them — when people could, if they so desired, purchase for themselves what the government provides. Public expenditures are justifiable when they provide something needed that could not (or not efficiently) be provided by private expenditure. I can't see how the grants or activities of the National Endowment can be so justified.

Arguments for the arts are not arguments for government support of the arts, even if the latter are "essential" — and to some people they are. Why should the man to whom music is essential not pay for it? But why wouldn't he? I share my correspondents' liking for the arts, but not their liking for government subsidies. I wonder whether some politician next will want to subsidize sex: It is popular, "essential . . . yet there are still many who express a desire to have access . . . who do not."

Mr. Benfield is right on the facts, which I did not fully and accurately describe, for which I apologize. But I cannot agree with his interpretations.

Baseball. Mr. Benfield correctly points out that baseball is often indirectly subsidized by local governments. This does not argue, as he implies, for a federal subsidy of baseball — or of the arts. (As I suggested, the case for baseball would be stronger in terms of social cohesion.)

Local governments mainly subsidize baseball for competitive reasons: to bring employment and (taxable) income by drawing it away from somewhere else. New York thus may compete with New Jersey. With whom is the federal government competing? What is the social advantage of drawing people from Oshkosh to Washington? Without the subsidies there would be no less baseball. The players might be paid less or the spectators would have to pay more. This would leave me unmoved — I can't see why taxpayers should be compelled to subsidize either.

Magazines and books. Mr. Benfield correctly notes that since Benjamin Franklin taxpayers have subsidized the transportation of printed materials via low postal rates. This subsidy now mainly benefits advertisers, either directly (via junk mail) or indirectly (via the advertising content of magazines, etc.). I favor the withdrawal of this subsidy. (Subscriptions to magazines might become more expensive, but the distribution of books would hardly be affected.) I cannot see why taxpayers must subsidize magazine, baseball, or opera fans.

Churches. Exemption from taxes is sometimes called a subsidy. This

is a silly bit of wordplay. We do not say that Mr. Benfield is subsidized if the government fails to take away as much as of his income as it could. Churches are tax exempt. I do not object to such an exemption (not taking money) for the arts either. I object to a subsidy (giving money). Mr. Benfield, finally, is quite right in pointing out that many museums are popular, that advertisers use

public personalities because they are popular, sometimes including artists. But why does the popularity of the arts argue for subsidies? If they are so popular, why must the arts be subsidized? Indeed Mr. Benfield points out that according to polls many people are willing to volunteer contributions to the arts. If they do mean it, this would make subsidies superfluous.

THE U.S. BALANCE OF PAYMENTS AND THE SINKING DOLLAR

Wilson Schmidt. Foreword by Harold W. Hochman. *An International Center for Economic Policy Studies Book*. Schmidt explains the various concepts and measures of the balance of payments and evaluates critically why it is currently a major topic of policy concern. "A very topical book . . ."—*Library Journal*

157 pages, \$10.00 cloth, \$4.95 paper

THE NEW PROTECTIONISM

The Welfare State and International Trade

Melvyn B. Krauss. Introduction by Harold W. Hochman. Foreword by Edwin J. Feulner, Jr. *An International Center for Economic Policy Studies Book*. "A . . . summary of the arguments for and against free trade together with an excellent survey and analysis of the international trade effects of welfare state interventions . . . An important book."—*Challenge Magazine*

119 pages, \$10.00 cloth, \$4.95 paper

THE NEW INTERNATIONAL ECONOMIC ORDER

A U.S. Response

David B.H. Denoon, editor. *A UNA-USA Book*. Provides a quantitative and balanced assessment of alternative policy strategies that the U.S. could select in dealing with the central issues raised in the current NIEO debates.

256 pages, \$20.00 cloth, \$8.95 paper

REGIONAL ENVIRONMENTAL POLICY

The Economic Issues

Horst Siebert, Ingo Walter and Klaus Zimmermann, editors. The first book to integrate economic and political dimensions of pollution control in a regional framework.

296 pages, \$28.50

ISSUES BEFORE THE 34th GENERAL ASSEMBLY OF THE UNITED NATIONS

Frederic Eckhard and Donald J. Puchala, editors. Timely guide to the global issues in the UN agenda for 1979-80, with facts, figures, and a summary of recent events. Special interpretive essay by Leon Gordenker.

132 pages, \$10.95

ARMS TRANSFERS AND AMERICAN FOREIGN POLICY

Andrew J. Pierre, editor. *A Council on Foreign Relations Book*. A symposium which addresses the pros and cons of arms transfers, political, military and economic and also examines the policy dilemmas arising from this ubiquitous aspect of contemporary affairs.

331 pages, \$22.50

JAPAN AND THE UNITED STATES

Challenges and Opportunities

William J. Barnds, editor. *A Council on Foreign Relations Book*. The authors identify the causes of the growing difficulties facing the two countries and propose ways to cope with current and future strains to their relationship.

286 pages, \$15.00 cloth, \$6.95 paper



NEW YORK UNIVERSITY PRESS
Washington Square, New York, N.Y. 10003

Tilting at Windfall Profits

WILLIAM E. SIMON

“There are ten thousand stout fellows in the streets of London ready to fight to the death against Popery,” observed Dr. Johnson, “though they know not whether it be a man or a horse.” A similar state of affairs reigns in Washington, D.C. There are ten thousand stout fellows in the Carter Administration ready to do and dare against windfall profiteering in the oil industry — though they know not whether it be a man, a horse or, as I will argue here, a dragon (which is to say, a mythical beast).

But let us look first at the economic history of the notion. According to Mr. Arthur Seldon, the author of that indispensable little guide, the *Everyman Dictionary of Economics*, it was Keynes who invented the term “windfall profits” to describe those entirely unforeseeable economic gains which accrue to people *as a result of inflation*. Here is a Keynesian argument which contains some truth. Inflation is a mixed curse. Not only economically and socially disruptive in general, inflation also inflicts disproportionately severe hardships on some groups and confers actual economic advantages on others. It does so, moreover, in an arbitrary, capricious and unforeseeable fashion.

Debtors, for instance, benefit from inflation, which reduces the real cost of repaying debts. So do owners of those forms of property which rise in value as investors desperately seek a hedge to shelter them from the inflationary whirlwind. Houses and objets d’art are usually safe investments against inflation — but not invariably. Hence, the arbitrary windfall element in their gains. On the other hand, creditors lose by being paid back in a devalued currency. In effect, they have been paying the debtor for the privilege of lending him their money. Savers of all kinds also suffer, especially holders of fixed-income securities. And those entering the housing market for the first time find that house prices have risen so steeply that their down payments are just about adequate for purchasing a converted tool shed.

Inflation, then, rewards some with windfall profits and burdens others with windfall losses. If a government were