ultimate objectives in Europe will probably remain sufficiently antagonistic to warrant the continuation of NATO as the chosen instrument of Western defense. This overriding fact should remain the glue which binds Europeans and Americans together despite their many existing differences and those which will inevitably arise in the future. Nothing is automatically guaranteed, of course, and it could be that short-term conflicts in a worsening psychological atmosphere will obscure this identity of basic interest.

So what is to be done? There are no obvious panaceas. The international economic environment is likely to remain troubled during the 1980s, and the economic complementarities between Europe and the United States which were assumed in the past may seem less and less certain. Once this is recognized and accepted, it may be easier to deal with individual cases on a more pragmatic basis. The European-American relationship is definitely not a zero-sum game, but it is clear that neither side of the Atlantic can achieve all that it wants or even thinks it needs. Some compromise of interests will be necessary. This will call for diplomacy of a higher order than we have been getting. The approach of Secretary of State George Shultz to the natural gas pipeline dispute, which resulted in a solution completely satisfactory to neither the Europeans nor the Americans, should set the standard for the future. It would be sad if recriminations over the typically irritating French position were to set the whole controversy off again.

The more sensitive and flexible diplomacy advocated here could make a significant difference if applied on both sides. Time and again we have seen how the lack of such skills can blow up problems beyond all proportion and how seemingly explosive and insoluble problems can be brought under control by patient and low-key negotiations. Diplomats cannot work miracles, but in the best exercise of their profession they can provide the kind of quiet, dispassionate atmosphere which the European-American relationship needs to prosper.

--- Martin J. Hillenbrand

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The Dean Rusk Center was established in 1977 to foster interdisciplinary research, service, and education concerning trade and investment. U.S. fiscal and monetary policy has been a major focus of Center study because of its increasing impact on International commerce. Other areas of concern include international political and military relations and various types of social and cultural exchanges. The Center recognizes, however, that the internal affairs of nations remain the major determinant of international relations and that domestic concerns about the values of the society, its social dynamics, and the availability of resources will continue to vie for dominance in determining a nation's posture in world affairs. Thus, much of the Center's work dwells on domestic events and different disciplinary explanations of their presence and evolution.

Admittedly, the interactions of fiscal and monetary policy, international arrangements, and domestic events cannot be fully analyzed in a specific geographic or subject context. Nevertheless, many of the Center's policy development activities concentrate on the North American region and on related subjects of agriculture, national development, business-government relations, and public governance. These weekly "briefings" reflect the convergence of the Center's diverse activities and interests.

Facts and details of events addressed in Briefings are gathered through a scanning of major daily newspapers and weekly periodicals, which are cited throughout each article. Sources of related policy and disciplinary material appear in a listing following each article. The purpose is to link facts with policy implications and academic points of view in order to present an integrated and in-depth approach to current issues. Views expressed are not necessarily those of the Rusk Center.

1. FISCAL AND MONETARY POLICY

MONETARY: DEMONETIZING INTERNATIONAL TRADE

Joint research between the Dean Rusk Center and the College of Business Administration at the University of Georgia has disclosed that barter and countertrade are expected to account for 25-30% of this year's world trade volume, with trade involving the eastern bloc, of course, being much more dependent on nonmonetary exchange (Kaszogh, n.d.). Economists and government institutions have traditionally opposed such trade as an aberration from free market principles, but currency shortages in foreign markets and growing agricultural surpluses are forcing a change in this view. The U.S. Secretary of agriculture has now publicly encouraged barter in U.S. agricultural commodities, and the Department of Commerce has an advisory group to assist U.S. businesses in countertrade (Export Wkly., 5-24-82, pp. 758).

Domestically, barter is already pervasive and institutionalized. Several national enterprises offer exchange services for people wishing to acquire or dispose of property without transferring cash. Many professionals accept goods and services in lieu of cash payments to avoid taxation, as well as to make it easier for clients without ready cash to pay their bills. Private economists estimate that unreported income from all sources could amount to as much as $420 billion. The trade volume of domestic barter organizations alone has been estimated at nearly half a billion dollars and is growing rapidly (Briefings, 8-19- 82, pp. 13-16).

Clearly, barter in the U.S. underground economy is prompted largely by a desire to avoid taxable transactions and related government regulations. From another perspective, however, barter reflects a desire of some people to exchange goods and services without having to rely on governmental and monetary structures which they no longer trust. In this regard it is noteworthy that the move away from the government's traditional antibarter position is being led by the agricultural secretary, whose clientele has been battered for years by unkept government
promises and inconsistent policies. During their campaigns, all modern presidents have vowed not to interrupt overseas food shipments for diplomatic reasons. Once in office, however, each has threatened to interrupt agricultural trade or has actually done so in the name of defense or foreign policy interests. Food recipients are thus discounting the reliability of the U.S. as a primary food supplier and are seeking other suppliers. This trend is occurring at a time when substantial domestic food surpluses and record crops have severely depressed commodity prices, imperiling the ability of U.S. producers to meet their debt payments, much less to make profits.

In most third world markets, there has been and continues to be a shortage of food, which complicates the more recent shortage of hard currency. Previously, these food shortages were accommodated by imports, largely from the U.S., financed through international loans. Now, however, the U.S. is insisting on stricter credit standards, in part because of the de facto defaults of such countries as Poland and Mexico. The resultant credit squeeze threatens to forestall continued purchases of U.S. food surpluses (Briefings, 11-19-82, p. 1; 9-20-82). Only through barter and countertrade can these countries now maintain a level of food imports sufficient to dampen major domestic unrest. Agriculture Secretary John Block has no doubt had this reality in mind when he indirectly gave government sanction to such nonmonetary exchanges despite their possible adverse impact on a monetized international economy.

While agricultural barter is now a matter of public debate, barter and countertrade in those sectors of the economy producing capital goods and services remain shrouded in conflicting statements and outright secrecy. The University of Georgia research project has sought to initiate a systematic exploration of critical aspects of barter and countertrade in these sectors (Huszagh, n.d.). The report on this study, which is being drafted, has identified several significant variables in the barter and countertrade process. There appear to be direct correlations between certain types of firms, products, and markets, on the one hand, and their dependence on and increasing use of barter and countertrade, on the other. Likewise, strong correlations exist between the sophistication of a national economy, the government's involvement in exchange, hard currency shortages, and growing dependence upon barter and countertrade. Similar correlations with respect to products are observable when perishability or oversupply is a factor. Finally, companies with strong international orientation -- both in terms of the percentage of gross annual sales contributed by their international operations and by virtue of their aggressive development of product lines in conventional international sales -- tend to be the leaders in barter, because nonmonetary transactions provide a means of maintaining sales levels in economic settings where liquidity is shrinking. In fact, some companies that are highly dependent on barter and countertrade to maintain their sales volume, employment levels, and profitability have created impressive organizations within their corporate structure to implement the barter process.

This trend toward growth in barter and countertrade to facilitate international sales will accelerate with the development of the export trading companies that were sanctioned by new legislation this fall. Presumably, the fact that bank holding companies may take an equity position in these trading companies will discourage the latter's dependence on barter, but this has not been the trend in Japanese trading companies, which are the models of success. Most likely, banks concerned about the credit worthiness of their domestic industrial clients will be more concerned to facilitate company sales than to insist upon a certain medium of exchange.

Barter and countertrade in the international environment undoubtedly will grow rapidly as long as industrial countries place strong fiscal conditions on International loans to developing countries, which, for their part, are rapidly consuming products from those industrial countries. While such trade may not be as compatible with a free trade environment as a monetized system is, it does tend to maintain the flow of goods across borders, thus forcing governments to favor trade over protection. Ironically, many traditional mechanisms of protectionism lose much of their effectiveness when barter trade exists.
Perhaps this is what causes most public sector resistance to the growth of barter. Traditional tools of protectionism, such as taxes and customs duties, are difficult to implement in a barter environment. Quotas are less impaired, but these have already been substantially discouraged by existing GATT principles developed to ensure free trade.

While barter and related forms of trade may be a natural antibody to excessive government intervention in the trade process, they pose some threats to it. By their nature, they raise the specter of widespread violations of antitrust principles dealing with market allocation, and they cause severe inequities insofar as similar monetized product trade is concerned. Moreover, the recently adopted GATT codes were not designed to ensure free and fair trade in a barter environment, and many of the world's major commodity agreements are structured for implementation in a monetized system.

If barter and counter-trade are an irresistible force in international trade, then the U.S. government and its counterparts must integrate the realities of rising volumes of barter and counter-trade with the existing domestic and international institutions that implement the free trade system. We can no longer afford to disavow the legitimacy of these forms of trade because of traditional assumptions about their theoretical impact on a monetized trade system. When severe doubts are offered (and they clearly are today) about the stability of the international monetary system, it is only prudent to accommodate second-best solutions that already enjoy phenomenal acceptance among the private traders most critical to this (and other) nation's employment and economic growth.


11. INTERNATIONAL ARRANGEMENTS

POLITICAL/MILITARY - THE ROLE OF ASEAN IN SOUTHEAST ASIA

A five-day visit to the United States by President Suharto of Indonesia during the second week of October gave the Reagan administration an opportunity to improve relations with a Southeast Asian country it now recognizes as having the potential to be a major power in Asia, along with China and Japan. Issues of continuing importance to U.S.-Indonesian relations had been addressed by a series of high-level missions from both countries during the past two years. What remained was to establish personal contact between Presidents Reagan and Suharto. At a White House dinner honoring Suharto, President Reagan announced his nomination of John Holdridge to be the new U.S. ambassador to Indonesia. That post had been vacant almost a year, after Reagan's first nominee was rejected by Indonesia and the search for a second candidate satisfactory to both governments led to several dead ends. The Indonesians are pleased with the appointment of Mr. Holdridge, who currently holds the high rank of Assistant Secretary of State for East Asia and the Pacific (Asian Wall St. J. Weekly, 9-27-82, p. 2; 10-18-82, p. 4; Far Eastern Econ. Rev. 10-22-82, pp. 28, 30 & 32).

Suharto's visit came one month after an official visit by President Ferdinand Marcos of the Philippines, a Southeast Asian country of equal strategic importance. Marcos and Suharto, having both been in power for 17 years, are the senior statesmen of the Southeast Asian region (The Far East and Australasia 1961-1982, pp. 490-544 & 990-1031). Neither came away from Washington with any new concessions, agreements, or grants, but both used the publicity of their state visits to domestic political advantage. The welcome accorded both indicated that the U.S. also has important national interests to advance through the consolidation of friendly bilateral relations with Indonesia and the Philippines. The Philippines is the only country in Southeast Asia with major U.S. military bases. Anticipating the expiration in 1984 of the leases on those bases, President Marcos did secure from the U.S. a date for talks to begin on their renegotiation.
Although no formal military relationship exists between the U.S. and Indonesia, vital security interests do figure in U.S. policy toward that country, which consists of 13,000 islands distributed in a broad equatorial arc 3,200 miles long and 1,250 miles wide between Australia and the tip of Indochina. Indonesia shares control with Singapore and Malaysia over the Malacca-Singapore Straits, a sea passage between the Indian and Pacific oceans of vital importance for the flow of Middle East oil to the West and for the naval strategies of the superpowers (Naval War College Review 34(6):49-59, Nov./Dec. 1981; Asian Survey 22(7):609-29, July 1982). Large crude carriers which cannot negotiate the narrow Malacca-Singapore Straits must utilize straits over which Indonesia has exclusive control. Because of its strategic location, Indonesia has proved persuasive in its petitions to receive arms and technology from the U.S. This year, U.S. military assistance will reach $52.6 million, an increase of 23% over the preceding year and 67% over the year before that. Much of the increase will go toward equipment for enforcing maritime security. Indonesians are already speaking openly of future purchases of land-based missiles to protect their straits. Close cooperation between the U.S. and Indonesia is thus well established (Asian Wall St. J. Nov. 23, 1982, p. 2; 10-25-82, p. 17; 10-18-82, p. 4).

More important, from the viewpoint of Southeast Asian politics, Presidents Marcos and Suharto are leading spokesmen for ASEAN — the Association of Southeast Asian Nations. Formed in 1967 by Indonesia, Malaysia, the Philippines, Singapore, and Thailand, ASEAN was to be a cooperative mechanism through which these nations could adjust to economic and political changes caused by the withdrawal of British and American military forces from the region. The Association is cohesive but structurally decentralized, with its external relations divided among national secretariats rather than handled through a central office. Indonesia's ASEAN secretariat conducts business with Japan and the European Communities; the Philippines is responsible for ASEAN relations with the U.S. and Canada (Association of Southeast Asian Nations, 1978). Thus during his visit, President Marcos spoke officially for all members of ASEAN, who are now cooperating in matters of security, economic integration, and regional political stability.

In the area of security, ASEAN countries cooperate fully, but the group avoids even the appearance of a military alliance for fear of antagonizing other countries in the region. With respect to economic integration, only since 1977 has ASEAN taken visible steps in this direction. Now, over 8,000 products receive tariff preferences when traded among member nations, though many of the items are traded lightly or not at all (J. of Common Market Studies 20(4):321-31, June 1982). Greater economic integration may come from the "single-country" status accorded ASEAN by the U.S.: Goods imported to the U.S. with at least 35% ASEAN content are eligible for lower customs duties, thus giving Association members an impetus to rationalize production systems among themselves. Although worldwide recession has affected these countries, all continue to show annual increases in gross national product exceeding those of the industrialized countries.

The factor most responsible for ASEAN unity, and for U.S. interest in the region, is Vietnam and the political instability it continues to cause. The fall of South Vietnam to communist forces in 1975 precipitated the first summit meeting of ASEAN heads of state in early 1976. The ASEAN governments have condemned Vietnam and its military adventurism in Kampuchea as directly responsible for the flood of refugees and "boat people" who threaten economic and social disruption in ASEAN countries. Thailand, the nation most burdened by the refugee problem, forcibly repatriated some Kampuchaeans in mid-1980 when international aid was not forthcoming. Vietnamese forces retaliated with an armed incursion across the Thai border. Although Indonesia and Malaysia have some sympathies toward Vietnam, all ASEAN governments were incensed by this attack on Thailand. As a result of the various threats, member nations have developed a coordinated foreign policy toward Vietnam that has brought the Association to center stage in international politics (J. of Common Market Studies 22(7):609-29, July 1982).

It should be noted that the conditions along the border between Thailand and Kampuchea which prompted the forcible repatriation of refugees and subsequent armed retaliation are again building to an explosive level. During 1981, over 102,000 refugees who had fled to Thailand from
Vietnam, Kampuchea, and Laos were resettled elsewhere, primarily in the U.S., France, Australia, and Canada. In 1982 the flow of refugees into Thailand did not abate, but resettlements dropped by more than 50%. The Thai government is unequivocal in its intention to return refugees to Kampuchea if resettlement efforts do not reach anticipated levels. Such action would no doubt again trigger a military response from Vietnam (Far Eastern Econ. Review, 10-22-82, pp. 48+; 11-5-82, pp. 10+).

ASEAN has been at the forefront of efforts to achieve an international diplomatic solution to the Vietnamese occupation of Kampuchea. While resisting Vietnam's efforts to convene a regional conference on the issue (and thus trapping ASEAN countries into de facto recognition of the puppet Heng Samrin government of Kampuchea), ASEAN took the initiative in the U.N. General Assembly which resulted in the international Conference on Kampuchea in July 1981. This in itself was a remarkable diplomatic achievement. However, ASEAN was dissatisfied with the vagueness of the conference resolution, which in effect gave undue status to the Khmer Rouge faction backed by China. During the following year ASEAN leaders went on to put together a "third alternative" coalition government for Kampuchea to serve in place of either the Heng Samrin regime or the Khmer Rouge. The coalition, formed in June 1982, consists of one communist and two noncommunist factions under the presidency of Prince Norodom Sihanouk (Asian Survey 22(10):1009-33, Oct. 1982). On October 23, the U.N. General Assembly voted 90-29 to recognize this coalition as the sole legal representative of Kampuchea. The General Assembly then approved by a larger margin a resolution on Kampuchea introduced by the ASEAN delegation and cosponsored by 48 other countries. The resolution, in addition to calling for the withdrawal of all foreign troops and free elections, authorizes the reconvening "at the appropriate time" of the International Conference on Kampuchea. It is understood that the ASEAN bloc will decide when that is (Far Eastern Econ. Review, 10-29-82, p. 12; 11-5-82, pp. 10+).

Although the U.S. government has ostensibly supported ASEAN initiatives regarding Kampuchea, U.S. policies toward Vietnam have given rise to serious doubts among ASEAN governments about the true motives of the U.S. The central element of U.S. strategy in Southeast Asia has been to make Vietnam's occupation of Kampuchea as costly as possible economically and politically. It is a policy of attrition, of "bleeding Vietnamese white." And it is a policy China strongly supports. In fact, U.S. antagonism toward Vietnam is as closely linked to the friendship between the U.S. and China as it is to specifically U.S. interests in Southeast Asia. However, the declared objective of U.S. policy -- to precipitate a withdrawal of Vietnamese troops from Kampuchea -- has not been achieved. Since their initial invasion, Vietnamese forces have operated effectively during each dry season to eliminate armed resistance from Khmer guerrilla forces. The 1982-83 dry season could well end in a conclusive Vietnamese victory (World Today 38(6):252-38, June 1982).

Aside from the military uncertainties, several other unknowns dominate speculation on the final outcome in Kampuchea. The first, which most concerns ASEAN countries, involves the question of U.S. strategic commitment to East and Southeast Asia. U.S. Defense Secretary Casper Weinberger visited eight Asian and Pacific nations during 1982 to give assurances of U.S. defense commitments in the face of increased Soviet military presence in the region. Mr. Weinberger did not, however, visit ASEAN capitals until the top leaders of Singapore, Indonesia, and the Philippines had come to Washington and raised hard questions about America's Asian priorities, which seemed to rank third behind those involving the North Atlantic and Middle East. In 1981, Vietnam had a standing army of one million -- double the strength of the five separate ASEAN armies combined (Int'l. Insf. for Strategic Studies, 1981:89). Obviously, ASEAN would prefer that the U.S. position more of its naval forces in Southeast Asia to counter the Soviet air and naval presence operating out of Vietnamese facilities. The only tangible U.S. response to ASEAN pressure has been to increase military aid (Far Eastern Econ. Review, 11-5-82, pp. 81; 10-22-82, pp. 26+).

Another uncertainty troubling ASEAN leaders concerns the increased role the U.S. is asking Japan to play in the defense of itself and the Asian region. A commitment by Japan to defend sea lanes within 1,000 miles of its shores was initially interpreted by ASEAN leaders to
include part of their region. Later clarifications indicated that the 1,000-mile radius was to be measured from Tokyo Bay, thus excluding Japanese naval patrols from the ASEAN region. The only Southeast Asian country favoring an upgraded Japanese military role in the region is Singapore. Other ASEAN leaders remain deeply suspicious of any increase in Japanese military capacity or activity (Far Eastern Econ. Review, 10-22-82, pp. 29-30; 10-15-82, pp. 25-1).

A third uncertainty is the future of the Vietnam-USSR military and economic relationship. To date, the Soviet Union has underwritten the Vietnamese economy by several million dollars a day. Soviet misgivings about Vietnam's occupation of Kampuchea cast a cloud over the continuation of this aid, though no immediate cutoff is in sight. ASEAN countries continue to brace for the point of Vietnam's debasing dependence on the Soviet Union. Further tensions in the Vietnam-USSR relationship were introduced by the recent swing toward detente in Sino-Soviet relations. Vietnam counts on Soviet support in warding off not only the domestic threat of mass starvation but also the external threat of China's armies. Should detente be reached between Moscow and Peking, Vietnam might conclude that, on balance, its interests would be better served by repenting of past misdeeds and turning to ASEAN for security and assistance (Far Eastern Econ. Review, 10-15-82, pp. 14-15).

Vietnam accuses ASEAN countries of being tools of the U.S.; yet they are far less dependent upon the U.S. than Vietnam is upon the Soviet Union. Moreover, they are consciously steering an independent diplomatic course fueled by a vision of Southeast Asia as free of all foreign domination. A rapprochement between Vietnam and ASEAN could indeed be precipitated by Vietnamese suspicions of the Russians in case of detente with China. Indonesia and Malaysia share Vietnam's deep distrust of China because of present insurgencies supported by Chinese communists (Pauker, 1982). Although Thailand sees China as a moderator of Vietnamese expansionism, a political settlement on Kampuchean terms between ASEAN and Vietnam could alleviate Thai fears. Moreover, Thailand has as many problems with Muslim separatists on its southern border with Malaysia as with communist guerrillas and would likely be willing to cooperate with Malaysia on a political settlement in Kampuchea in return for joint efforts to solve the problems of Muslim separatism (Far Eastern Econ. Review, 10-1-82, pp. 13-16). Furthermore, consolidation of Vietnamese military gains in Kampuchean territory during the 1982-83 dry season would place Vietnam in a strong bargaining position.

In the face of U.S. unwillingness to invest substantial military or economic resources toward a solution of problems in Southeast Asia, ASEAN countries might feel compelled to abandon their U.N. initiatives in favor of regional talks suggested by Vietnam. This possibility is real. Vietnam might be willing to accept a coalition government in Kampuchea which included noncommunist representation if the infamous Khmer Rouge were not included in any way. Vietnamese troops could then withdraw and be repositioned on the northern border between Vietnam and China in the event of Sino-Soviet detente. If free elections followed, life in Southeast Asia might assume a normalcy unknown for decades.

If in the course of regional peacemaking the U.S., U.S.S.R., and China were excluded, it would be the first time in modern history that Southeast Asians had settled matters among themselves without the intervention of external powers. Whether events will take such a turn is impossible to say, but if it should, both the Soviet Union and the United States might find themselves in the position of having to choose between friendship with the Southeast Asians and friendship with China.

Association of Southeast Asian Nations. 10 Years ASEAN. Jakarta. 1978.


III. DOMESTIC ISSUES

RESOURCES - TECHNOLOGY AND INFORMATION SYSTEMS

The national news industry that presents information to the public is in a state of transformation. Because of technology now available, both the content of information and the means of distribution are rapidly being altered. With the use of satellites a newspaper can be transmitted to printing locations around the nation -- a development that established the Wall Street Journal as the nation’s business newspaper. By the end of this year, it plans to be operating 17 satellite-driven printing plants. Recognizing the possibilities of such printers, Gannett Company, a newspaper empire that owns a chain of 88 dailies around the country, began satellite distribution of USA Today in September. A staff of 215 work to compile this 40-page newspaper, which offers sections on national and international news, business, sports, and life in America, all accompanied by color pictures. Gannett’s goal is to publish a national, general interest daily -- a feat possible because of satellite printing (NJR, 10-82, p. 14).

Obviously, technological innovation is not limited to one medium through which news is organized and disseminated. Satellites, cable and video technology, and computers are all altering national and international news coverage, as well as advertising and the competitive marketplace. What adds to the complexity of this technology-based information revolution is the change in the relationship between television, newspapers, and the public.

Television has experienced tremendous growth -- especially cable television. Presently, 33% (or over 21 million) of the television-equipped American homes have been wired for cable reception. Industry projections are that by 1990, cable’s reach will include 60% of these homes. Cable is faced, however, with numerous competitors. Challenges come primarily from satellite-master antenna television (SMATV), which could provide as many channels as cable, and multipoint distribution service (MDS), a microwave system that transmits programs over the air to viewers (Bus. Wk., 11-1-82, pp. 1084; Fonburn & Astley, 1982). Although satellites are used as a means to compete with cable television, they also assist the cable industry in the distribution of signals. This interrelationship of technology epitomizes the information revolution. Competitors are scrambling to utilize the technology that best permits their medium to serve the public and attract advertising dollars.

Competition in the communications business is having a major effect on Madison Avenue. In the past, newspapers and radio provided a targeted audience for advertisers, while the three broadcast networks (ABC, CBS, and NBC) offered a mass audience. Now cable is slowly siphoning dollars away from all three markets. Initially, advertising time on cable was unattractive because of the uncertain audience size. While some advertisers still remain hesitant to move into cable, companies are trying to appeal to them on the basis of cost. Cable offers a 50-second commercial spot for only $3,000, compared to the broadcast network price of $80,000 for the same time. As the audience and ratings of broadcast networks continue to decline, the newspaper industry is likewise trying to attract away advertisers by emphasizing its ability, because of printing innovations, to create circulation zones which can match advertising to selected demographic characteristics of readers. In a heavy bid for advertisers, USA Today is offering free advertising for the first 26 weeks of a 15-month advertising package (N.Y. Times, 9-7-82, p. 42; NJR, 10-82, p. 14; Bus. Wk., 10-11-82, pp. 774; 11-1-82, p. 109).

The race for advertising dollars may change the newspaper/cable relationship. Of cable’s 1981 revenues, totaling $3 billion, $150 million came from advertising. Realizing that cable could serve as a viable option to assist the newspaper industry in reaping its share of the national advertising market, the American Newspaper Publishers Association suggests that some newspapers should consider electronic publishing via cable. Because of their community involvement and expertise in advertising, newspapers could program an advertiser-supported text channel on a cable system. Such a channel could assist the cable
industry in meeting the rising costs of quality programming and at the same time establish a point of entry for newspapers in cable technology (Broadcasting, 11-8-82, p. 93; Lewin, 1981:231-48).

What adds to the appeal of cable is that it is a broadband transmission and therefore capable of carrying a series of electronic messages simultaneously. Telecommunications offers two primary services: information manipulation and news/entertainment. Cable has a vested interest in both. A major news/entertainment prospect for the cable industry is audience acceptance of pay-per-view services—a system allowing viewers to select and pay for only the programs chosen. Although the advent of pay-per-view depends on the perfection of the addressable converter, which allows only the viewer requesting a program to receive it, the cable industry estimates that by 1987, 12 million households will have this capability. Pay-per-view is thus likely to be a feasible option within a few years, and the possibilities beyond that point are judged enormous. As such, they were the basis for Coca-Cola's decision to purchase Columbia Pictures Industry for $695 million last January (Bus. Wk., 11-1-82, p. 110; Atlanta J., 11-20-82, p. 1E; Broadcasting, 11-1-82, p. 87).

One of the latest developments of cable research in information manipulation is a home information system through which the viewer can command an assortment of information to appear on the screen when it is desired. Already being tested in certain cities for public appraisal, two-way (i.e., interactive) information systems offer such features as in-house shopping, banking, a home security system, public opinion polling, news, and a wide variety of entertainment programs. Other communications companies, such as RCA, IBM, and AT&T, are also investigating the market for two-way information systems along with cable companies (Fombrun & Astley, 1982; Hollowell, 1980:190-207).

While two-way systems will provide users with a large selection of services, their introduction will surely be accompanied by controversy. Since individual users’ personal and financial data would be maintained within a two-way system, the potential exists for this information to be accessed and manipulated by other persons or organizations. Public interest in legislation regarding two-way information systems is still in its infancy (Hollowell, 1980:190-207). As with any type of communications system, however, appropriate ethical standards and regulations will be necessary to allow the new technology to enhance the abundance and availability of information to the public without posing a threat to deeply held values. Thus, strict control of access must be both available and verifiable, and the principals that prevent invasion of privacy held firmly in mind by all those involved in or with the industry.


IV. NORTH AMERICA

CONTROLLING ACID RAIN - The problem of acid rain has become increasingly important in U.S.-Canadian relations. Under the Carter administration, negotiations were begun between the two countries toward a bilateral agreement to regulate sources of pollution contributing to the creation of acid rain. Since the Reagan administration assumed power, however, those negotiations have stalled. The current administration has taken the position that the available scientific evidence is insufficient to prove the connection between acid rain and industrial pollution and that the expensive regulating processes required to control it therefore cannot be justified. At a time of general economic recession, President Reagan wishes to avoid imposing such heavy costs on utilities, whose coal-burning plants are thought to be the primary industrial contributors to acid rain. In addition, regulating to control acid rain runs counter to the deregulatory thrust of the administration (Nat'l J., 3-13-82, pp. 456+).
With the bilateral talks in a state of near suspension, Congress has moved to fill the void. In considering revisions of the Clean Air Act, Congress has reviewed proposals to require emission controls on industrial plants discharging sulfur dioxides and nitrogen oxides. One bill, passed 15-0 by the Senate Environment and Public Works Committee, would require that by 1995 these industries reduce their sulfur dioxide emissions by eight million tons annually — 50% below present levels. The committee estimates the cost would be between $3.3 billion and $3.9 billion (Wall St. J., 7-23-82, p. 36; N.Y. Times, 7-23-82, p. 016).

Industry spokespersons, however, argue that this cost estimate is woefully inadequate and that a more realistic figure is between $200 billion and $300 billion over a 35-year period. For consumers, these figures translate into a $200-$500 increase annually in utility bills. In the House of Representatives, strong sentiment has been expressed against raising utility bills to control pollution, and the fate of the bill is thus in doubt. While both houses of Congress have completed their markup of the Clean Air Act, of which this bill is a part, the Act has not yet been introduced on the floor of either chamber. Its introduction may not occur until next year (Wall St. J., 7-23-82, p. 36; N.Y. Times, 7-23-82, p. 016).

Much of the controversy surrounding the issue of acid rain in general and the proposed regulation in particular revolves around the certainty — or lack thereof — of scientific evidence linking acid rain directly to industrial pollution. Politicians from the states that would be most affected by regulation, along with the industries themselves and with the support of the Reagan administration, argue that no conclusive cause-and-effect relationship is shown by the evidence presently available. To impose regulations in the absence of such evidence, they argue, would risk imposition of large economic costs with possibly no ameliorating effect on the problem. More study is needed before regulations are imposed (Beach, 1982).

The accumulated evidence is, however, impressive. On the basis of it, a special task force appointed by the governor of Ohio, who had expressed opposition to regulation, recommended that the state take actions to decrease emissions of nitrogen oxides and sulfur dioxides. The National Commission on Air Quality has reported that any reduction in such emissions would decrease acid rain. The National Academy of Sciences (NAS), in a study funded by the Environmental Protection Agency, reported that acid rain is real, that it is caused in large part by industrial pollution, and that enough is known to do something about the problem. (The EPA thereafter eliminated NAS funds for the study of acid rain.) At least, in the words of one expert, it is known that pollutants are emitted, that they are transported by prevailing winds, and that in the process they are transformed into acid rain and ozone. What is not known is the extent to which particular sources of acid rain are a part of the entire phenomenon (Nat'l. J., 9-13-82, pp. 456; Friedman, 1981; Hearing, 1981).

More certainty is present in the evidence on the effects of acid rain, regardless of its sources. It can render freshwater lakes totally lifeless, and has done so. Timber crops can be retarded in their growth or destroyed altogether by acid rain, and concentrations of acid can greatly diminish soil productivity. The Canada National Research Council estimated in 1977 that acid rain caused $285 million worth of damage each year. That figure has since been discarded as grossly low. The U.S. Council on Environmental Quality puts property damage from acid rain and other pollutants at $2 billion per year. The EPA estimates that sulfur dioxide alone causes $17 billion per year in U.S. health costs (Johnston, 1981; Howard, 1982; Howard & Perley, 1981).

The problem of acid rain is not one that results solely from pollution in the U.S., a fact that complicates both remedial measures and the allocation of responsibility for the problem. It has been tentatively calculated that sulfur dioxide deposits in Canada from U.S. sources amounted to 118,000 tons in January and August of 1979. Deposits in the U.S. from Canadian sources during the same time were estimated at 59,000 tons. Deposits in Canada from Canadian sources were estimated at 210,000 tons, and the amount deposited in the U.S. from Canadian sources is considered to be substantially higher (Johnston, 1981).
A negotiated solution between the U.S. and Canada appears to be essential to any effective approach to the problem. Yet both U.S. and Canadian laws presently limit emissions control measures to new plants. Because of the heavy costs involved, older plants are not required to be retitted unless they pose a potential threat to life. The danger of this policy is that the impact of acid rain in the environment is potently irreversible. Even when acidic lakes are treated with lime, they are unable to sustain the same kind or quantity of life as before. With many areas of North America experiencing precipitation 25 to 40 times as acidic as natural rain, the cost of delay is likely to be high indeed (Johnston, 1981; Brown, 1981).

The type of stalling now occurring in regulatory efforts is common to regulation of hazardous substances generally. Scientific certainty is never absolute and is always subject to further testing. Since near-zero risk is expensive to achieve, agencies such as the EPA have often delayed toxic rules, awaiting higher and higher levels of scientific certainty about the nature of the risk. Even when rules are forthcoming, agencies are faced with the criticism, particularly from industries required to bear the cost, that their rules are based on inadequate science. While calculation of the "odds" associated with a particular risk is a matter of scientific judgment, the decision about what level of risk is acceptable or worth trying to achieve must rest on ethical and political judgments. Placing an issue requiring political judgment in the hands of the scientists by demanding certainty in scientific calculation is to risk ensuring that the highest level of potential harm becomes a reality (Congressional Quarterly, Weekly, Report, 7-31-82, pp. 1827-41).


V. EDITORIAL

ON PREVENTING THE FINAL CATAclySM - On November 22 President Reagan spoke to the nation on television about how he himself sees the nuclear arms race and his stance in negotiations with the Soviet Union. The question of a "nuclear freeze" has appeared on the ballots of several states and a number of local communities throughout the country. The Catholic bishops and other religious leaders, professional groups such as doctors and lawyers, and other organizations have been active in discussing the nuclear problem.

In all of this discussion, the spectre of Doomsday has been raised on both flanks of the debate. The prospect of Doomsday has become an argument in support of breathtaking increases in our defense budget as well as for those who use it as a basis for various types of freezes, anti-nuclear protests, and other formulas for peace.

Last August 9 was the anniversary of the dropping of the second atomic bomb on Nagasaki, duly noted by various and sundry in the media. I did not see or hear anyone note that on August 9 we had put behind us 37 years since one of these dreadful weapons had been fired in anger.
It is of the greatest importance that we are able to say that, given all the crises we have had since 1945, it didn’t just happen; there were several occasions when carelessness, bravado, recklessness, or intemperance with one’s own rhetoric could have plunged us over the edge of the cliff. There are those who say that history has no record of a military weapon that has not been used in armed conflict — but history has had only 57 years’ experience with nuclear weapons, and that record does not point to Doomsday. Writing in 1960 about thermonuclear war, Herman Kahn seemed to say that the human race would be very lucky to get to the year 1975. Also in 1960, the late C. F. Snow assured us, with “scientific” certainty, that some of these nuclear weapons would go off within 10 years. I happen to believe that mankind is farther away from a full nuclear war than we have been in 30 years; but that is a long story and cannot be developed here.

President Reagan and other members of his administration make much of the idea that the Soviet Union is “ahead” of the United States in nuclear weaponry. Mr. Henry Kissinger once remarked that there comes a point at which the discussion of superiority is simply irrelevant. It is doubtful that Soviet leaders believe that they are superior in any realistic sense. For example, if they were to deliver upon Western Europe and the United States all of their nuclear weapons which could now reach those areas, the Soviet Union itself could not tolerate the resulting radioactive pollution of its air, land, and water produced by its own weapons, quite apart from the frightful destruction which would be inflicted by existing counter-strike capabilities. One is puzzled by current discussion of Soviet superiority; we might persuade the Soviet Union that our own perceptions would open the way for them to engage in dangerous adventures deeply injurious to the vital interest of the West.

In his address on television, President Reagan seemed to suggest that Soviet negotiators have been somewhat forthcoming in the present START negotiations. One can hope that that is so, but the difficulty of such negotiations should not be underestimated. A major problem is always the matter of adequate verification. The possibility of reasonable verification is crucial to agreed limitations in nuclear weaponry.

It is not just a question of possible cheating by those who cannot and will not trust each other. Verification is the crucial means by which surging political forces such as suspicion, fear, hate, and demagoguery can be kept under reasonable control. Witness the Nuclear Test Ban Treaty of 1963. It is a sad fact that the need for verification requires limitations on delivery systems rather than on nuclear warheads. If we could find some way to ensure against hiding warheads away in caves in New Mexico, Siberia, and Yunnan, I would favor zero nuclear weapons tomorrow morning. In terms of the safety of the American people, which must be the central object of foreign and defense policy, it seems clear that we are much less safe today than we were before these weapons were Invented. I cannot conceive of a system of verification, however, that would allow us to limit warheads instead of delivery systems.

There are other ghosts at the negotiating table. When we discuss nuclear arms limitations with the Soviet government, Moscow is almost surely looking over its shoulder at the People’s Republic of China. They see a billion Chinese armed with nuclear weapons with whom they share several thousand miles of common frontier. Moscow is also aware of the small but significant nuclear forces in the United Kingdom and France. I would hope that ways could be found to bring Peking, London, and Paris more directly into the nuclear arms limitations and talks, but there are many problems about that.

It is not easy to deal with arms limitations in separate places. It is predictable that the present INF negotiations on intermediate range levels in Europe will at some point merge into the START talks. These in turn cannot be wholly divorced from the MIR talks on conventional levels between NATO and the Warsaw Pact countries. When arms limitations discussions become a forum for jostling with each other over one detail after another, the prospect for success recedes. If the Soviet Union and the West could find a credible way to remove the fear that one side will attack the other, the jigsaw puzzle of arms limitations might then move toward solution.
Unfortunately, there are inevitable linkages between arms limitations and other events of major political importance. On a certain Wednesday morning in August 1968 we and the Soviets were all set to make a simultaneous identical announcement in Washington and Moscow that President Lyndon Johnson would shortly visit Leninograd to initiate what came to be called the SALT talks. Unhappily, on the very night before that Wednesday morning, Soviet forces marched into Czechoslovakia, and we had to cancel the announcement on arms limitation talks. Ironically, a very few years later the SALT II treaty was doomed by the march of Soviet forces into Afghanistan. Some limitations are simply inescapable, but both sides must keep their attention upon the fact that arms limitation can be in the interest of everyone despite far-reaching differences on other matters.

Some constructive moves could be made without waiting for complete success in the START, TNF and MBFR negotiations. We have thus far succeeded in banning nuclear weapons from the vast areas of Antarctica, from the ocean seabeds and from orbiting deployment in outer space. It now appears that we and the Soviet Union are looking to outer space as a new arena in the arms race. We ourselves have a Space Weapons Command, and the Pentagon budget for outer space utilization is rising rapidly. One can accept the use of outer space for certain passive measures of use to the military, such as communications and satellite photography. But weapons? We should move promptly to get an agreement with the Soviet Union that (1) no weapons of any kind be deployed in space, (2) no satellites belonging to another nation shall be attacked by any means whatever, and (3) If any satellite belonging to any nation goes out of control, the parties would consult about measures to be taken to destroy the threatening satellite. Otherwise we might find ourselves with a space weapons program that would stagger the imagination in terms of cost, add little or nothing to comparative military capabilities and merely provide a massive subsidy to the aerospace industry.

Similarly, we are beginning to hear talk about reviving antiballistic missiles (ABMs). If there is a fundamental change in the state of the art and it becomes possible to wave a magic wand (fingers?) and sweep the skies and outer space of any hostile object, we will have a new situation. But the development of ABMs in the form of missiles carrying nuclear or conventional warheads makes no sense whatever. Any schoolboy knows that the presence of such ABMs on both sides would simply cause each side to multiply its offensive missiles to the point where ABMs could be scattered or used up before the main strikes were delivered. Let ABMs rest where they are — but continue research and development on possibilities not now available.

One does not know whether to be amused or alarmed by some of the precious and pseudo-sophisticated talk going around about strategies for limiting damage in a nuclear war. It is suggested, for example, that counterforce strikes would send a signal to the other side that we would limit our strikes to military targets (in the hundreds) and that the other side would accommodate by leaving our cities alone. If the idea is to send signals, the best way to send a signal is to pick up the phone and talk to them. I have not seen anyone spell out just how such a conversation would go; my own attempt to construct any such conversation leads quickly into the world of the bizarre. Several hundred nuclear missiles aimed at "military" targets, with their accompanying cones of deadly fallout and the fatal pollution of the earth's atmosphere, cannot be distinguished from an all-out nuclear strike, except by playing with words unrelated to the real world. I have had enough experience with real crises to know that those carrying final responsibility are not going to confine themselves to scripts written in advance by think tanks. Anyone who thinks that an all-out Soviet attack on Western Europe, including the American conventional and nuclear forces stationed there, would not lead to an all-out nuclear war is living in a dream world.

Underneath all this discussion about nuclear weapons is a prior question — how do we propose to prevent World War III? Weapons are fired by living, breathing human beings for some purpose. There are many now living who are part of that generation of young people who were lead down the path into the catastrophe of a World War II which could have been prevented. In 1931 Japan seized Manchuria and followed that
with a decade of attacks upon China, Mussolini seized Ethiopia, Hitler marched into the Rhineland, Austria, Czechoslovakia, and then into Poland. The League of Nations (and the United States) proved unwilling or unable to stop these major acts of aggression short of a war which cost more than 50 million lives and the devastation of much of the Northern Hemisphere.

We came out of that war thinking that collective security was the key to the prevention of World War II. It was written clearly and precisely into Article I of the United Nations charter and was reinforced by collective agreements in the Western Hemisphere, across the Atlantic, and across the Pacific. But we must acknowledge that the idea of collective security has eroded considerably. One can understand how many Americans think that if collective security is to cost us 50,000 dead every 10 years and is not even very collective that collective security is not a very good idea. That still leaves us with the overriding question of how to prevent World War III. It may be that the present generation of young people will find a much more complicated answer than the rather simplistic notion of collective security. Maybe their answer will be more like a bundle of sticks, no one of which will do the job, but which all together can succeed. Even so, and all of the talk of nuclear weapons and the shadow of nuclear war there is little in the shape of a debate on how we are to prevent the war which must never happen if the human race is to survive.

----- Dean Rusk

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