

from Peterson's definition are those powerful groups—no matter how self-serving or undeserving they may be—"that can command the attention of major political figures and help shape the main political strategies of the two political parties." By this standard, for example, retirees are not a special interest.

To estimate the influence of special interests, Peterson measures the percentage of the gross national product (GNP) spent by the federal government on activities "not of paramount interest" to the two major political parties. That means all federal outlays *not* spent on the public debt, defense, benefits for the elderly, "safety net" programs for the poor, and agricultural subsidies important to the farm states (and so to the political parties battling for control of the U.S. Senate).

By this carefully defined measure, Peterson finds that the power of special interests grew substantially between 1962 and 1980, as they increased their slice of GNP from 3.6 to 5.6 percent. That increase represented three-fourths of the growth in the

whole budget. "It was a great time to be a special interest," Peterson says. During those decades, inflation kept bumping taxpayers into higher income brackets; there was a "peace dividend" after the Vietnam war ended, and Congress became "more decentralized, fragmented, policy-minded, and sensitive to constituent concerns."

But then President Ronald Reagan in his first year in office so altered "the terms of the debate that the power of special interests was transformed overnight." In 1980, special interest spending peaked at 5.6 percent of GNP; by 1989, it had fallen to 3.7 percent, about what it had been in 1962. (Total federal spending in 1989 claimed 23 percent of GNP.) The chief factors in the decline were: a major tax cut, made permanent by indexation of tax rates; the defense build-up and the increasing centralization of power over the budget, both within the executive branch and on Capitol Hill. When political debate revolves around retrenchment rather than expansion, Peterson says, "the special interests do not stand much of a chance."

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## FOREIGN POLICY & DEFENSE

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### *Chairman in Chief*

"All Rise for Chairman Powell" by Kurt M. Campbell, in *The National Interest* (Spring 1991), 1112 16th St. N.W., Ste. 540, Washington, D.C. 20036.

General Colin L. Powell's catapult into national prominence during the Persian Gulf War was not just a result of his impressive personal abilities. It was at least equally as much the product of a relatively obscure military reform measure that dramatically strengthened the position of chairman of the U.S. Joint Chiefs of Staff (JCS). This measure, the Goldwater-Nichols Defense Reorganization Act of 1986, "stands as one of the most important, yet unheralded, military reforms in U.S. history," says Campbell, a former special assistant on the Joint Staff who now teaches at Harvard's Kennedy School of Government.

Before the 1986 reform, the Joint Chiefs of Staff—consisting of the chiefs of staff of the Army and Air Force, the chief of naval

operations, the commandant of the Marine Corps, and the chairman—made decisions by committee and could act only by consensus. "The result was often the worst kind of military decision and advice," Campbell says, with conflicting interests and interservice rivalries producing joint advice so broad as to be useless. The rivalries also "seriously handicapped" military planning. That was especially apparent, Campbell says, in the failed attempt in 1980 to rescue the American hostages in Iran. There was no single military commander in charge of the overall mission, but instead an Army commander for the ground portion, a Marine in charge of helicopter operations, and a separate Air Force commander.

## Coping With Victory

A Survey of Recent Articles

The brilliant military victory won by the United States and allied forces in the Persian Gulf made President George Bush's quest for a "New World Order" suddenly seem quite plausible. But the next stage—bringing stability to that perennially unstable corner of the world—is sure to put the whole idea to a severe test.

Indeed, the first challenge may be just to reach agreement at home on how much of the intractable Middle East problem to try to solve. The war with Iraq, writes Charles William Maynes, editor of *Foreign Policy* (Spring 1991), "will settle very little except the immediate fate of [Iraqi President] Saddam [Hussein] and [Kuwait's] al-Sabah family." The United States, he argues, should take advantage of its new influence to pressure the Kuwaiti and Saudi governments to accept the existence of Israel within its pre-1967 borders. It should pressure Israel to suspend all new settlements in the West Bank and Gaza Strip, and to reaffirm its support for U.N. Resolution 242, which calls for its withdrawal from the occupied territories as part of an overall peace agreement.

But Daniel Pipes, director of Philadelphia's Foreign Policy Research Institute, warns that it would be "a terrible error" for the U.S. government now to turn its attention from Iraq and Kuwait to the broader Arab-Israeli conflict. After the military victory, he writes in the *National Interest* (Spring 1991), the U.S. government "can count on a period of months, but not much more, to stabilize the Persian Gulf." To focus now on the Arab-Israeli conflict would be "like neglecting Germany and Japan in late 1945 to solve the Irish problem."

Whatever the U.S. and its allies accomplish—or fail to accomplish—in the Middle East in the months ahead is likely to bear on the fate of Bush's vision of a New World Order, which he often invoked in justifying the U.S. response to Iraq's Aug. 2 invasion of Kuwait. According to the administration, says Morton Kondracke, a senior editor of the *New Republic* (Feb. 25, 1991), the New World Order "means good things: promotion of democracy, collective security, arms reductions, settlement of regional disputes, cooperation among industrialized nations, and free trade. But many Americans fear

that this country will become the world's policeman, and many foreigners see it as a post-Cold War American grab for hegemony."

The assertion of American leadership is entirely appropriate and necessary in the post-Cold War world, some analysts contend. "The proliferation of weapons of mass destruction and their means of delivery will constitute the greatest single threat to world security for the rest of our lives," writes columnist Charles Krauthammer in *Foreign Affairs* (special annual "America and the World" issue, 1991). "That is what makes a new international order not an imperial dream or a Wilsonian fantasy but a matter of the sheerest prudence." The Persian Gulf crisis underscored the fact that there is now just one superpower. "Our best hope," Krauthammer says, is in "American strength and will . . . to lead a unipolar world, unashamedly laying down the rules of world order and being prepared to enforce them."

The *Economist* (Feb. 23, 1991) points out that America can lead only if others are willing to follow. In the Persian Gulf, for example, if America "wants to bring a reconstruction bank into being, it will have to convince the Saudis and other Gulf states to cough up most of the money."

Whatever arrangements do emerge in the Persian Gulf are not likely to be worth all that much, in the pessimistic view of *New Yorker* (Jan. 28, 1991) writer William Pfaff. Islam over the last three centuries has suffered repeated political and military defeats, which "have produced cultural anxiety and frustration and have involved a form of intellectual and moral subjection to the West"—and this, Pfaff says, is what the larger crisis in the Middle East is fundamentally about. "It follows that the present conflict cannot settle anything worth settling, except who controls certain oil sources and who rules a given country. These may be matters that require settling, but they should be understood as the relatively small matters they are, and such settlements as they produce should be understood as assuredly insecure ones, productive of further chains of consequence which are very likely to leave all those involved worse off than they are now."



THE NEW WORLD ORDER

The flaws evident in that disaster—and in the 1983 Marine barracks explosion in Lebanon, as well as in the “fiasco of uncoordinated brute force” used in the U.S. invasion of Grenada that year—led to the 1986 reform. Sponsored by Senator Barry Goldwater (R.-Ariz.), and Representative Bill Nichols (D.-Ala.), the measure was enacted over opposition from the services. It made the JCS chairman the “principal military adviser” to the president, the National Security Council, and the secretary of defense. The other service chiefs were relegated to secondary roles and put directly under the chairman. The military chain of command now runs from the secretary of defense through the chairman and then out to the commanders in the field, “completely eliminating the other chiefs in the chain.”

Admiral William J. Crowe, Jr., the JCS chairman when the office was beefed up, used his new powers to good effect. He “pioneered military-to-military contacts with the Soviet Union, often over the ob-

jections of other administration officials.” He also designed the 1987 mission in which U.S. vessels reflagged Kuwaiti oil tankers in the Persian Gulf to protect Iraq’s supply line from attack during the Iran-Iraq war. Powell, formerly President Ronald Reagan’s national security adviser, took over in 1989 and raised the office to “a new and higher level.”

As chairman, Campbell writes, Powell “has played a crucial role in reshaping U.S. military commitments to [the North Atlantic Treaty Organization] and in developing fledgling contacts with the reformed national militaries of Eastern Europe.” He also was intimately involved in the decision to invade Panama in 1989, and, of course, in overseeing Operation Desert Shield/Storm.

In the past, Campbell writes, the chairmanship usually provided a “quiet end to a distinguished military career.” Now, he says, the chairman of the Joint Chiefs must be viewed as one of a president’s most important appointments.

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## ECONOMICS, LABOR & BUSINESS

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### *Disaster Guaranteed*

“Understanding the S&L Mess” by John Steele Gordon, in *American Heritage* (Feb.-Mar. 1991), 60 Fifth Ave., New York, N.Y. 10011.

“We do not wish to make the United States government liable for the mistakes and errors of individual banks, and put a premium on unsound banking in the future.” So said President Franklin D. Roosevelt in 1933 in explaining his opposition to federal bank deposit insurance. FDR eventually gave in on the issue, and the reform turned out to be among the most significant of the New Deal era. But Gordon, author of *The Scarlet Woman of Wall Street* (1989), contends that the savings-and-loan (S&L) disaster of the 1980s showed that Roosevelt’s fears were well founded.

From the banking reforms of the 1930s, Gordon says, there emerged what amounted to “a government-sponsored banking cartel.” Commercial banks, sav-

ings banks, and S&Ls “carved up the banking business among themselves.” Without the protection from competition this arrangement afforded, the S&L industry could not have survived that time of upheaval.

But the “cartel” eventually broke down. Depositors struggling to keep up with soaring inflation in the 1970s began taking their money out of banks’ low-paying savings accounts and putting it into Wall Street’s high-paying money market funds. The commercial banks could tolerate this, but the savings banks and S&Ls—which held mainly long-term real-estate loans at low, fixed interest rates—could not. They sought government help—and got it.

Washington’s main concern, Gordon